



UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended June 27, 2008

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
(State or other jurisdiction of incorporation or organization)

637 Davis Drive
Morrisville, North Carolina
(Address of principal executive offices)

20-5961564
(I.R.S. Employer Identification No.)

27560
(Zip Code)

Registrant's telephone number, including area code: (919) 767-3230

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Class A Common Stock, par value \$0.01 per share	The NASDAQ Stock Market LLC
Class B Common Stock, par value \$0.01 per share	None
Warrants	None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) 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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

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

As of December 28, 2007, the last business day of our most recently completed second fiscal quarter, the aggregate market value of the registrant's Class A Common Stock and Class B Common Stock held by non-affiliates was approximately \$423,866,000 (based upon the quoted closing sale price per share on the NASDAQ Global Market system). For purposes of this calculation, the registrant has assumed that its directors and executive officers as of December 28, 2007 are affiliates.

<u>Class of Stock</u>	<u>Shares Outstanding as of September 15, 2008</u>
Class A Common Stock, par value \$0.01 per share	25,556,822
Class B Common Stock, par value \$0.01 per share	32,913,377
Total shares of common stock outstanding	<u>58,470,199</u>

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the Annual Meeting of Shareholders scheduled to be held November 20, 2008, which will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended June 27, 2008, are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent described therein.

EXPLANATORY NOTE

The filing of this Form 10-K for the fiscal year ended June 27, 2008 was delayed because, as previously announced on July 30, 2008, Harris Stratex Networks, Inc. and its Audit Committee concluded that our previously filed interim condensed consolidated financial statements for the quarters ended March 28, 2008, December 28, 2007 and September 28, 2007, respectively, and our previously filed consolidated financial statements for the fiscal years ended June 29, 2007, June 30, 2006 and July 1, 2005 would be restated for the correction of errors contained in those consolidated financial statements.

Previously filed (i) annual consolidated financial statements for the fiscal years ended June 29, 2007, June 30, 2006 and July 1, 2005 included in the Company's Annual Report on Form 10-K ("Form 10-K") for the year ended June 29, 2007, (ii) interim condensed consolidated financial statements for the quarters ended March 28, 2008, December 28, 2007 and September 28, 2007 and (iii) related reports of its independent registered public accountants have been replaced by the fiscal 2007 Form 10-K/A and the Forms 10-Q/A for the quarters ended March 28, 2008, December 28, 2007 and September 28, 2007 filed by the Company on September 25, 2008.

Specifically, we have restated our consolidated financial statements for the periods listed above related to the following items:

- Errors in project work in process inventory accounts within a cost accounting system at one location that resulted in project cost variances not being recorded to cost of sales in a timely manner.
- Errors in the reconciliation of inventory and intercompany accounts receivable accounts which resulted in an overstatement of inventory and accounts receivable in prior years.
- Errors in prior years' product warranty liability accruals which resulted in the improper exclusion of costs associated with technical assistance service provided by the Company under its standard warranty policy.

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 and \$4.9 million as of July 1, 2005. Division equity, which as reclassified to additional paid-in capital at the merger date of January 26, 2007, decreased from the amount previously reported by \$8.3 million. 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 and \$2.8 million for the fiscal years ended June 29, 2007 and June 30, 2006, respectively. The restatement had no impact on our net cash flows from operations, financing activities or investing activities.

This restatement is more fully described in Part I herein under Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations (Restated)" and in Item 15 "Exhibits and Financial Statement Schedules" of Part IV of our consolidated financial statements and related notes, including, without limitation, in Note D "Restatement to Previously Issued Financial Statements" to such consolidated financial statements. The restatement also affects, and is reflected in, other items in this Form 10-K.

HARRIS STRATEX NETWORKS, INC.
ANNUAL REPORT ON FORM 10-K
For the Fiscal Year Ended June 27, 2008
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This Annual Report on Form 10-K contains trademarks of Harris Stratex Networks, Inc.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, including “Item 7 Management’s Discussion and Analysis of Financial Condition and Results of Operations (Restated),” contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they do not materialize or prove correct, could cause our results to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including statements of, about, concerning or regarding: our plans, strategies and objectives for future operations; our research and development efforts and new product releases and services; trends in revenue; drivers of our business and the markets in which we operate; future economic conditions, performance or outlook and changes in our industry and the markets we serve; the outcome of contingencies; the value of our contract awards; beliefs or expectations; the sufficiency of our cash and our capital needs and expenditures; our intellectual property protection; our compliance with regulatory requirements and the associated expenses; expectations regarding litigation; our intention not to pay cash dividends; seasonality of our business; the impact of foreign exchange and inflation; taxes; and assumptions underlying any of the foregoing. Forward-looking statements may be identified by the use of forward-looking terminology, such as “believes,” “expects,” “may,” “should,” “would,” “will,” “intends,” “plans,” “estimates,” “anticipates,” “projects,” “targets,” “goals,” “seeing,” “delivering,” “continues,” “forecasts,” “future,” “predict,” “might,” “could,” “potential,” or the negative of these terms, and similar words or expressions. You should not place undue reliance on these forward-looking statements, which reflect our management’s opinions only as of the date of the filing of this Annual Report on Form 10-K. Forward-looking statements are made in reliance upon the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and we undertake no obligation, other than as imposed by law, to update forward-looking statements to reflect further developments or information obtained after the date of filing of this Annual Report on Form 10-K or, in the case of any document incorporated by reference, the date of that document, and disclaim any obligation to do so.

PART I

Item 1. Business.

Harris Stratex Networks, Inc., together with its subsidiaries, is a leading global supplier of turnkey wireless network solutions and comprehensive network management software, backed by an extensive suite of professional services and support. We offer a broad portfolio of reliable, flexible, scalable and cost-efficient wireless network solutions, based on our innovative microwave radio systems and network management software. We serve market segments 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 us to build, expand and upgrade their voice, data and video solutions and we are recognized around the world for innovative, best-in-class solutions and services.

Harris Stratex Networks, Inc. was incorporated in Delaware in 2006 to combine the businesses of Harris Corporation's Microwave Communications Division ("MCD") and Stratex Networks, Inc. ("Stratex"). Our principal executive offices are located at 637 Davis Drive, Morrisville, North Carolina 27560. Our telephone number is (919) 767-3230. Our common stock is listed on the NASDAQ Global Market under the symbol HSTX. As of June 27, 2008, we employed approximately 1,410 people. Unless the context otherwise requires, the terms "we," "our," "us," "Company," "HSTX" and "Harris Stratex" as used in this Annual Report on Form 10-K refer to Harris Stratex Networks, Inc. and its subsidiaries.

First Full Year of Operation as Harris Stratex Networks, Inc.

January 26, 2007 saw the completion of the merger (the "Stratex acquisition") with Stratex Networks, Inc. ("Stratex") pursuant to a Formation, Contribution and Merger Agreement among Harris Corporation, Stratex, and Stratex Merger Corp., as amended and restated on December 18, 2006 and amended by letter agreement on January 26, 2007. Thus, fiscal 2008 was the first full year of operation as Harris Stratex Networks, Inc.

Harris Stratex Networks, Inc. Overview and Description of Business by Segment for Fiscal 2008

We design, manufacture and sell a range of wireless networking products, solutions and services to mobile and fixed telephone service providers, private network operators, government agencies, transportation and utility companies, public safety agencies and broadcast system operators across the globe. Products include point-to-point digital microwave radio systems for mobile system access, backhaul, trunking and license-exempt applications, supporting new network deployments, network expansion, and capacity upgrades. We offer a broad range of products and services, delivering them through three reportable business segments: North America Microwave, International Microwave and Network Operations. Network Operations serves all markets worldwide. Revenue and other financial information regarding our business segments are set forth in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (Restated)."

North America Microwave

The North America Microwave segment delivers microwave radio products and services to major national carriers and other cellular network operators, public safety and other government agencies, systems integrators, transportation and utility companies, and other private network operators within North America. A large part of our North American business is with the cellular backhaul and public safety segments.

Our North America segment revenue is approximately 32% of our total revenue for fiscal 2008. We generally sell products and services directly to our customers. We use distributors to sell some products and services.

International Microwave

The International Microwave segment delivers microwave radio products and services to regional and national carriers and other cellular network operators, public safety agencies, government and defense agencies, and other private network operators in every region outside of North America. Our wireless systems deliver regional and

country-wide backbone in developing nations, where microwave radio installations provide 21st-century communications rapidly and economically. Rural communities, areas with rugged terrain and regions with extreme temperatures benefit from the ability to build an advanced, affordable communications infrastructure despite these challenges. A significant part of our international business is in supplying wireless segments in small-pocket, remote, rural and metropolitan areas. High-capacity backhaul is one of the fastest growing wireless market segments and is a major opportunity for us. We see the increase in subscriber density and the forecasted growth and introduction of new bandwidth-hungry 3G services as major drivers for growth in this market.

Our International Microwave segment represented approximately 64% of our revenue for fiscal 2008. We generally sell products and services directly to our customers. We use agents and distributors to sell some products and services in international markets.

Network Operations

The Network Operations segment offers a wide range of software-based network management solutions for network operators worldwide, from element management to turnkey, end-to-end network management and service assurance solutions for virtually any type of communications or information network, including broadband, wireline, wireless and converged networks. The NetBoss product line develops, designs, produces, sells and services network management systems for these applications. ProVision® provides element management for Eclipse and TRuepoint solutions.

Our Network Operations segment represented approximately 4% of our revenue for fiscal 2008. We generally sell products and services directly to our customers. We use agents, resellers and distributors to sell some products and services in international markets.

Industry Background

Wireless transmission networks are constructed using microwave radios and other equipment to interconnect cell sites, switching systems, wireline transmission systems and other fixed access facilities. Wireless networks range in size from a single transmission link connecting two buildings to complex networks comprising of thousands of wireless links. The architecture of a network is influenced by several factors, including the available radio frequency spectrum, coordination of frequencies with existing infrastructure, application requirements, environmental factors and local geography.

There has been an increase in capital spending in the wireless telecommunications industry in recent years. The demand for high-speed wireless transmission products has been growing at a higher rate than the wireless industry as a whole. We believe that this growth is directly related to a growing global subscriber base for mobile wireless communications services, increased demand for fixed wireless transmission solutions and demand for new services delivered from next-generation networks capable of delivering broadband services. Major driving factors for such growth include the following:

- *Increase in global wireless subscribers and minutes of use.* The number of global wireless subscribers and minutes of use per subscriber are expected to continue to increase. The primary drivers include increased subscription, increased voice minutes of use per subscriber and the growing use by subscribers of data applications. Third-generation, or "3G," data applications have been introduced in developed countries and this has fueled an increase in minutes of data use. We believe that growth as a result of new data services will continue for the next several years.
- *Increased establishment of mobile and fixed wireless telecommunications infrastructures in developing countries.* In parts of the world, telecommunications services are inadequate or unreliable because of the lack of existing infrastructure. To service providers in developing countries seeking to increase the availability and quality of telecommunications and Internet access services, wireless solutions are an attractive alternative to the construction or leasing of wireline networks, given their relatively low cost and ease of deployment. As a result, there has been an increased establishment of mobile and fixed wireless telecommunications infrastructures in developing countries. Emerging telecommunications markets in

Africa, Asia, the Middle East, Latin America and Eastern Europe are characterized by a need to build out basic telecommunications systems.

- *Technological advances, particularly in the wireless telecommunications market.* The demand for cellular telephone and other wireless services and devices continues to increase due to technological advances. New mobile services based on third-generation wireless technologies also are creating additional demand and growth in mobile networks and their associated infrastructure. The demand for fixed broadband access networks also has increased due to data transmission requirements resulting from Internet access demand. Similar to cellular telephone networks, wireless broadband access is typically less expensive to install and can be installed more rapidly than a wireline or fiber alternative. New and emerging wireless broadband services based on technologies such as WiMAX are expected to expand over the next several years.
- *Global deregulation of telecommunications market and allocation of radio frequencies for broadband wireless access.* Regulatory authorities in different jurisdictions allocate different portions of the radio frequency spectrum for various telecommunications services. Many countries have privatized the state-owned telecommunications monopoly and opened their markets to competitive network service providers. Often these providers choose a wireless transmission service, which causes an increase in the demand for transmission solutions. Such global deregulation of the telecommunications market and the related allocation of radio frequencies for broadband wireless access transmission have led to increased competition to supply wireless-based transmission systems.

Other Trends and Developments

Other global trends and developments in the microwave communications markets include:

- Continuing fixed-line to mobile-line substitution;
- Private networks and public telecommunications operators building high-reliability, high-bandwidth networks that are more secure and better protected against natural and man-made disasters;
- Increase in global wireless subscribers; and
- Re-allocation or public auction of frequency spectrum towards commercial applications in wireless broadband and mobility.

We believe that as broadband access and telecommunications requirements grow, wireless systems will continue to be used as transmission systems to support a variety of existing and expanding communications networks and applications. We believe that wireless systems will be used to address the connection requirements of several markets and applications, including the broadband access market, cellular applications and private networks.

Strategy

Our objective is to enhance our position as a leading provider of innovative, high-value wireless transmission solutions for the worldwide mobile, network interconnection and broadband access markets. To achieve this objective, our strategy is to:

- *Continue to serve our existing customer base.* As a combined company, we have sold more than 750,000 microwave radios in over 135 countries. Today, our international sales are significantly greater than our North American sales, with the international segment growing at a faster rate. We intend to leverage our customer base, our longstanding presence in many countries, our distribution channels, our comprehensive product line and our turnkey solution capability to continue to sell existing and new products and services to current customers.
- *Continue to grow our North America business.* The North American market has been a traditional stronghold for MCD, and Harris Stratex continues to be a clear leader in the U.S. wireless transmission

market. We plan to continue our growth and leadership with innovative solutions for mobile network backhaul, public safety, government, utilities, transportation and other market segments.

- *Continue to grow our international business.* We believe we are well-positioned to take advantage of worldwide market opportunities for wireless infrastructure to significantly grow our international business. We have a strong presence in Africa, as well as Europe, the Middle East and Russia (“EMER”) and a growing presence in the Asia-Pacific region and Latin America. We plan to pursue opportunities in high-growth markets in all of these regions, leveraging our innovative products, full turnkey solution capability and professional services. Our new international headquarters in the Republic of Singapore (“Singapore”) is now in operation as a base for our international business and a sales and service hub for the Asia-Pacific region, reflecting and supporting our growing focus on international markets.
- *Continue to introduce innovative products that meet the needs of our customers.* We have a long history of introducing innovative products into the telecommunications industry. Our products offer high-value solutions to virtually every type of service provider or network operator.
- *Expand existing markets and explore new market opportunities.* We intend to expand our presence in the mobile wireless market by exploiting market opportunities created by the growing number of global wireless subscribers, increasing global minutes of use, the continuing emergence of new services and the commitment of developing nations around the world to expand national infrastructure to all population areas via cost-efficient, rapidly installed microwave radio networks. We also intend to expand our market share in the emerging data business. In particular, carrier-grade Ethernet market opportunities are starting to emerge and our products are ideally suited to meet those needs.
- *Offer complete turnkey solutions.* We plan to continue leveraging more than eight decades of experience in the combined companies to offer industry-leading professional services, from network planning to site builds, system deployment and network monitoring.
- *Deliver superior customer service.* We intend to keep improving our industry-leading customer service organization to maximize our customers’ satisfaction with our solutions and loyalty to us as a solution provider.

Solutions

Our solutions are designed to meet the various regional, operational and licensing needs of our wireless transmission customers. We provide turnkey microwave systems and service capabilities, offering complete network, systems and civil engineering support and services — a key competitive differentiator for Harris Stratex in the microwave radio industry. Our solutions offer the following benefits:

- *Broad product and solution portfolio.* We offer a comprehensive line of wireless transmission solutions, consisting of various combinations of microwave digital radios, integrated ancillary equipment from Harris Stratex or other manufacturers, network management systems and professional services. These solutions address a wide range of transmission frequencies, ranging from 4 to 38 GHz, and a wide range of transmission capacities, ranging from 2 megabits per second to 2.5 gigabits per second. Major product families include Eclipse, TRuepoint, Constellation, NetBoss and ProVision.
- *Low total cost of ownership.* Microwave radio-based solutions offer a relatively low total cost of ownership, based on the combined costs of initial acquisition, installation and ongoing operation and maintenance. Multiple factors work to reduce cost of ownership. Our latest generation systems reduce rack space and spare parts requirements and simplify installation, operation, upgrade and maintenance procedures and associated costs.
- *Future-proof network.* Our solutions are designed to future-proof the network operator’s investment, via software-configurable capacity upgrades and plug-in modules that provide an easy migration path to emerging technologies, such as Carrier Ethernet and Internet Protocol (“IP”)-based networking.
- *Flexible, easily configurable products.* We intend to continue using flexible architectures with a high level of software configurable features. This design approach produces high-performance products with the

maximum reuse of components and at the same time allows for a manufacturing strategy with a high degree of flexibility, improved cost and reduced time to market. The software features of our products give our customers a greater degree of flexibility in installing, operating and maintaining their networks.

- *Comprehensive network management.* We offer a range of flexible network management solutions, from element management to enterprise-wide network management and service assurance — all optimized to work with Harris Stratex's wireless transmission systems. NetBoss is also offered as a stand-alone solution for a wide range of communications and information networking environments in virtually any industry.
- *Complete professional services.* In addition to our product offerings, we provide expert network planning and design, site surveys and builds, systems integration, installation, maintenance, network monitoring, training, customer service and many other professional services. Our services cover the entire evaluation, purchase, deployment and operational cycle and enable us to be one of the few complete turnkey solution providers in the industry.

Product Portfolio

We offer a comprehensive product portfolio that addresses the needs of service providers and network operators in every region of the world, addressing a broad range of applications, frequencies, capacities and network topologies. Product categories include licensed (subject to local frequency licensing) and license-exempt (operating in license-exempt frequencies) point-to-point microwave radios and network management software.

Licensed Point-to-Point Microwave Radios

In general, wireless networks are constructed using microwave radios and other equipment to connect cell sites, fixed-access facilities, switching systems, land mobile radio systems and other communications systems. For many applications, microwave systems offer a lower-cost, highly reliable and more easily deployable alternative to competing wireline transmission media, such as fiber, copper or coaxial cable.

Our principal product families of licensed point-to-point microwave radios include Eclipse, a platform for nodal wireless transmission systems, and TRuepoint, a platform for high-performance point-to-point wireless communications. Constellation and MegaStar continue to be significant product families used for high-capacity trunking applications both in U.S. and international markets.

Eclipse

Eclipse combines wireless transmission functions with network processing node functions, including many functions that, for non-nodal products, would have to be purchased separately. Each Eclipse Intelligent Node Unit ("INU") is a complete network node, able to support multiple radio paths. System functions include voice, data and video transport, node management, multiplexing, routing and cross-connection. Eclipse is designed to simplify complex networks and lower the total cost of ownership over the product life. We believe that these are significant innovations that address the needs of a broad range of customers.

With frequency coverage from 5 to 38 GHz, low-to-high capacity operation and traditional TDM and Ethernet transmission capabilities, Eclipse is designed to support a wide range of long and short haul applications. Using Ethernet plug-in cards, it supports carrier-grade Ethernet certified by the Metro Ethernet Forum. Eclipse is software-configurable, enabling easy capacity upgrades, and gives users the ability to plan and deploy networks and adapt to changing conditions at minimum cost and disruption. It requires fewer parts and spares and less rack space than previous-generation product platforms.

TRuepoint

Our TRuepoint product family offers full plug-and-play, software-programmable microwave radio configuration. It delivers service from 4 to 180 megabits per second capacity at frequencies ranging from 6 to 38 GHz. TRuepoint is designed to meet the current and future needs of network operators, including mobile, private network, government and access service providers. The unique architecture of the core platform reduces both capital expenditures and life cycle costs, while meeting international and North American standards. The software-based

architecture enables migration from traditional microwave access applications to higher-capacity transport interconnections.

The TRuepoint family continues our tradition of high-performance, high-reliability wireless networking. The TRuepoint 5000 provides full-featured access, backhaul and mid-capacity trunking. The TRuepoint 6000 provides very-high-capacity trunking and software-programmable features in an advanced architecture. TRuepoint reduces cost of deployment through smaller antenna requirements, increased transmission distance, and fewer repeater sites. It also reduces operating costs through high reliability, efficient diagnostics and network management, reduced real estate requirements, low power consumption and reduced spare parts and training requirements.

Constellation

Our Constellation family of medium-to-high-capacity point-to-point digital radios operates in the 6, 7/8 and 10/11 GHz frequencies, which are designed for network applications and support both PDH, the standard for high-speed networking in North American and international markets, and SONET, the standard for digital transport over optical fiber in North American applications. Constellation radios are suited for wireless mobile carriers and private operators, including critical public safety networks.

License-Exempt Point-to-Point Microwave Radios

Harris Stratex offers license-exempt wireless interconnection for wireless access, cellular backhaul, Internet service, local and wide area networking and emergency response communications systems. These solutions enable network operators to deploy wireless transmission systems rapidly, reliably and cost-efficiently, while avoiding costly, time-consuming frequency coordination and licensing.

Network Management

Our major network management product families include NetBoss and ProVision. These product families offer a broad set of choices for all levels of network management, from enterprise-wide management and service assurance to element management.

NetBoss

NetBoss is a family of network management and service assurance solutions for managing multi-vendor, multi-technology communications networks. It offers high performance, availability, scalability and flexibility, and is designed to manage complex and demanding networks, including networks built on advanced next-generation technologies.

NetBoss supports wireless and wireline networks of many types, offering fault management, performance management, service activation and assurance, billing mediation and OSS integration. As a modular, off-the-shelf product, it enables customers to implement management systems immediately or gradually, as their needs dictate. NetBoss XE offers advanced element management. NetBoss products are optimized to work seamlessly with Harris Stratex digital microwave radios, such as the TRuepoint family, but also can be customized to manage products based on any network or computing technology.

ProVision

The ProVision element manager is a centralized network monitoring and control system optimized for Eclipse and TRuepoint products. Available as a Windows or UNIX-based platform, it can support small network systems as well as large networks of up to 1,000 radio links. The ProVision management system is built on open standards, and seamlessly integrates into higher-level system management products through commonly available interfaces.

Business Factors

A number of business factors support or affect our overall performance, including sales, marketing and service, manufacturing, order backlog, customer base, our competition, research, development and engineering, patents and intellectual property, regulatory, supply chain and environmental issues and our employee base.

Sales, Marketing and Service

We believe that a direct and continuing relationship with service providers is a competitive advantage in attracting new customers and satisfying existing ones. As a result, we offer our products and services through our own direct sales, service and support organization, which allows us to closely monitor the needs of our customers. We have offices in Canada and the United States in North America; Mexico and Argentina in Central and South America; Croatia, France, Germany, Poland, Portugal and the United Kingdom in Europe; Kenya, Nigeria, Ivory Coast and South Africa in Africa; the United Arab Emirates in the Middle East; and Bangladesh, China, India, Indonesia, Malaysia, New Zealand, the Philippines, Singapore and Thailand in the Asia-Pacific region. Our local offices provide us with a better understanding of our customers' needs and enable us to respond to local issues and unique local requirements.

We also have informal, and in some cases formal, relationships with OEM base station suppliers. Such relationships increase our ability to pursue a limited number of major contract awards each year. In addition, such relationships provide our customers with easier access to financing and integrated system providers with a variety of equipment and service capabilities. In selected countries, we also market our products through independent agents and distributors, as well as through system integrators.

Our sales personnel are highly trained to provide customers with assistance in selecting and configuring a digital microwave transmission system suitable for a customer's particular needs. We have repair and service centers in India, New Zealand, the Philippines, the United Kingdom and the United States. Our international headquarters in Singapore provides sales and customer support for the Asia-Pacific region from this facility. We have customer service and support personnel who provide customers with training, installation, technical support, maintenance and other services on systems under contract. We install and maintain customer equipment directly in some cases and contract with third-party service providers in other cases, depending on the equipment being installed and customer requirements. We generally offer a conditional warranty for all customers on all of our products.

Manufacturing

Our overall manufacturing approach has involved a combination of in-house and outsourced processes. In general, printed circuit assemblies, mechanical housings, and packaged modules are manufactured by strategically selected contract manufacturing partners, with periodic business reviews of material levels and obsolescence. Product assembly, product test, complete system integration and system test may either be performed within our own facilities or at partner locations.

In accordance with our global logistics requirements and customer geographic distribution we are engaged with contract manufacturing partners in Asia, Europe and the United States. All manufacturing operations have been certified to International Standards Organization ("ISO") 9001, a recognized international quality standard. We have also been certified to the TL 9000 standard, a telecommunication industry-specific quality system standard.

Backlog

Our backlog by business segment is as follows:

	<u>August 22, 2008</u>	<u>August 20, 2007</u>
	(In millions)	
North America Microwave	\$ 101.1	\$ 96.1
International Microwave	250.9	111.0
Network Operations	11.9	11.3
	<u>\$ 363.9</u>	<u>\$ 218.4</u>

Substantially this entire backlog is expected to be filled during fiscal 2009, but we can give no assurance of such fulfillment. Product orders in our current backlog are subject to changes in delivery schedules or to cancellation at the option of the purchaser without significant penalty. Accordingly, although useful for scheduling

production, backlog as of any particular date may not be a reliable measure of sales for any future period because of the timing of orders, delivery intervals, customer and product mix and the possibility of changes in delivery schedules and additions or cancellations of orders.

Customers

Principal customers for our products and services include domestic and international wireless/mobile service providers, original equipment manufacturers, as well as private network users such as public safety agencies, government institutions, and utility, pipeline, railroad and other industrial enterprises that operate wireless networks. During fiscal 2008, we had one customer in Africa (Mobile Telephone Networks or MTN) that accounted for 13% of our total revenue. As of June 27, 2008, MTN accounted for approximately 13% of our accounts receivable. In fiscal 2007, no customers accounted for more than 10% of our total revenue. During fiscal 2006, a customer in Nigeria accounted for 15% of our total revenue. Although we have a large customer base, during any given quarter, a small number of customers may account for a significant portion of our revenue. In certain circumstances, we sell our products to service providers through OEMs, which provide the service providers with access to financing and in some instances, protection from fluctuations in international currency exchange rates.

In general, our North American products and services are sold directly to customers through direct sales organizations and through established distribution channels. Internationally, we market and sell products and services through regional sales offices and established distribution channels. We also sell our products to agents, distributors and base station suppliers, who provide and install integrated systems to service providers.

Non-U.S. Business

Our revenue in fiscal 2008 from products exported from the U.S. or manufactured abroad was \$526.1 million (73% of our revenue), compared with \$339.2 million (67% of our revenue) in fiscal 2007 and \$196.8 million (55% of our revenue) in fiscal 2006. These sales include both direct exports from the U.S. and sales from international subsidiaries. Most of these sales are derived from our International Microwave segment. The functional currency of our subsidiaries located in the United Kingdom, Singapore, Mexico and New Zealand is the U.S. dollar so the effect of foreign currency changes have not had a significant effect on our revenue. Direct export sales, as well as sales from international subsidiaries, are primarily denominated in U.S. dollars. Exports from the U.S., principally to Africa, Canada, Europe, Asia and South and Central America, totaled \$116.5 million (22% of our non-U.S. revenue) in fiscal 2008, \$214.3 million (63% of our non-U.S. revenue) in fiscal 2007 and \$85.1 million (43% of our non-U.S. revenue) in fiscal 2006. Operations conducted in local international currencies represented 22% of our revenue in fiscal 2008, 19% of our revenue in fiscal 2007 and 20% of our revenue in fiscal 2006. Non-U.S. operations represented 58% of our long-lived assets as of June 27, 2008 and 61% of long-lived assets as of June 29, 2007.

Non-U.S. marketing activities are conducted through subsidiaries operating in Europe, Central and South America, Africa and Asia. We also have established marketing organizations and several regional sales offices in these same geographic areas.

We use indirect sales channels, including dealers, distributors and sales representatives, in the marketing and sale of some lines of products and equipment, both domestically and internationally. These independent representatives may buy for resale or, in some cases, solicit orders from commercial or governmental customers for direct sales by us. Prices to the ultimate customer in many instances may be recommended or established by the independent representative and may be above or below our list prices. These independent representatives generally receive a discount from our list prices and may mark up those prices in setting the final sales prices paid by the customer. During fiscal 2008, revenue from indirect sales channels represented 4% of our total revenue and 6% of our non-U.S. revenue, compared to revenue from indirect sales channels in fiscal 2007 representing 11% of our total revenue and 16% of our non-U.S. revenue and 5% of our total revenue and 6% of our non-U.S. revenue in fiscal 2006.

Fiscal 2008 and 2007 revenue came from customers in a large number of international countries. During fiscal 2008, no single country accounted for 5% or more of our total revenue except for Nigeria with 19%. During fiscal 2007, no single country accounted for 5% or more of our total revenue except for Nigeria with 11% and Canada with

8% compared with Nigeria with 23% and Canada with 8% in fiscal 2006. Most of our exports are paid for by letters of credit, with the balance carried on an open account. Advance payments, progress payments or other similar payments received prior to, or upon shipment often cover most of the related costs incurred. In addition, significant international government contracts generally require us to provide performance guarantees. In order to stay competitive in international markets, we also enter into recourse and vendor financing to facilitate sales to certain customers.

The particular economic, social and political conditions for business conducted outside the U.S. differ from those encountered by domestic businesses. We believe that the overall business risk for our international business as a whole is somewhat greater than that faced by our domestic operations as a whole. For a discussion of the risks we are subject to as a result of our international operations, see "Item 1A. Risk Factors" of this Annual Report on Form 10-K.

Competition

The wireless access, backhaul and interconnection business is a specialized segment of the wireless telecommunications industry and is extremely competitive. We operate in highly competitive markets that are sensitive to technological advances. Some of our competitors have more extensive engineering, manufacturing and marketing capabilities and greater financial, technical and personnel resources than we have. Some of our competitors may have greater name recognition, broader product lines (some including non-wireless telecommunications equipment), a larger installed base of products and longer-standing customer relationships. Although successful product and systems development is not necessarily dependent on substantial financial resources, many of our competitors are larger than us and can maintain higher levels of expenditures for research and development. In addition, a portion of our overall market is addressed by large mobile infrastructure providers, who bundle microwave radios with other mobile network equipment, such as cellular base stations or switching systems, and offer a full range of services. This part of the market is generally not open to independent microwave suppliers such as us.

We concentrate on market opportunities that we believe are compatible with our resources, overall technological capabilities and objectives. Principal competitive factors are cost-effectiveness, product quality and reliability, technological capabilities, service, ability to meet delivery schedules and the effectiveness of dealers in international areas. We believe that our network and systems engineering support and service are key competitive strengths for us. However, customers may make decisions based on factors including price and past relationships.

Our principal existing and potential competitors include established companies such as Alcatel-Lucent, Eltek ASA, Ericsson, NEC and Nokia Siemens Networks, as well as a number of other smaller public and private companies such as Ceragon and Huawei Technologies in selected markets. Several of our competitors are original equipment manufacturers or systems integrators through which we sometimes distribute and sell products and services to end users.

Research, Development and Engineering

We believe that our ability to enhance our current products, develop and introduce new products on a timely basis, maintain technological competitiveness and meet customer requirements is essential to our success. Accordingly, we allocate, and intend to continue to allocate, a significant portion of our resources to research and development efforts.

Our research, development and engineering expenditures totaled approximately \$46.1 million, or 6.4% of revenue, in fiscal 2008, \$39.4 million, or 7.8% of revenue in fiscal 2007, and \$28.8 million, or 8.1% of revenue in fiscal 2006.

Research, development and engineering are primarily directed to the development of new products and to building technological capability. We are, and historically have been, an industry innovator. Consistent with our history and strategy of introducing innovative products, we intend to continue to focus significant resources on product development in an effort to maintain our competitiveness and support our entry into new markets. We

maintain new product development programs that could result in new products and expansion of the Eclipse, TRuepoint and NetBoss product lines.

We maintain an engineering and new product development department, with scientific assistance provided by advanced-technology departments. As of June 27, 2008, we employed a total of 227 people in our research and development organizations in Morrisville, North Carolina; San Jose, California; Wellington, New Zealand; Melbourne, Florida; and Singapore.

Patents and Other Intellectual Property

We consider our patents and other intellectual property rights, in the aggregate, to constitute an important asset. We own a portfolio of patents, trade secrets, know-how, confidential information, trademarks, copyrights and other intellectual property. We also license intellectual property to and from third parties. As of June 27, 2008, we held 92 U.S. patents and 68 international patents and had 39 U.S. patent applications pending and 90 international patent applications pending. We do not consider our business to be materially dependent upon any single patent, license or other intellectual property right, or any group of related patents, licenses or other intellectual property rights. From time to time, we may engage in litigation to enforce our patents and other intellectual property or defend against claims of alleged infringement. Any of our patents, trade secrets, trademarks, copyrights and other proprietary rights could be challenged, invalidated or circumvented, or may not provide competitive advantages. Numerous trademarks used on or in connection with our products are also considered to be valuable assets.

In addition, we enter into confidentiality and invention assignment agreements with our employees, and enter into non-disclosure agreements with our suppliers and appropriate customers so as to limit access to and disclosure of our proprietary information.

While our ability to compete may be affected by our ability to protect our intellectual property, we believe that, because of the rapid pace of technological change in the wireless telecommunications industry, our innovative skills, technical expertise and ability to introduce new products on a timely basis will be more important in maintaining our competitive position than protection of our intellectual property. Trade secret, trademark, copyright and patent protections are important but must be supported by other factors such as the expanding knowledge, ability and experience of our personnel, new product introductions and product enhancements. Although we continue to implement protective measures and intend to defend vigorously our intellectual property rights, there can be no assurance that these measures will be successful.

Environmental and Other Regulations

Our facilities and operations, in common with those of our industry in general, are subject to numerous domestic and international laws and regulations designed to protect the environment, particularly with regard to wastes and emissions. We believe that we have complied with these requirements and that such compliance has not had a material adverse effect on our results of operations, financial condition or cash flows. Based upon currently available information, we do not expect expenditures to protect the environment and to comply with current environmental laws and regulations over the next several years to have a material impact on our competitive or financial position, but can give no assurance that such expenditures will not exceed current expectations. From time to time, we receive notices from the U.S. Environmental Protection Agency or equivalent state or international environmental agencies that we are a potentially responsible party under the Comprehensive Environmental Response, Compensation and Liability Act, which is commonly known as the Superfund Act, and/or equivalent laws. Such notices assert potential liability for cleanup costs at various sites, which include sites owned by us, sites we previously owned and treatment or disposal sites not owned by us, allegedly containing hazardous substances attributable to us from past operations.

Electronic products are subject to environmental regulation in a number of jurisdictions. Equipment produced by us is subject to domestic and international requirements requiring end-of-life management and/or restricting materials in products delivered to customers. We believe that we have complied with such rules and regulations, where applicable, with respect to our existing products sold into such jurisdictions.

Radio communications are also subject to governmental regulation. Equipment produced by us is subject to domestic and international requirements to avoid interference among users of radio frequencies and to permit interconnection of telecommunications equipment. We believe that we have complied with such rules and regulations with respect to our existing products, and we intend to comply with such rules and regulations with respect to our future products. Reallocation of the frequency spectrum also could impact our business, financial condition and results of operations.

Raw Materials and Supplies

Because of the diversity of our products and services, as well as the wide geographic dispersion of our facilities, we use numerous sources for the wide array of raw materials needed for our operations and for our products, such as electronic components, printed circuit boards, metals and plastics. We are dependent upon suppliers and subcontractors for a large number of components and subsystems and upon the ability of our suppliers and subcontractors to adhere to customer or regulatory materials restrictions and meet performance and quality specifications and delivery schedules.

In some instances, we are dependent upon one or a few sources, either because of the specialized nature of a particular item or because of local content preference requirements pursuant to which we operate on a given project. Examples of sole or limited sourcing categories include metal fabrications and castings, for which we own the tooling and therefore limit our supplier relationships, and MMICs (a type of integrated circuit used in manufacturing microwave radios), which we procure at volume discount from a single source. Our supply chain plan includes mitigation plans for alternative manufacturing sources and identified alternate suppliers.

While we have been affected by performance issues of some of our suppliers and subcontractors, we have not been materially adversely affected by the inability to obtain raw materials or products. In general, any performance issues causing short-term material shortages are within the normal frequency and impact range experienced by high-tech manufacturing companies. They are due primarily to the high technical nature of many of our purchased components.

Employees

As of June 27, 2008, we employed approximately 1,410 people, compared with approximately 1,440 people at the end of fiscal 2007. Approximately 840 of our employees are located in the U.S. We also utilized approximately 160 independent contractors as of the end of July 2008. None of our employees in the U.S. is represented by a labor union. In certain international subsidiaries, our employees are represented by workers' councils or statutory labor unions. In general, we believe that our relations with our employees are good.

Website Access to Harris Stratex Reports; Available Information

General. We maintain an Internet Web site at <http://www.harrisstratex.com>. Our annual reports on Form 10-K, proxy statement, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, are available free of charge on our Web site as soon as reasonably practicable after these reports are electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"). Our website and the information posted thereon are not incorporated into this Annual Report on Form 10-K or any current or other periodic report that we file or furnish to the SEC.

We will also provide the reports in electronic or paper form, free of charge upon request. Our Web site and the information posted thereon are not incorporated into this Annual Report on Form 10-K or any other report that we file with or furnish to the SEC. All reports we file with or furnish to the SEC are also available free of charge via EDGAR through the SEC's website at <http://www.sec.gov>. The public may read and copy any materials filed by us with the SEC at the SEC's Public Reference Room, 100 F. Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

Additional information relating to our businesses, including our operating segments, is set forth in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (Restated)."

Corporate Governance Principles and Committee Charters. We have adopted Corporate Governance Principles, which are available on the Corporate Governance section of our Web site at <http://www.harrisstratex.com/cg/default.asp>. In addition, the charters of each committee of our Board of Directors,

including the Compensation Committee, Nominating Committee, Audit Committee and Corporate Governance Committee, are also available on the Corporate Governance section of our Web site. Copies of these charters are also available free of charge upon written request to our Corporate Secretary at Harris Stratex Networks, Inc., 637 Davis Drive, Morrisville, North Carolina 27560.

Item 1A. Risk Factors.

In addition to the risks described elsewhere in this Annual Report on Form 10-K and in certain of our other filings with the SEC, the following risks and uncertainties, among others, could cause our actual results to differ materially from those contemplated by us or by any forward-looking statement contained herein. Prospective and existing investors are strongly urged to carefully consider the various cautionary statements and risks set forth in this Annual Report on Form 10-K and our other public filings.

The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties that we are not aware of or focused on may also impair our business operations. If any of these risks actually occur, our financial condition and results of operations could be materially and adversely affected.

We may not be profitable.

As measured under U.S. generally accepted accounting principles ("U.S. GAAP"), we have incurred a net loss in each of the last five fiscal years. In fiscal 2008, we incurred a net loss of \$11.9 million and in fiscal 2007, we incurred a net loss of \$21.8 million. We can give no assurance that we will be consistently profitable, if at all.

We may experience impairment charges for our intangible assets or goodwill.

As of June 27, 2008, the net carrying value of our intangible assets and goodwill totaled approximately \$130.1 million and \$284.2 million, respectively. Our intangible assets are subject to impairment testing in accordance with Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-lived Assets* and our goodwill is subject to an impairment test in accordance with Statement No. 142, *Goodwill and Other Intangible Assets*. We review the carrying value of our intangible assets and goodwill for impairment whenever events or circumstances indicate that their carrying amount may not be recoverable. Significant negative industry or economic trends, including a lack of recovery in the market price of our common stock or the fair value of our debt, disruptions to our business, unexpected significant changes or planned changes in the use of the intangible assets, and mergers and acquisitions could result in the need to reassess the fair value of our assets and liabilities which could lead to an impairment charge for any of our intangible assets or goodwill. An impairment charge related to our intangible assets or goodwill could have a significant effect on our financial position and results of operations in the periods recognized.

We will face strong competition for maintaining and improving our position in the market, which could adversely affect our revenue growth and operating results.

The wireless interconnection and access business is a specialized segment of the wireless telecommunications industry and is extremely competitive. We expect competition in this segment to increase. Some of our competitors have more extensive engineering, manufacturing and marketing capabilities and significantly greater financial, technical and personnel resources than we have. In addition, some of our competitors have greater name recognition, broader product lines, a larger installed base of products and longer-standing customer relationships. Our competitors include established companies, such as Alcatel-Lucent, Eltek ASA, Ericsson, NEC and Nokia Siemens Networks, as well as a number of smaller public companies and private companies such as Ceragon and Huawei Technologies in selected markets. Some of our competitors are original equipment manufacturers or systems integrators through whom we market and sell our products, which means our business success may depend on these competitors to some extent. One or more of our largest customers could internally develop the capability to manufacture products similar to those manufactured or outsourced by us and, as a result, the demand for our products and services may decrease.

In addition, we compete for acquisition and expansion opportunities with many entities that have substantially greater resources than we have. Furthermore, our competitors may enter into business combinations in order to

accelerate product development or to engage in aggressive price reductions or other competitive practices, resulting in even more powerful or aggressive competitors.

Our ability to compete successfully will depend on a number of factors, including price, quality, availability, customer service and support, breadth of product line, product performance and features, rapid time-to-market delivery capabilities, reliability, timing of new product introductions by us, our customers and competitors, the ability of our customers to obtain financing and the stability of regional sociopolitical and geopolitical circumstances. We can give no assurances that we will have the financial resources, technical expertise, or marketing, sales, distribution, customer service and support capabilities to compete successfully, or that regional sociopolitical and geographic circumstances will be favorable for our successful operation.

Our average sales prices may decline in the future.

Currently, manufacturers of digital microwave telecommunications equipment are experiencing, and are likely to continue to experience, declining sales prices. This price pressure is likely to result in downward pricing pressure on our products and services. As a result, we are likely to experience declining average sales prices for our products. Our future profitability will depend upon our ability to improve manufacturing efficiencies, reduce costs of materials used in our products, and to continue to introduce new lower-cost products and product enhancements. If we are unable to respond to increased price competition, our business, financial condition and results of operations will be harmed. Because customers frequently negotiate supply arrangements far in advance of delivery dates, we may be required to commit to price reductions for our products before we are aware of how, or if, cost reductions can be obtained. As a result, current or future price reduction commitments, and any inability on our part to respond to increased price competition, could harm our business, financial condition and results of operations.

Part of our inventory may be written off, which would increase our cost of revenues. In addition, we may be exposed to inventory-related losses on inventories purchased by our contract manufacturers.

In fiscal 2006, we wrote off excess inventory resulting from our decision to terminate a legacy product line. The result of the write-off in fiscal 2006 was a charge to cost of external products sales of \$34.9 million. In fiscal 2008, we had additional inventory impairment charges resulting from post-merger product transitioning and product end-of-life events. The result of the write-off in fiscal 2008 was a charge to cost of external products sales of \$14.7 million. Inventory of raw materials, work in-process or finished products may accumulate in the future, and we may encounter losses due to a variety of factors including:

- Rapid technological change in the wireless telecommunications industry resulting in frequent product changes;
- The need of our contract manufacturers to order raw materials that have long lead times and our inability to estimate exact amounts and types of items thus needed, especially with regard to the frequencies in which the final products ordered will operate; and
- Cost reduction initiatives resulting in component changes within the products.

Further, our inventory of finished products may accumulate as the result of cancellation of customer orders or our customers' refusal to confirm the acceptance of our products. Our contract manufacturers are required to purchase inventory based on manufacturing projections we provide to them. If our actual orders from our customers are lower than these manufacturing projections, our contract manufacturers will have excess inventory of raw materials or finished products which we would be required to purchase. In addition, we require our contract manufacturers from time to time to purchase more inventory than is immediately required, and to partially assemble components, in order to shorten our delivery time in case of an increase in demand for our products. In the absence of such increase in demand, we may need to compensate our contract manufacturers. If we are required to purchase excess inventory from our contract manufacturers or otherwise compensate our contract manufacturers for purchasing excess inventory, our business, financial condition, and results of operations could be materially adversely affected. We also may purchase components or raw materials from time to time for use by our contract manufacturers in the manufacturing of our products. These purchases are based on our own manufacturing projections. If our actual orders are lower than these manufacturing projections, we may accumulate excess

inventory which we may be required to write-off. If we are forced to write-off this inventory other than in the normal course of business, our business, financial condition, results of operations could be materially affected adversely.

Because a significant amount of our revenue may come from a limited number of customers, the termination of any of these customer relationships may adversely affect our business.

Sales of our products and services historically have been concentrated in a small number of customers. Principal customers for our products and services include domestic and international wireless/mobile service providers, original equipment manufacturers, as well as private network users such as public safety agencies; government institutions; and utility, pipeline, railroad and other industrial enterprises that operate broadband wireless networks. We had revenue from a single external customer that exceeded 10% of our total revenue during fiscal 2008 and 2006, but not during fiscal 2007. Although we have a large customer base, during any given quarter, a small number of customers may account for a significant portion of our revenue.

It is possible that a significant portion of our future product sales also could be concentrated in a limited number of customers. In addition, product sales to major customers have varied widely from period to period. The loss of any existing customer, a significant reduction in the level of sales to any existing customer, or our inability to gain additional customers could result in declines in our revenue or an inability to grow revenue. If these revenue declines occur or if we are unable to create revenue growth, our business, financial condition, and results of operations may be affected adversely.

We may undertake further restructurings which may adversely impact our operations, and we may not realize all of the anticipated benefits of our prior or any future restructurings.

We continue to restructure and transform our business to realign resources and achieve desired cost savings in an increasingly competitive market. During fiscal 2008 and 2007, we undertook 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. If we consolidate additional facilities in the future, we may incur additional restructuring and related expenses, which could have a material adverse effect on our business, financial condition or results of operations.

We have based our restructuring efforts on certain assumptions regarding the cost structure of our businesses. Our assumptions may or may not be correct and we may also determine that further restructuring will be needed in the future. We therefore cannot assure you that we will realize all of the anticipated benefits of the restructurings or that we will not further reduce or otherwise adjust our workforce or exit, or dispose of, certain businesses. Any decision by management to further limit investment, exit, or dispose of businesses may result in the recording of additional restructuring charges. As a result, the costs actually incurred in connection with the restructuring efforts may be higher than originally planned and may not lead to the anticipated cost savings and/or improved results.

Our effective tax rate could be highly volatile and could adversely affect our operating results.

Our future effective tax rate may be adversely affected by a number of factors including:

- The jurisdictions in which profits are determined to be earned and taxed;
- Adjustments to estimated taxes upon finalization of various tax returns;
- Increases in expenses not deductible for tax purposes, including write-offs of acquired in-process research and development and impairment of goodwill in connection with acquisitions;
- Changes in available tax credits;
- Changes in share-based compensation expense;
- Changes in the valuation of our deferred tax assets and liabilities;
- Changes in domestic or international tax laws or the interpretation of such tax laws; and

- The resolution of issues arising from tax audits with various tax authorities.

Any significant increase in our future effective tax rates could impact our results of operations for future periods adversely.

If we fail to accurately forecast our manufacturing requirements or customer demand or fail to effectively manage our contract manufacturer relationships, we could incur additional costs or be unable to timely fulfill our customer commitments, which in either case would adversely affect our business and results of operations and, in the event of an inability to fulfill commitments, would harm our customer relationships.

We outsource a substantial portion of our manufacturing and repair service operations to independent contract manufacturers and other third parties. Our contract manufacturers typically manufacture our products based on rolling forecasts of our product needs that we provide to them on a regular basis. The contract manufacturers are responsible for procuring components necessary to build our products based on our rolling forecasts, building and assembling the products, testing the products in accordance with our specifications and then shipping the products to us. We configure the products to our customer requirements, conduct final testing and then ship the products to our customers. Although we currently partner with multiple major contract manufacturers, there can be no assurance that we will not encounter problems as we become increasingly dependent on contract manufacturers to provide these manufacturing services or that we will be able to replace a contract manufacturer that is not able to meet our demand.

If we fail to accurately predict our manufacturing requirements or forecast customer demand, we may incur additional costs of manufacturing and our gross margins and financial results could be adversely affected. If we overestimate our requirements, our contract manufacturers may experience an oversupply of components and assess us charges for excess or obsolete components that could adversely affect our gross margins. If we underestimate our requirements, our contract manufacturers may have inadequate inventory or components, which could interrupt manufacturing and result in higher manufacturing costs, shipment delays, damage to customer relationships and/or our payment of penalties to our customers. Our contract manufacturers may also have other customers and may not have sufficient capacity to meet all of their customers' needs, including ours, during periods of excess demand.

In addition, if we fail to effectively manage our relationships with our contract manufacturers or other service providers, or if one or more of them should not fully comply with their contractual obligations or should experience delays, disruptions, component procurement problems or quality control problems, then our ability to ship products to our customers or otherwise fulfill our contractual obligations to our customers could be delayed or impaired which would adversely affect our business, financial results and customer relationships.

Our products are used in critical communications networks which may subject us to significant liability claims.

Since our products are used in critical communications networks, we may be subject to significant liability claims if our products do not work properly. The provisions in our agreements with customers that are intended to limit our exposure to liability claims may not preclude all potential claims. In addition, any insurance policies we have may not adequately limit our exposure with respect to such claims. We warrant to our current customers that our products will operate in accordance with our product specifications. If our products fail to conform to these specifications, our customers could require us to remedy the failure or could assert claims for damages. Liability claims could require us to spend significant time and money in litigation or to pay significant damages. Any such claims, whether or not successful, would be costly and time-consuming to defend, and could divert management's attention and seriously damage our reputation and our business.

We may be subject to litigation regarding intellectual property associated with our wireless business; this litigation could be costly to defend and resolve, and could prevent us from using or selling the challenged technology.

The wireless telecommunications industry is characterized by vigorous protection and pursuit of intellectual property rights, which has resulted in often protracted and expensive litigation. Any litigation regarding patents or

other intellectual property could be costly and time-consuming and could divert our management and key personnel from our business operations. The complexity of the technology involved and the uncertainty of intellectual property litigation increase these risks. Such litigation or claims could result in substantial costs and diversion of resources. In the event of an adverse result in any such litigation, we could be required to pay substantial damages, cease the use and transfer of allegedly infringing technology or the sale of allegedly infringing products and expend significant resources to develop non-infringing technology or obtain licenses for the infringing technology. We can give no assurances that we would be successful in developing such non-infringing technology or that any license for the infringing technology would be available to us on commercially reasonable terms, if at all. This could have a materially adverse effect on our business, results of operation, financial condition, competitive position and prospects.

As a subsidiary of Harris, we may have the benefit of one or more existing cross-license agreements between Harris and certain third parties, which may help protect us from infringement claims. If we cease to be a subsidiary of Harris, those benefits will be lost.

Due to the significant volume of international sales we expect, we may be susceptible to a number of political, economic and geographic risks that could harm our business.

We are highly dependent on sales to customers outside the U.S. In fiscal 2008, our sales to international customers accounted for 73% of total revenue. During fiscal 2007 and 2006, sales to international customers accounted for 67% and 55% of our revenue, respectively. Also, significant portions of our international sales are in less developed countries. Our international sales are likely to continue to account for a large percentage of our products and services revenue for the foreseeable future. As a result, the occurrence of any international, political, economic or geographic event that adversely affects our business could result in a significant decline in revenue.

Some of the risks and challenges of doing business internationally include:

- unexpected changes in regulatory requirements;
- fluctuations in international currency exchange rates;
- imposition of tariffs and other barriers and restrictions;
- management and operation of an enterprise spread over various countries;
- the burden of complying with a variety of laws and regulations in various countries;
- application of the income tax laws and regulations of multiple jurisdictions, including relatively low-rate and relatively high-rate jurisdictions, to our sales and other transactions, which results in additional complexity and uncertainty;
- general economic and geopolitical conditions, including inflation and trade relationships;
- war and acts of terrorism;
- natural disasters;
- currency exchange controls; and
- changes in export regulations.

While these factors and the impacts of these factors are difficult to predict, any one or more of them could adversely affect our business, financial condition and results of operations in the future.

Our industry is volatile and subject to frequent changes, and we may not be able to respond effectively or in a timely manner to these changes.

We participate in a highly volatile industry that is characterized by vigorous competition for market share and rapid technological development. These factors could result in aggressive pricing practices and growing competition both from start-up companies and from well-capitalized telecommunication systems providers, which could decrease our revenue. In response to changes in our industry and market conditions, we may restructure our activities to more strategically realign our resources. This includes assessing whether we should consider disposing

of, or otherwise exiting, certain businesses, and reviewing the recoverability of our tangible and intangible assets. Any decision to limit investment in our tangible and intangible assets or to dispose of or otherwise exit businesses may result in the recording of accrued liabilities for special charges, such as workforce reduction costs. Additionally, accounting estimates with respect to the useful life and ultimate recoverability of our carrying basis of assets could change as a result of such assessments and decisions, and could harm our results of operations.

If we fail to develop and maintain distribution and licensing relationships, our revenue may decrease.

Although a majority of our sales are made through our direct sales force, we also will market our products through indirect sales channels such as independent agents, distributors, OEMs and systems integrators. These relationships enhance our ability to pursue major contract awards and, in some cases, are intended to provide our customers with easier access to financing and a greater variety of equipment and service capabilities, which an integrated system provider should be able to offer. We may not be able to maintain and develop additional relationships or, if additional relationships are developed, they may not be successful. Our inability to establish or maintain these distribution and licensing relationships could restrict our ability to market our products and thereby result in significant reductions in revenue. If these revenue reductions occur, our business, financial condition and results of operations would be harmed.

Consolidation within the telecommunications industry could result in a decrease in our revenue.

The telecommunications industry has experienced significant consolidation among its participants, and we expect this trend to continue. Some operators in this industry have experienced financial difficulty and have filed, or may file, for bankruptcy protection. Other operators may merge and one or more of our competitors may supply products to the customers of the combined company following those mergers. This consolidation could result in purchasing decision delays and decreased opportunities for us to supply products to companies following any consolidation. This consolidation may also result in lost opportunities for cost reduction and economies of scale. In addition, see the risks discussed in the factor above titled “*Because a significant amount of our revenue may come from a limited number of customers, the termination of any of these customer relationships may adversely affect our business.*”

Our success will depend on new product introductions, product transitioning and acceptance.

The market for our products is characterized by rapid technological change, evolving industry standards and frequent new product introductions. Our future success will depend, in part, on continuous, timely development and introduction of new products and enhancements that address evolving market requirements and are attractive to customers. We believe that successful new product introductions provide a significant competitive advantage because of the significant resources committed by customers in adopting new products and their reluctance to change products after these resources have been expended. We have spent, and expect to continue to spend, significant resources on internal research and development to support our effort to develop and introduce new products and enhancements. As we transition to common product platforms, we may face significant risk that current customers may not accept these new products. To the extent that we fail to introduce new and innovative products that are adopted by customers, we could fail to obtain an adequate return on these investments and could lose market share to our competitors, which could be difficult or impossible to regain.

Our customers may not pay for products and services in a timely manner, or at all, which would decrease our income and adversely affect our working capital.

Our business requires extensive credit risk management that may not be adequate to protect against customer nonpayment. A risk of non-payment by customers is a significant focus of our business. We expect a significant amount of future revenue to come from international customers, many of whom will be startup telecom operators in developing countries. We do not generally expect to obtain collateral for sales, although we require letters of credit or credit insurance as appropriate for international customers. For information regarding the percentage of revenue attributable to certain key customers, see the risks discussed in the factor above titled “*Because a significant amount of our revenue may come from a limited number of customers, the termination of any of these customer relationships may adversely affect our business.*” Our historical accounts receivable balances have been concentrated in a small

number of significant customers. Unexpected adverse events impacting the financial condition of our customers, bank failures or other unfavorable regulatory, economic or political events in the countries in which we do business may impact collections and adversely impact our business, require increased bad debt expense or receivable write-offs and adversely impact our cash flows, financial condition and operating results.

Rapid changes in the microwave radio industry and the frequent introduction of lower cost components for our product offerings may result in excess inventory that we cannot sell or may be required to sell at distressed prices, and may result in longer credit terms to our customers.

The rapid changes and evolving industry standards that characterize the market for our products require frequent modification of products for us to be successful. These rapid changes could result in the accumulation of component inventory parts that become obsolete as modified products are introduced and adopted by customers. We have experienced significant inventory write-offs in recent years, and because of the rapid changes that characterize the market, we also may be forced to write down excess inventory from time to time. Moreover, these same factors may force us to significantly reduce prices for older products or extend more and longer credit terms to customers, which could negatively impact our cash and possibly result in higher bad debt expense. More generally, we cannot give assurances that we will be successful in matching our inventory purchases with anticipated shipment volumes. As a result, we may fail to control the amount of inventory on hand and may be forced to write off additional amounts. Such additional inventory write-offs, if required, would adversely impact our cash flows, financial condition and operating results.

The unpredictability of our quarter-to-quarter results may harm the trading price of our Class A common stock.

Our quarterly operating results may vary significantly for a variety of reasons, many of which are outside our control. These factors could harm our business and include, among others:

- volume and timing of our product orders received and delivered during the quarter;
- our ability and the ability of our key suppliers to respond to changes on demand as needed;
- our suppliers' inability to perform and deliver on time as a result of their financial condition, component shortages or other supply chain constraints;
- our sales cycles can be lengthy;
- continued market expansion through strategic alliances;
- continued timely rollout of new product functionality and features;
- increased competition resulting in downward pressures on the price of our products and services;
- unexpected delays in the schedule for shipments of existing products and new generations of the existing platforms;
- failure to realize expected cost improvement throughout our supply chain;
- order cancellations or postponements in product deliveries resulting in delayed revenue recognition;
- seasonality in the purchasing habits of our customers;
- war and acts of terrorism;
- natural disasters;
- the ability of our customers to obtain financing to enable their purchase of our products;
- fluctuations in international currency exchange rates;
- regulatory developments including denial of export and import licenses; and
- general economic conditions worldwide.

Our quarterly results are expected to be difficult to predict and delays in product delivery or closing a sale can cause revenue and net income or loss to fluctuate significantly from anticipated levels. In addition, we may increase spending in response to competition or in pursuit of new market opportunities. Accordingly, we cannot provide assurances that we will be able to achieve profitability in the future or that if profitability is attained, that we will be able to sustain profitability, particularly on a quarter-to-quarter basis.

If we are unable to adequately protect our intellectual property rights, we may be deprived of legal recourse against those who misappropriate our intellectual property.

Our ability to compete will depend, in part, on our ability to obtain and enforce intellectual property protection for our technology in the U.S. and internationally. We rely upon a combination of trade secrets, trademarks, copyrights, patents and contractual rights to protect our intellectual property. In addition, we enter into confidentiality and invention assignment agreements with our employees, and enter into non-disclosure agreements with our suppliers and appropriate customers so as to limit access to and disclosure of its proprietary information. We cannot give assurances that any steps taken by us will be adequate to deter misappropriation or impede independent third-party development of similar technologies. In the event that such intellectual property arrangements are insufficient, our business, financial condition and results of operations could be harmed. We have significant operations in the U.S., United Kingdom, Singapore and New Zealand, and outsourcing arrangements in Asia. We cannot provide assurances that the protection provided to our intellectual property by the laws and courts of particular nations will be substantially similar to the protection and remedies available under U.S. law. Furthermore, we cannot provide assurances that third parties will not assert infringement claims against us based on intellectual property rights and laws in other nations that are different from those established in the U.S.

If sufficient radio frequency spectrum is not allocated for use by our products, and we fail to obtain regulatory approval for our products, our ability to market our products may be restricted.

Radio communications are subject to regulation by U.S. and foreign laws and international treaties. Generally, our products need to conform to a variety of United States and international requirements established to avoid interference among users of transmission frequencies and to permit interconnection of telecommunications equipment. Any delays in compliance with respect to our future products could delay the introduction of such products.

In addition, we will be affected by the allocation and auction of the radio frequency spectrum by governmental authorities both in the U.S. and internationally. Such governmental authorities may not allocate sufficient radio frequency spectrum for use by our products or we may not be successful in obtaining regulatory approval for our products from these authorities. Historically, in many developed countries, the unavailability of frequency spectrum has inhibited the growth of wireless telecommunications networks. In addition, to operate in a jurisdiction, we must obtain regulatory approval for our products. Each jurisdiction in which we market our products has its own regulations governing radio communications. Products that support emerging wireless telecommunications services can be marketed in a jurisdiction only if permitted by suitable frequency allocations, auctions and regulations. The process of establishing new regulations is complex and lengthy. If we are unable to obtain sufficient allocation of radio frequency spectrum by the appropriate governmental authority or obtain the proper regulatory approval for our products, our business, financial condition and results of operations may be harmed.

Negative changes in the capital markets available for telecommunications and mobile cellular projects may result in reduced revenue and excess inventory that we cannot sell or may be required to sell at distressed prices, and may result in longer credit terms to our customers.

Many of our current and potential customers require significant capital funding to finance their telecommunications and mobile cellular projects, which include the purchase of our products and services. Although in the last year we have seen some growth in capital spending in the wireless telecommunications market, changes in capital markets worldwide could negatively impact available funding for these projects and may continue to be unavailable to some customers. As a result, the purchase of our products and services may be slowed or halted. Reduction in demand for our products has resulted in excess inventories on hand in the past, and could result in additional excess inventories in the future. If funding is unavailable to our customers or their customers, we may be forced to write

down excess inventory. In addition, we may have to extend more and longer credit terms to our customers, which could negatively impact our cash and possibly result in higher bad debt expense. We cannot give assurances that we will be successful in matching our inventory purchases with anticipated shipment volumes. As a result, we may fail to control the amount of inventory on hand and may be forced to write off additional amounts. Such additional inventory write-offs, if required, would decrease our profits.

In addition, in order to maintain competitiveness in an environment of restrictive third-party financing, we may have to offer customer financing that is recorded on our balance sheet. This may result in deferred revenue recognition, additional credit risk and substantial cash usage.

Our stock price may be volatile, which may lead to losses by investors.

Announcements of developments related to our business, announcements by competitors, quarterly fluctuations in our financial results and general conditions in the telecommunications industry in which we compete, or the economies of the countries in which we do business and other factors could cause the price of our common stock to fluctuate, perhaps substantially. In addition, in recent years the stock market has experienced extreme price fluctuations, which have often been unrelated to the operating performance of affected companies. These factors and fluctuations could lower the market price of our common stock. Our stock is currently listed on the NASDAQ Global Market.

We have risks related to the remediation of our material weaknesses in internal control.

Public companies are required to include in their annual reports on Form 10-K a report of management on internal control over financial reporting that contains an assessment by management of the effectiveness of the company's internal control over financial reporting. In addition, an independent registered public accounting firm must attest to and report on management's assessment of the effectiveness of the company's internal control over financial reporting. We have identified certain matters involving our internal control over financial reporting that we and our independent registered public accounting firm determined to be material weaknesses under standards established by the Public Company Accounting Oversight Board. These material weaknesses relate to controls over project cost variances and account reconciliations and existed at the end of our fiscal year ended June 27, 2008 as well as in our 2007, 2006 and 2005 fiscal years. We have described these matters in more detail in Item 9A herein.

While we believe that the remediation efforts we have recently instituted are adequate to correct the problems we have identified, we cannot be certain that these efforts will eliminate the material weaknesses we identified or ensure that we design, implement and maintain adequate controls over our financial processes and reporting in the future. There is also no assurance that we will not discover additional material weaknesses in our controls and procedures in the future. If we fail to satisfactorily strengthen and maintain the effectiveness of our internal controls, neither we nor our independent registered public accounting firm may be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. As a result, current and potential shareholders could lose confidence in our financial reporting, which could adversely affect the trading price of our Class A common stock. Perceptions of us could also be adversely affected among customers, lenders, securities analysts and others which, in turn, could materially and adversely affect our business, our financial condition and the market value of our securities.

The discovery of future weaknesses or deficiencies in our internal control or identification of material misstatements in our prior financial statements may also prevent us from filing our periodic reports with the SEC in a timely manner. If we fail to file timely SEC reports, investors in our securities will not have the information required by SEC rules regarding our business and financial condition with which to make decisions regarding investment in our securities. Additionally, The NASDAQ Stock Market LLC, the exchange on which our common stock is listed, could institute proceedings to delist our common stock. We also would not be eligible to use a "short form" registration statement on Form S-3 to make equity or debt offerings for a period of 12 months after the time we become current in our filings. These restrictions could adversely affect our ability to raise capital, as well as our business, financial condition and results of operations, and could also result in an adverse reaction in the financial marketplace due to a loss of investor confidence in the reliability of our financial statements, which ultimately could negatively impact our stock price.

We may face risks related to the restatement of our financial statements.

In connection with our identification of the material weaknesses in internal control described above, we have had to restate our interim consolidated financial statements for the first three fiscal quarters of fiscal 2008 (the quarters ended March 28, 2008, December 28, 2007 and September 28, 2007) and our consolidated financial statements for the fiscal years ended June 29, 2007, June 30, 2006 and July 1, 2005 in order to correct errors contained in those financial statements. We also announced on July 30, 2008 that investors should no longer rely on our previously issued financial statements for those periods. We have described these matters in more in detail in Item 7 and in Item 8 under Note D "Restatement of Previously Issued Financial Statements" to our consolidated financial statements contained herein.

The correction of errors in prior financial statements and the investigation and remediation of underlying material weaknesses often requires companies to incur substantial accounting, legal and other professional fees and expend significant management time and other resources. While we do not believe that the restatements described above or the related investigation and review have, or will have, a material adverse effect on our financial condition or future prospects, no assurance can be given that additional expense related to these or other restatements will not arise in the future.

Companies that restate prior financial statements may also face governmental actions, shareholder lawsuits and other legal proceedings related to the restatement. Our involvement in any such proceedings could require us to incur substantial legal fees and divert management attention away from the operation of our business. We may also be required to pay substantial monetary awards, as well as civil and criminal fines. We have not reserved any amount in respect of these matters in its consolidated financial statements. These expenditures and diversions of resources, as well as the adverse resolution of any specific lawsuits, could have a material adverse effect on our business, financial condition and results of operations.

On September 15 and 18, 2008, complaints were filed against us on behalf of an alleged class of purchasers of our securities from January 29, 2007 to July 30, 2008 alleging that we violated federal securities laws in connection with our restatement of prior financial statements and seeking compensator damages and other relief, as more fully described in Item 3 "Legal Proceedings." While we believe that we have meritorious defenses to this lawsuit and intend to defend the litigation vigorously, given the preliminary nature of the alleged claims and the inherent unpredictability of litigation, we cannot at this time estimate the possible outcome of this or any other similar actions.

Risks Related to the Relationship between Harris and Us

We are and will continue to be controlled by Harris, whose interests may conflict with ours.

Harris owns no shares of our Class A common stock but all of the outstanding shares of our Class B common stock, through which it holds an approximate 56% interest of our outstanding equity which gives it approximately 56% of the voting power represented by our outstanding common stock. In addition, Harris has the right to appoint separately, as a class, five of our nine directors as long as the shares of our common stock held by Harris entitle Harris to cast a majority of the votes at an election of our directors (other than those directors appointed by Harris separately as a class). Harris also votes, along with our Class A stockholders, in the election of the four remaining directors, and as the holder of approximately 56% of our outstanding common shares holds a majority of the shares eligible to vote. In the election of the four remaining directors, Harris has agreed to vote for the persons nominated for such positions by our Nominating Committee, which is composed entirely of directors not appointed by Harris. For two years from January 26, 2007, Harris has agreed that it will not acquire or dispose of beneficial ownership in shares of our common stock, except under limited circumstances, and has no obligation to dispose of its interest in us following such two-year period. Accordingly, Harris is likely to continue to exercise significant influence over our business policies and affairs, including the composition of our board of directors and any action requiring the approval of our shareholders. The concentration of ownership also may make some transactions, including mergers or other changes in control, more difficult or impossible without the support of Harris. Harris' interests may conflict with your interests as a shareholder. As a result, your ability to influence the outcome of matters requiring shareholder approval will be limited.

As the only holder of our outstanding Class B common stock, Harris has the unilateral right to elect, remove and replace, at any time, a majority of our board of directors, so long as the members elected, removed or replaced by Harris satisfy the requirements agreed to by the Company and Harris as set forth in an investor agreement entered into at the time of the Stratex acquisition. More specifically, Harris has agreed that, so long as it holds a majority of our voting common stock, it will have the right to appoint five of our nine directors and, until January 26, 2009, at least one of the Harris directors will meet the NASDAQ independence standards for audit committee members and at least one other Harris director will not be an employee of Harris or any of its subsidiaries (other than Harris Stratex or our subsidiaries). After January 26, 2009, Harris will be able to elect or replace all the Harris directors without regard to their relationship with Harris.

Harris has rights reflecting its controlling interest in our company. As a result, the ability of non-Harris stockholders to influence the outcome of matters requiring stockholder approval will be limited.

Harris' right to vote a majority of our outstanding voting stock enables it to control decisions without the consent of our other stockholders, including among others, with respect to:

- our business direction and policies;
- mergers or other business combinations, except until January 26, 2009;
- the acquisition or disposition of assets;
- the payment or nonpayment of dividends;
- determinations with respect to tax returns;
- our capital structure; and
- amendments to our certificate of incorporation and bylaws.

In addition to the effects described above, Harris' control position could make it more difficult for us to raise capital or make acquisitions by issuing our capital stock. This concentrated ownership also might delay or prevent a change in control and may impede or prevent transactions in which our stockholders might otherwise receive a premium for their shares.

We may have potential conflicts of interest with Harris relating to our ongoing relationship, and because of Harris' controlling ownership in us, the resolution of these conflicts may not be favorable to us.

Conflicts of interest may arise between us and Harris in a number of areas relating to our ongoing relationship, including:

- indemnification and other matters arising under the Formation, Contribution and Merger Agreement or other agreements;
- intellectual property matters;
- employee recruiting and retention;
- competition for customers in the areas where Harris is permitted to do business under the non-competition agreement described below;
- sales or distributions by Harris of all or any portion of its ownership interest in us, which could be to one of our competitors;
- business combinations involving us; and
- business opportunities that may be attractive to both Harris and us.

In addition, we may not be able to resolve any potential conflicts with Harris, and, even if we do, the resolution may be less favorable to us than if we were dealing with an unaffiliated party.

We have an investor agreement and non-competition agreement with Harris. The investor agreement provides that Harris and its affiliates are only permitted to enter into a transaction with us if the transaction is approved by a majority of our non-Harris-appointed directors or the terms are, in all material respects, no less favorable to us than those that could have been obtained from an informed, unrelated third party (taking into consideration all the then prevailing facts and circumstances). However, if a transaction has a fair market value of more than \$5 million, it must be approved in advance by a majority of our non-Harris-appointed directors, regardless of the nature of the terms. There are limited exceptions to these arrangements.

Pursuant to the terms of the non-competition agreement, Harris has agreed in general terms that, for five years following January 26, 2007, it cannot and will not permit any of its subsidiaries (other than us and our subsidiaries) to, engage in the development, manufacture, distribution and sale of microwave radio systems that are competitive with our current products or substantially similar to those products in form, fit and function when used in terrestrial microwave point-to-point communications networks that provide access and trunking of voice and data for telecommunications networks. Notwithstanding this restriction, Harris is permitted to purchase and resell products produced by and branded by persons unaffiliated with Harris and to develop, manufacture, distribute and sell microwave radios and related components for use by government entities.

We are and will continue to be a “controlled company” within the meaning of the NASDAQ rules and, as a result, rely on exemptions from certain corporate governance requirements that are designed to provide protection to shareholders of companies that trade on NASDAQ.

Harris owns more than 50% of the total voting power of our outstanding capital stock. Therefore, we are a “controlled company” under the NASDAQ rules. As a controlled company, we are entitled to utilize exemptions under the NASDAQ standards that free us from the obligation to comply with some governance requirements under the NASDAQ rules, including the following:

- a majority of our board of directors consists of independent directors;
- our director nominees must either be selected, or recommended for selection by the board of directors, either by:
 - a majority of the independent directors; or
 - a nominations committee comprised solely of independent directors; and
- the compensation of our officers must be determined, or recommended to the board of directors for determination, either by:
 - a majority of the independent directors; or
 - a compensation committee comprised solely of independent directors.

Although a majority of our board of directors currently consists of independent directors and our compensation committee, which recommends the compensation of our officers to the board of directors, is comprised solely of independent directors, we may use these exemptions in the future and, as a result, may not provide the same protection afforded to shareholders of companies that are subject to all of the NASDAQ corporate governance requirements.

So long as Harris holds a majority of our securities outstanding and is entitled to vote generally in the election of our directors (other than those directors elected separately as a class by Harris), it will have the right to preserve its control position by participating in our equity offerings.

At any time that Harris holds a majority of our securities outstanding and entitled to vote generally in the election of our directors (other than those directors elected separately as a class by Harris), subject to limited exceptions, Harris has the right to participate in any offering of our capital stock including grants of equity to employees on the same terms and conditions as the offering and purchase up to that number of shares of our capital stock necessary to preserve its then voting percentage. As a result, Harris will be able to maintain its control position as long as it is able to and elects to participate in any offering of our capital stock.

Neither Harris nor any of its affiliates will have any fiduciary obligation or other obligation to offer corporate opportunities to us, and our certificate of incorporation and investor agreement with Harris expressly permit certain of our directors and our employees to offer certain corporate opportunities to Harris before us.

Our certificate of incorporation and the investor agreement with Harris provide that:

- except (1) as otherwise provided in the non-competition agreement with Harris or (2) opportunities offered to an individual who is a director or officer of both Harris Stratex and Harris in writing solely in that person's capacity as our officer or director, Harris is free to compete with us in any activity or line of business; invest or develop a business relationship with any person engaged in the same or similar activities or businesses as us; do business with any of our customers; or employ any of our former employees;
- neither Harris nor its affiliates have any duty to communicate its or their knowledge of or offer any potential business opportunity, transaction or other matter to us unless the opportunity was offered to the individual who is a director or officer of both Harris Stratex and Harris in writing solely in that person's capacity as our officer or director; and
- if any director or officer of Harris, who is also an officer or director of Harris Stratex, becomes aware of a potential business opportunity, transaction or other matter (other than one expressly offered to that director or officer in writing solely in his or her capacity as our director or officer), that director or officer will have no duty to communicate or offer that opportunity to us and will be permitted to communicate or offer that opportunity to Harris (or its affiliates), and that director or officer will not be deemed to have acted in bad faith or in a manner inconsistent with our best interests or in a manner inconsistent with his or her fiduciary or other duties to us.

Two members of our board of directors are also directors and/or officers of Harris. As a result, Harris may gain the benefit of corporate opportunities that are presented to these directors.

In certain circumstances, Harris is permitted to engage in the same types of businesses that we conduct. If Harris elects to pursue opportunities in these areas, our ability to successfully operate and expand our business may be limited.

We have a non-competition agreement with Harris restricting its and its subsidiaries' ability to compete with us for five years from January 26, 2007 in specified lines of business related to our current business operations. However, the non-competition agreement will not restrict Harris from competing in a limited number of specific areas in which we operate, such as the development, manufacture and sale of wireless systems for use by government entities and the purchase and resale of non-Harris-branded wireless systems. Following the five-year term, there will be no restriction on Harris' ability to compete with us. If Harris elects to pursue opportunities in these areas or re-enters the business from which it is prohibited following the five-year term of the non-competition agreement, our ability to successfully operate and expand our business may be limited.

Sales by Harris of its interest in us could result in offers for shares of Class A common stock, the terms of which have been negotiated solely by Harris, and could adversely affect the price and liquidity of our Class A common stock.

Harris has agreed not to buy or sell our common stock until January 26, 2009, except with the consent of our non-Harris directors or to enable Harris to preserve its percentage interest in our outstanding common stock. From January 26, 2009 to January 26, 2011, Harris will be free to transfer majority control of us to a buyer, at a price and on terms acceptable to Harris in its sole discretion so long as the buyer offers to acquire all our outstanding voting shares not owned by Harris on the same terms offered to Harris or the non-Harris directors approve the transfer by Harris in advance. However, our non-Harris stockholders will have no role in determining the identity of the buyer and the amount and type of consideration to be received or any other terms of the transaction. If equity securities of the buyer are offered or if our other shareholders elect not to accept the buyer's offer, their continuing investment would be in a company that may be majority-controlled by a company or an investor selected only by Harris. After

January 26, 2011, Harris will no longer be subject to any contractual limitations on the sale of its interest in Harris Stratex.

In addition, we have agreed to register for resale to the public shares of common stock which are held by Harris. Sales of our registered shares by Harris, or the perception that such sales might occur, could depress the trading price of our Class A common stock.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

As of June 27, 2008, we conducted operations in 51 facilities in the U.S., Canada, Europe, Central America, South America, Africa and Asia. Our principal executive offices are located at leased facilities in Morrisville, North Carolina. There are no material encumbrances on any of our facilities. Remaining initial lease periods extend to 2015.

As of June 27, 2008, the locations and approximate floor space of our principal offices and facilities in productive use were as follows:

Location	Major Activities	Owned (Square feet)	Leased (Square feet)
San Antonio, Texas	Office, manufacturing	130,000	—
Wellington, New Zealand	Office, R&D center	58,000	—
Lanarkshire, Scotland	Office, repair center	52,000	—
San Jose, California (three facilities)	Offices, R&D center, warehouse	—	114,000
Montreal, Canada	Office, R&D center	—	32,000
Morrisville, North Carolina	Headquarters, R&D center	—	60,000
Philippine Islands	Office	—	16,000
People's Republic of China (three facilities)	Offices, manufacturing	—	15,000
Paris, France (two facilities)	Offices	—	15,000
Republic of Singapore	Office	—	13,000
Mexico City, Mexico (two facilities)	Offices, warehouse	—	12,000
34 other facilities	Offices	—	68,000
Totals		240,000	345,000

During fiscal 2007, in connection with the acquisition of Stratex, we ceased operations at, and subsequently vacated leased facilities in Seattle, Washington, and San Jose and Milpitas, California. These three facilities comprise approximately 139,000 square feet, of which 95,000 square feet have been subleased to third parties. Additionally, we ceased most operations at, and mostly vacated a fourth leased 60,000 square foot facility in San Jose, California. We have retained 26,000 square feet for our use and subleased 4,400 square feet of the remaining space to a third party. As the lessee, we have ongoing lease commitments, which extend into fiscal year 2011 for these four facilities.

We maintain our facilities in good operating condition, and believe that they are suitable and adequate for our current and projected needs. We continuously review our anticipated requirements for facilities and may, from time to time, acquire additional facilities, expand existing facilities, or dispose of existing facilities or parts thereof, as we deem necessary.

For more information about our lease obligations, see "Note T — Operating Lease Commitments" and "Note O — Restructuring Activities" of Notes to Consolidated Financial Statements, which are included in Part II, Item 8 of this Annual Report on Form 10-K.

Item 3. Legal Proceedings.

We and certain of our executive officers were named in a federal securities class action complaint filed on September 15, 2008 in the United States District Court for the District of Delaware by plaintiff Norfolk County Retirement System on behalf of an alleged class of purchasers of our securities from January 29, 2007 to July 30, 2008, including shareholders of Stratex Networks, Inc. who exchanged shares of Stratex Networks, Inc. for our shares as part of the merger between Stratex Networks and the Microwave Communications Division of Harris Corporation. This action relates to the restatement of our prior financial statements, as discussed more fully in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations (Restated)" and in Item 8 "Financial Statements and Supplementary Data (Restated)" under Note D "Restatement of Previously Issued Financial Statements" to our consolidated financial statements. A similar complaint was filed in the United States District Court as Delaware on September 18, 2008. Each complaint alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, as well as violations of Sections 11 and 15 of the Securities Act of 1933 and seeks, among other relief, determinations that the action is a proper class action, unspecified compensatory damages and reasonable attorneys' fees and costs. We believe that we have meritorious defenses and intend to defend ourselves vigorously.

From time to time, as a normal incident of the nature and kind of businesses in which we are engaged, various claims or charges are asserted and litigation commenced against us arising from or related to: personal injury, patents, trademarks, trade secrets or other intellectual property; labor and employee disputes; commercial or contractual disputes; the sale or use of products containing restricted or hazardous materials; breach of warranty; or environmental matters. Claimed amounts may be substantial but may not bear any reasonable relationship to the merits of the claim or the extent of any real risk of court or arbitral awards.

Item 4. Submissions of Matters to a Vote of Security Holders.

No matters were submitted by us to a vote of our security holders, through the solicitation of proxies or otherwise, during the fourth quarter of fiscal 2008.

EXECUTIVE OFFICERS OF THE REGISTRANT

The name, age, position held with us, and principal occupation and employment during at least the past 5 years for each of our executive officers as of September 25, 2008, are as follows:

<u>Name and Age</u>	<u>Position Currently Held and Past Business Experience</u>
Harald J. Braun, 52	Mr. Braun was appointed president and chief executive officer of our company in April, 2008 and is a member of our Board of Directors. Previously, he served as president and CEO of Siemens Networks LLC and most recently as a senior executive in Nokia Siemens Networks North America. In 2002, Mr. Braun became president, Siemens Carrier Networks Division, focused on next-generation technologies and services. From 2000-2002, he served as Siemens senior vice president and the head of Siemens Ltd. in Thailand, with responsibility for sales of the company's next-generation network products. Prior to this, he served in a number of management roles at Siemens AG.
Sarah A. Dudash, 54	Ms. Dudash joined our company as vice president and chief financial officer in January 2007 when Harris MCD and Stratex Networks merged. In 2003, Ms. Dudash became the division controller at the Microwave Communications Division of Harris Corporation, where she served as vice-president and controller, from September, 2006 until Harris MCD and Stratex Networks merged. Previously, Ms. Dudash was business unit controller for the Integrated Information Communication Systems Business Unit of the Government Communications Systems Division of Harris Corporation. Ms. Dudash began her career with Deloitte Haskins & Sells.

<u>Name and Age</u>	<u>Position Currently Held and Past Business Experience</u>
Paul A. Kennard, 57	Mr. Kennard joined our company as chief technology officer in January 2007 when Harris MCD and Stratex Networks merged. In 1996 he joined Stratex Networks as vice president, engineering. From 1993 to 1996, he served as senior vice president, engineering, at California Microwave, and previously served as manager of radio signal processing for Bell Northern Research.
Stephen J. Gilmore, 53	Mr. Gilmore joined our company as vice president, human resources, in January 2007 when Harris MCD and Stratex Networks merged. In June 2005 he was appointed vice president, human resources of Harris Corporation's Microwave Communications Division. Since October 1979, he has held various positions of increasing responsibility with Harris Corporation, including director of human resources and director of organization and management development.
Juan Otero, 44	Mr. Otero joined our company as general counsel and secretary in January 2007 when Harris MCD and Stratex Networks merged. Previously, he served as director of legal affairs for Stratex Networks since July 2002. He was promoted to general counsel in July of 2004 and to general counsel and assistant secretary in February of 2005. Prior to joining Stratex Networks, Mr. Otero was director and senior counsel for Compaq Computer Corporation and the Hewlett-Packard Company from March 2000 to June 2002, and corporate counsel for Hitachi Data Systems from March 1998 to March 2000.
Heinz Stumpe, 53	Mr. Stumpe was appointed chief operating officer and vice president global operations on June 30, 2008. Previously, he was vice president operations. He joined Stratex Networks as director, marketing in 1996. He was promoted to vice president, global accounts in 1999, vice president, strategic accounts in 2002 and vice president, global operations in April 2006. Prior to joining Stratex Networks, Mr. Stumpe worked for California Microwave from 1992 to 1996 as vice president, operations. Prior to that, Mr. Stumpe was director, operations for Amstrad plc, a UK-based Computer and Communications Equipment Company.
Shaun McFall, 48	Mr. McFall was named chief marketing officer in July 2008. Previously, he was vice president marketing. He has been with the company since 1989. His initial assignment was in new business development, first in the UK and later the European market. In 1994, he assumed responsibility for worldwide product marketing. He has over 20 years of experience in the wireless telecommunications industry, holding prior positions with two UK based companies: Ferranti International Signal plc. and GEC Telecommunications Ltd. Mr. McFall holds a bachelor of science degree in Electrical and Electronic Engineering from the University of Strathclyde in Glasgow, UK.

There is no family relationship between any of our executive officers or directors, and there are no arrangements or understandings between any of our executive officers or directors and any other person pursuant to which any of them was appointed or elected as an officer or director, other than arrangements or understandings with our directors or officers acting solely in their capacities as such. All of our executive officers are elected annually and serve at the pleasure of our Board of Directors.

PART II**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.****Market Information and Price Range of Common Stock**

Our Class A Common Stock, with a par value of \$0.01 per share, is listed and primarily traded on the NASDAQ Global Market ("NASDAQ"), under the ticker symbol HSTX. There was no established trading market for the shares of our Class A or Class B Common Stock prior to January 29, 2007. Shares of our Class B Common Stock are not expected to be listed for trading on any exchange or quotation system at any time in the foreseeable future.

According to the records of our transfer agent, as of September 15, 2008, there were approximately 230 holders of record of our Class A common stock. The following table sets forth the high and low reported sale prices for a share of our Class A common stock on NASDAQ Global Market system for the periods indicated during our fiscal years 2008 and 2007:

	Fiscal 2008		Fiscal 2007	
	High (\$)	Low (\$)	High (\$)	Low (\$)
First Quarter	20.90	15.90	None	None
Second Quarter	19.97	15.41	None	None
Third Quarter	18.75	8.53	21.25	18.23
Fourth Quarter	11.44	8.88	20.07	14.85

On September 15, 2008, the last sale price of our common stock as reported in the NASDAQ Global Market system was \$8.05 per share.

Dividend Policy

We have not paid cash dividends on our common stock and do not intend to pay cash dividends in the foreseeable future. We intend to retain any earnings for use in our business. In addition, the covenants of our \$70 million credit facility dated June 30, 2008 restrict us from paying dividends or making other distributions to our shareholders under certain circumstances. We also may enter into other credit facilities or debt financing arrangements that further limit our ability to pay dividends or make other distributions.

Sales of Unregistered Securities

During the fourth quarter of fiscal 2008, we did not issue or sell any unregistered securities.

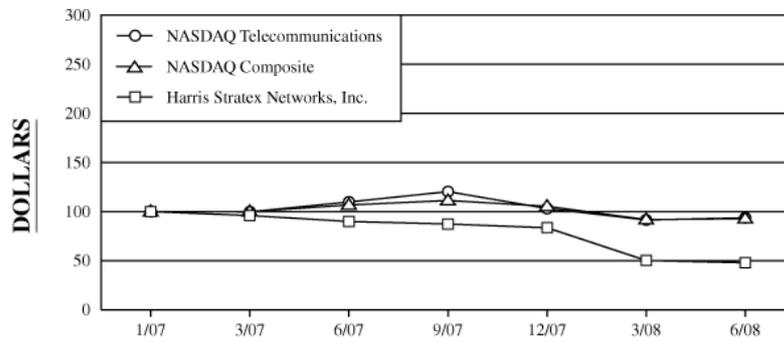
Issuer Repurchases of Equity Securities

During the fourth quarter of fiscal 2008, we did not repurchase any equity securities.

Performance Graph

The following graph and accompanying data compares the cumulative total return on our Class A Common Stock with the cumulative total return of the Total Return Index for The NASDAQ Composite Market (U.S. Companies) and the NASDAQ Telecommunications Index for the one-year, five month period commencing January 29, 2007 and ending June 27, 2008. The stock price performance shown on the graph below is not necessarily indicative of future price performance. Note that this graph and accompanying data is “furnished,” not “filed,” with the Securities and Exchange Commission.

COMPARISON OF 1 YEAR, 5 MONTH CUMULATIVE TOTAL RETURN*
Among Harris Stratex Networks, Inc., The NASDAQ Composite Index
and the NASDAQ Telecommunications Index



	Jan/2007	Mar/2007	Jun/2007	Sep/2007	Dec/2007	Mar/2008	Jun/2008
Harris Stratex Networks, Inc.	100.00	95.95	89.90	87.35	83.50	50.15	47.90
NASDAQ Composite	100.00	100.02	106.70	111.27	105.37	91.82	92.74
NASDAQ Telecommunications	100.00	99.75	109.79	120.30	103.11	91.47	93.60

* Assumes (i) \$100 invested on January 29, 2007 in Harris Stratex Networks, Inc. Class A Common Stock, the Total Return Index for The NASDAQ Composite Market (U.S. companies) and the NASDAQ Telecommunications Index; and (ii) immediate reinvestment of all dividends.

Item 6. Selected Financial Data (Restated).

The following table summarizes our selected historical financial information for each of the last five fiscal years. The selected financial information as of June 27, 2008 and June 29, 2007 and for the fiscal years ended June 27, 2008, June 29, 2007, June 30, 2006, July 1, 2005 and July 2, 2004 has been derived from our audited consolidated financial statements, for which data presented for fiscal years 2008, 2007 and 2006 are included elsewhere in this Annual Report on Form 10-K. This table should be read in conjunction with our other financial information, including "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (Restated)" and the Consolidated Financial Statements and Notes, included elsewhere in this Annual Report on Form 10-K.

	Fiscal Years Ended				
	June 27, 2008(1)	June 29, 2007(2) (Restated)	June 30, 2006(3) (Restated) (In millions)	July 1, 2005 (Restated)	July 2, 2004(4) (Restated)
Revenue from product sales and services	\$ 718.4	\$ 507.9	\$ 357.5	\$ 310.4	\$ 329.8
Cost of product sales and services	(528.2)	(361.2)	(275.2)	(223.5)	(246.0)
Net loss	(11.9)	(21.8)	(38.6)	(6.8)	(22.2)
Basic and diluted net loss per common share	(0.20)	(0.88)	N/A	N/A	N/A

	As of				
	June 27, 2008(1)	June 29, 2007(2) (Restated)	June 30, 2006(3) (Restated) (In millions)	July 1, 2005 (Restated)	July 2, 2004(4) (Restated)
Total assets	\$ 977.3	\$ 1,025.5	\$ 344.9	\$ 358.1	\$ 342.3
Long-term liabilities	28.1	65.0	12.6	14.2	15.0
Total net assets	748.2	746.4	244.3	275.4	244.6

(1) During fiscal 2008, in our International Microwave segment, we recorded \$11.9 million in amortization of developed technology, tradenames, customer relationships, and non-compete agreements, \$1.7 million in amortization of the increase in fair value of fixed assets related to the acquisition of Stratex, \$2.6 million in restructuring charges, \$6.1 million in merger related integration charges and \$1.8 million of inventory mark-downs.

In addition, in our North America Microwave segment, we recorded \$2.7 million in amortization of developed technology, tradenames, customer relationships, and non-compete agreements, \$1.1 million in amortization of the increase in fair value of fixed assets related to the acquisition of Stratex, \$4.9 million in restructuring charges and \$3.2 million in merger-related integration charges, \$12.9 million of inventory mark-downs and impairment related to product transitioning and \$1.8 million of lease impairments.

(2) The merger with Stratex and the contribution transaction occurred on January 26, 2007. Results of operations for the business acquired in the merger were included in fiscal 2007 from that date only. Thus, operating results in fiscal 2007 are not directly comparable to operating results for the prior or subsequent fiscal years. During fiscal 2007, we recorded \$15.3 million in acquired in-process research and development expenses, \$9.1 million in amortization of developed technology, tradenames, customer relationships, contract backlog and non-compete agreements, \$8.6 million in amortization of fair value adjustments for inventory and fixed assets related to the acquisition of Stratex, \$4.2 million in restructuring charges and \$3.6 million in merger-related integration charges to our International Microwave segment.

In addition, we recorded \$1.4 million in amortization of developed technology, tradenames, customer relationships, contract backlog and non-compete agreements, \$0.4 million in amortization of fair value adjustments for inventory and fixed assets related to the acquisition of Stratex, \$5.1 million in restructuring charges and \$2.7 million in merger related integration charges to our North America Microwave segment.

- (3) Fiscal 2006 results include a \$39.6 million after-tax charge related to inventory write-downs and other charges associated with product discontinuances, as well as the planned shutdown of manufacturing activities at our plant in Montreal, Canada.
- (4) Fiscal 2004 results include a \$7.3 million charge related to cost-reduction measures and fixed asset write-downs.

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations (Restated).*

Restatement of Previously Issued Financial Statements

As previously announced on July 30, 2008, we concluded that our consolidated financial statements for the quarters ended March 28, 2008, December 28, 2007 and September 28, 2007, respectively, and fiscal years ended June 29, 2007, June 30, 2006 and July 1, 2005 would be restated for the correction of errors contained in those consolidated financial statements. 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 and \$4.9 million as of July 1, 2005. Division equity, which as reclassified to additional paid-in capital at the merger date of January 26, 2007, decreased from the amount previously reported by \$8.3 million. 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 and \$2.8 million for the fiscal years ended June 29, 2007 and June 30, 2006, respectively. The restatement had no impact on our net cash flows from operations, financing activities or investing activities.

Previously filed (i) annual consolidated financial statements for the fiscal years ended June 29, 2007, June 30, 2006 and July 1, 2005 included in the Company's Annual Report on Form 10-K ("Form 10-K") for the year ended June 29, 2007, (ii) interim condensed consolidated financial statements for the quarters ended March 28, 2008, December 28, 2007 and September 28, 2007 and (iii) related reports of the Company's independent registered public accountants have been replaced by the fiscal 2007 Form 10-K/A and the Forms 10-Q/A for the quarters ended March 28, 2008, December 28, 2007 and September 28, 2007 filed by the Company on September 25, 2008. Details of the nature of the corrections are as follows:

Inventory

Project costs are accumulated in work in process inventory accounts in our cost accounting systems. As products are shipped or otherwise meet our revenue recognition criteria, these project costs are recorded to cost of sales. Estimates may be required if certain costs have been incurred but not yet invoiced to us. On a routine and periodic basis, we review the work in process balances related to these projects to ensure all appropriate costs have been recorded to cost of sales in a timely manner and in the period to which they relate.

During fiscal 2008, we determined that this review had not been performed in a manner sufficient to identify significant project cost variances remaining in certain inventory accounts, and that the resulting errors impacted prior quarters and prior years. To correct this error, we decreased work in process inventory compared with amounts previously recorded by \$14.1 million and \$9.6 million as of March 28, 2008 and June 29, 2007, respectively, increased cost of external product sales and services by \$4.5 million for the three quarters ended March 28, 2008 and \$4.6 million and \$2.1 million for the fiscal years ended June 29, 2007 and June 30, 2006, respectively. A \$2.9 million increase in the cost of external product sales and services was recorded in fiscal years prior to 2006.

Inventory and Intercompany Account Reconciliations

During the course of the year end close for the fiscal year ending June 27, 2008, we determined that certain account reconciliation adjustments recorded in the fourth quarter of fiscal 2008, which related primarily to inventory and intercompany accounts receivable accounts, should have been recorded in prior quarters or prior years. We determined that certain manual controls had not been performed for certain periods, resulting in accounting errors. More specifically, we identified errors in the work in process inventory balances resulting from incorrect account reconciliation processes. To correct this error, we decreased work in process inventory compared with amounts previously recorded by \$2.5 million and \$1.9 million as of March 28, 2008 and June 29, 2007, respectively, and increased cost of external product sales by \$0.6 million for the three quarters ended March 28,

2008 and \$1.4 million and \$0.6 million for the fiscal years ended June 29, 2007 and June 30, 2006, respectively. A \$0.1 million decrease in the cost of external product sales was recorded in fiscal years prior to 2006.

We also identified errors in accounts receivable balances as a result of control deficiencies in the recording and elimination of intercompany transactions. To correct this error, we decreased accounts receivable compared to amounts previously recorded by \$3.1 million and \$2.2 million as of March 28, 2008 and June 29, 2007, respectively, and increased selling and administrative expenses by \$0.9 million for the three quarters ended March 28, 2008 and \$0.1 million for the fiscal year ended June 30, 2006. A \$2.1 million increase in selling and administrative expenses was recorded in fiscal fiscal years prior to 2006.

Warranty Liability

Our liability for product warranties contains the estimated accrual for certain technical assistance service provided under our standard warranty policy. We determined that these costs had not been properly included in warranty liability estimates in the balance sheet of Stratex at the date of acquisition. To correct this error, we increased the warranty liability and increased goodwill related to the Stratex acquisition by \$1.1 million as of March 28, 2008 and June 29, 2007.

Deferred Tax Liability

Taking into consideration the restatement adjustments described above, we reassessed our income tax provision in accordance with Statement 109. As a result, we decreased the net deferred tax liability balance and increased the income tax benefit by \$4.4 million and \$2.1 million as of March 28, 2008 and June 29, 2007, respectively. For periods prior to January 26, 2007, income tax expense has been determined as if MCD had been a stand-alone entity, although the actual tax liabilities and tax consequences applied only to Harris. In those periods, our income tax expense for those periods related to income taxes paid or to be paid in foreign jurisdictions for which net operating loss carryforwards were not available and domestic taxable income is deemed offset by tax loss carryforwards for which an income tax valuation allowance had been previously provided for in the financial statements. Thus, there were no changes in our tax provision for periods prior to fiscal 2007.

The following tables present the impact of the restatement adjustments on our previously reported consolidated statements of operations for the three quarters ended March 28, 2008 and fiscal years 2007 and 2006 as well as the impact on the previously reported consolidated balance sheets as of March 28, 2008 and June 29, 2007.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

For the Three Quarters Ended March 28, 2008

	For the Three Quarters Ended March 28, 2008		
	As Previously Reported	Adjustments	As Restated
	(In millions, except per share amounts)		
Net revenues from product sales and services	\$ 531.6	\$ —	\$ 531.6
Cost of product sales and services:			
Cost of external product sales	(306.3)	(4.7)	(311.0)
Cost of product sales with Harris Corporation	(4.2)	—	(4.2)
Total cost of product sales	(310.5)	(4.7)	(315.2)
Cost of services	(59.8)	(0.4)	(60.2)
Cost of sales billed from Harris Corporation	(4.6)	—	(4.6)
Amortization of purchased technology	(5.3)	—	(5.3)
Total cost of product sales and services	(380.2)	(5.1)	(385.3)
Gross margin	151.4	(5.1)	146.3
Research and development expenses	(34.8)	—	(34.8)
Selling and administrative expenses	(90.0)	(0.9)	(90.9)
Selling and administrative expenses with Harris Corporation	(5.2)	—	(5.2)
Total research, development, selling and administrative expenses	(130.0)	(0.9)	(130.9)
Acquired in-process research and development	—	—	—
Amortization of identifiable intangible assets	(5.6)	—	(5.6)
Restructuring charges	(8.4)	—	(8.4)
Corporate allocations expense from Harris Corporation	—	—	—
Operating income	7.4	(6.0)	1.4
Interest income	1.4	—	1.4
Interest expense	(2.2)	—	(2.2)
Income before provision for income taxes	6.6	(6.0)	0.6
Provision for income taxes	(1.1)	2.3	1.2
Net income	\$ 5.5	\$ (3.7)	\$ 1.8
Net income (loss) per share of Class A and Class B common stock:			
Basic	\$ 0.09	\$ (0.06)	\$ 0.03
Diluted	\$ 0.05	\$ (0.07)	\$ (0.02)
Basic weighted average shares outstanding	58.4		58.4
Diluted weighted average shares outstanding	58.9		58.9

	For the Fiscal Year Ended June 29, 2007		
	As Previously Reported	Adjustments (In millions, except per share amounts)	As Restated
Net revenues from product sales and services	\$ 507.9	\$ —	\$ 507.9
Cost of product sales and services:			
Cost of external product sales	(281.2)	(5.1)	(286.3)
Cost of product sales with Harris Corporation	(1.3)	—	(1.3)
Total cost of product sales	(282.5)	(5.1)	(287.6)
Cost of services	(64.3)	(0.9)	(65.2)
Cost of sales billed from Harris Corporation	(5.4)	—	(5.4)
Amortization of purchased technology	(3.0)	—	(3.0)
Total cost of product sales and services	(355.2)	(6.0)	(361.2)
Gross margin	152.7	(6.0)	146.7
Research and development expenses	(39.4)	—	(39.4)
Selling and administrative expenses	(92.1)	—	(92.1)
Selling and administrative expenses with Harris Corporation	(6.8)	—	(6.8)
Total research, development, selling and administrative expenses	(138.3)	—	(138.3)
Acquired in-process research and development	(15.3)	—	(15.3)
Amortization of identifiable intangible assets	(7.5)	—	(7.5)
Restructuring charges	(9.3)	—	(9.3)
Corporate allocations expense from Harris Corporation	(3.7)	—	(3.7)
Operating loss	(21.4)	(6.0)	(27.4)
Interest income	1.8	—	1.8
Interest expense	(2.3)	—	(2.3)
Loss before provision for income taxes	(21.9)	(6.0)	(27.9)
Benefit for income taxes	4.0	2.1	6.1
Net loss	\$ (17.9)	\$ (3.9)	\$ (21.8)
Basic and diluted net loss per common share	\$ (0.72)	\$ (0.16)	\$ (0.88)
Basic and diluted weighted average shares outstanding	24.7		24.7

	For the Fiscal Year Ended June 30, 2006		
	As Previously	Adjustments	As Restated
	Reported	(In millions, except per share amounts)	
Net revenues from product sales and services	\$ 357.5	\$ —	\$ 357.5
Cost of product sales and services:			
Cost of external product sales	(222.7)	(2.4)	(225.1)
Cost of product sales with Harris Corporation	(7.4)	—	(7.4)
Total cost of product sales	(230.1)	(2.4)	(232.5)
Cost of services	(37.1)	(0.3)	(37.4)
Cost of sales billed from Harris Corporation	(5.3)	—	(5.3)
Amortization of purchased technology	—	—	—
Total cost of product sales and services	(272.5)	(2.7)	(275.2)
Gross margin	85.0	(2.7)	82.3
Research and development expenses	(28.8)	—	(28.8)
Selling and administrative expenses	(62.9)	(0.1)	(63.0)
Selling and administrative expenses with Harris Corporation	(5.6)	—	(5.6)
Total research, development, selling and administrative expenses	(97.3)	(0.1)	(97.4)
Acquired in-process research and development	—	—	—
Amortization of identifiable intangible assets	—	—	—
Restructuring charges	(3.8)	—	(3.8)
Corporate allocations expense from Harris Corporation	(12.4)	—	(12.4)
Operating loss	(28.5)	(2.8)	(31.3)
Interest income	0.5	—	0.5
Interest expense	(1.0)	—	(1.0)
Loss before provision for income taxes	(29.0)	(2.8)	(31.8)
Provision for income taxes	(6.8)	—	(6.8)
Net loss	\$ (35.8)	\$ (2.8)	\$ (38.6)
Basic and diluted net loss per common share	N/A		N/A
Basic and diluted weighted average shares outstanding	N/A		N/A

CONDENSED CONSOLIDATED BALANCE SHEETS

	As of March 28, 2008		
	As Previously Reported	Adjustments (In Millions)	As Restated
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 97.0	\$ —	\$ 97.0
Short-term investments and available for sale securities	3.4	—	3.4
Receivables	199.0	(3.1)	195.9
Unbilled costs	35.7	—	35.7
Inventories	125.3	(16.6)	108.7
Deferred income taxes	6.5	—	6.5
Other current assets	17.5	—	17.5
Total current assets	484.4	(19.7)	464.7
<i>Long-Term Assets</i>			
Property, plant and equipment	74.4	—	74.4
Goodwill	315.4	1.1	316.5
Identifiable intangible assets	133.2	—	133.2
Other long-term assets	16.0	—	16.0
	539.0	1.1	540.1
Total assets	<u>\$ 1,023.4</u>	<u>\$ (18.6)</u>	<u>\$ 1,004.8</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
<i>Current Liabilities</i>			
Short-term debt	\$ —	\$ —	\$ —
Current portion of long-term debt	6.0	—	6.0
Accounts payable	81.8	—	81.8
Compensation and benefits	12.5	—	12.5
Other accrued items	44.8	1.1	45.9
Advance payments and unearned income	26.7	—	26.7
Income taxes payable	3.6	—	3.6
Restructuring liabilities	6.7	—	6.7
Current portion of long-term capital lease obligation to Harris Corporation	1.6	—	1.6
Due to Harris Corporation	20.5	—	20.5
Total current liabilities	204.2	1.1	205.3
Long-term liabilities	42.9	(4.4)	38.5
Total liabilities	247.1	(3.3)	243.8
Total shareholders' equity	776.3	(15.3)	761.0
Total liabilities and shareholders' equity	<u>\$ 1,023.4</u>	<u>\$ (18.6)</u>	<u>\$ 1,004.8</u>

	As of June 29, 2007		
	As Previously Reported	Adjustments (In Millions)	As Restated
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 69.2	\$ —	\$ 69.2
Short-term investments and available for sale securities	20.4	—	20.4
Receivables	185.3	(2.2)	183.1
Unbilled costs	36.9	—	36.9
Inventories	135.7	(11.5)	124.2
Deferred income taxes	4.1	—	4.1
Other current assets	21.7	—	21.7
Total current assets	473.3	(13.7)	459.6
<i>Long-Term Assets</i>			
Property, plant and equipment	80.0	—	80.0
Goodwill	323.6	1.1	324.7
Identifiable intangible assets	144.5	—	144.5
Other long-term assets	16.7	—	16.7
	564.8	1.1	565.9
Total assets	<u>\$ 1,038.1</u>	<u>\$ (12.6)</u>	<u>\$ 1,025.5</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
<i>Current Liabilities</i>			
Short-term debt	\$ 1.2	\$ —	\$ 1.2
Current portion of long-term debt	10.7	—	10.7
Accounts payable	84.7	—	84.7
Compensation and benefits	11.5	—	11.5
Other accrued items	44.7	1.1	45.8
Advance payments and unearned income	22.3	—	22.3
Income taxes payable	6.8	—	6.8
Restructuring liabilities	10.8	—	10.8
Current portion of long-term capital lease obligation to Harris Corporation	3.1	—	3.1
Due to Harris Corporation	17.2	—	17.2
Total current liabilities	213.0	1.1	214.1
Long-term liabilities	67.1	(2.1)	65.0
Total liabilities	280.1	(1.0)	279.1
Total shareholders' equity	758.0	(11.6)	746.4
Total liabilities and shareholders' equity	<u>\$ 1,038.1</u>	<u>\$ (12.6)</u>	<u>\$ 1,025.5</u>

Acquisition of Stratex Networks, Inc. and Combination with MCD

On January 26, 2007, we completed the Stratex acquisition. Concurrently with the merger of Stratex and Stratex Merger Corp. (the "merger"), Harris contributed MCD, along with \$32.1 million in cash (comprised of

\$26.9 million contributed on January 26, 2007 and \$5.2 million held by our foreign operating subsidiaries on January 26, 2007) to us and we assumed the liabilities (with certain exceptions) of MCD.

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 (see Note E to consolidated financial statements):

	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	<u>\$ 493.1</u>

Overview

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (Restated), which is sometimes referred to in this Annual Report on Form 10-K 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 consolidated financial statements and related notes in Item 8 "Financial Statements and Supplementary Data (Restated)."

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

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 Networks 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 developed 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.

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:

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

Continuing Profitable Revenue Growth in All Segments

We are a global provider of wireless transmission networks solutions. We will 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. 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 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 the 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 will 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 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 focus areas 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 \$98.1 million in cash, cash equivalents, short-term investments and available for sale securities as of June 27, 2008.

Key Indicators

We believe our drivers, when fully implemented, will improve key indicators such as: net income, revenue, gross margin, gross margin percentage, selling and administrative expenses as a percentage of revenue and cash flow from operations.

OPERATIONS REVIEW

Revenue and Net Loss (Restated)

	2008	2007 (Restated)	2008/2007 % Increase/ (Decrease)	2006 (Restated)	2007/2006 % Increase/ (Decrease)
	(In millions, except percentages)				
Revenue	\$ 718.4	\$ 507.9	41.4%	\$ 357.5	42.1%
Net loss	\$ (11.9)	\$ (21.8)	N/M	\$ (38.6)	N/M
% of revenue	(1.7)%	(4.3)%	—	(10.8)%	—

N/M = Not meaningful, as used in the tables throughout this MD&A.

Fiscal 2008 Compared with Fiscal 2007 (Restated)

The results of operations in fiscal 2008 include the operations acquired in the Stratex acquisition for the entire year while the results for fiscal 2007 include the results of Stratex since January 26, 2007 or five months. Historically, Stratex derived its revenues primarily from international markets.

Our revenue in fiscal 2008 was \$718.4 million, an increase of \$210.5 million or 41.4%, compared with fiscal 2007. Revenue in fiscal 2008 included \$353.9 million from sales of former Stratex products and services compared with \$123.7 million in fiscal 2007. Excluding the impact of the Stratex acquisition, revenue declined \$19.7 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 operating income increased by \$0.1 million in fiscal 2008 compared with fiscal 2007.

Our net loss in fiscal 2008 was \$11.9 million compared with a net loss of \$21.8 million in fiscal 2007. The net loss in fiscal 2008 and fiscal 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 and impairment from product transitioning:

	Fiscal 2008	Fiscal 2007
	(In millions)	
Write-off of in-process research & development	\$ —	\$ 15.3
Cost of integration activities undertaken in connection with the merger	9.3	5.4
Amortization of the fair value adjustments related to fixed assets and inventory	2.8	9.0
Amortization of developed technology	7.1	3.0
Amortization of trade names, customer relationships and non-competition agreements and backlog	6.7	7.5
Restructuring charges	9.3	8.6
Share-based compensation expense	7.8	1.6
Inventory markdowns and impairment from product transitioning	14.7	—
	<u>\$ 57.7</u>	<u>\$ 50.4</u>

During fiscal 2008, we continued the restructuring activities and plans approved in connection with the Stratex acquisition. 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 fourth quarter of fiscal 2008.

During fiscal 2008, we recorded an additional \$9.3 million of restructuring charges in connection with implementation of these fiscal 2007 plans. The costs related to reductions in force consisted primarily of retention, severance and other benefits totaling \$3.4 million. We also recorded \$1.8 million in restructuring charges related to the impairment of a lease, \$1.9 million relating to impairment of fixed assets and leasehold improvements and \$2.2 million relating to the reduction in fair value of ICMS tax recoverable in Brazil.

These charges to restructuring in fiscal 2008 were partially offset by \$0.3 million from 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.

Fiscal 2007 Compared with Fiscal 2006 (Restated)

Our revenue in fiscal 2007 was \$507.9 million, an increase of \$150.4 million or 42.1% compared with fiscal 2006, and includes \$123.7 million of revenue from the products and services acquired in the Stratex acquisition during the five-month period following January 26, 2007. The remainder of the revenue increase, or \$26.7 million, resulted from growth in the North America Microwave, and Network Operations segments, offset by a decline in International Microwave segment revenue. The increased demand for our products in North America during fiscal 2007 came from both wireless service providers and private networks as mobile operators began to substitute microwave wireless capabilities for leased lines to reduce network operating costs, expand their geographic footprint and increase capacity to handle high-bandwidth voice, data, and video services. Private network demand also increased during fiscal 2007 compared with fiscal 2006, driven by the need for higher bandwidth and by the availability of federal grant dollars to improve interoperability of public safety networks. The decline in International Microwave segment revenue was driven by lower revenue in Asia-Pac, EMER and Africa, due to the timing of project awards.

Our fiscal 2007 net loss was \$21.8 million compared with a net loss of \$38.6 million in fiscal 2006. The fiscal 2007 net loss reflected the following charges related to the acquisition of Stratex: \$15.3 million write-off of acquired in-process research and development; \$6.3 million of charges related primarily to severance and integration activities undertaken in connection with the merger; \$9.0 million amortization of a portion of the fair value adjustments related to inventory and fixed assets; and \$10.5 million of amortization related to developed technology, trade names, customer relationships, contract backlog and non-competition agreements. These charges

were classified in cost of product sales and services or selling and administrative expenses depending on the nature of the charge.

Additionally, we recorded \$9.3 million of restructuring charges in connection with plans to improve operating efficiencies, and to create synergies through the consolidation of facilities. We began implementation of a plan in February 2007 to scale down operations in Montreal, Canada and, to a lesser extent, in the U.S. In the initial phase of this plan, notices were sent to approximately 200 employees in Montreal that their employment would be terminated between March 30, 2007 and December 31, 2007. We began implementation of a plan in June 2007 to scale down operations in Paris, France and, to a lesser extent, Mexico City, Mexico. Notices were sent to 12 employees in Paris and three employees in Mexico City that their employment would be terminated by December 31, 2007.

These charges were partially offset by income generated from the operations acquired from Stratex, and by the margin generated by the increased revenue from our North America Microwave segment. In fiscal 2007 we recorded a net tax benefit of \$6.1 million, compared with a tax provision of \$6.8 million in fiscal 2006. The tax benefit recorded in fiscal 2007 resulted primarily from foreign tax credits earned by our international operations during the fiscal year.

Gross Margin

	2008	2007	2008/2007 % Increase/ (Decrease)	2006	2007/2006 % Increase/ (Decrease)
			(In millions, except percentages)		
Revenue	\$ 718.4	\$ 507.9	41.4%	\$ 357.5	42.1%
Cost of product sales and services	\$ 528.2	\$ 361.2	46.2%	\$ 275.2	31.3%
Gross margin	\$ 190.2	\$ 146.7	29.7%	\$ 82.3	78.3%
% of revenue	26.5%	28.9%	—	23.0%	—

Fiscal 2008 Compared with Fiscal 2007

Gross margin in fiscal 2008 was \$190.2 million, or 26.5% of revenue, compared with \$146.7 million, or 28.9% of revenue in fiscal 2007. Gross margin in fiscal 2008 was reduced by \$14.7 million for inventory markdowns and impairment relating to product transitioning, \$7.1 million of amortization on developed technology, \$0.8 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 in fiscal 2007 was reduced by an \$8.3 million write-off of a portion of the fair value adjustments related to inventory and fixed assets, and \$3.0 million for amortization of developed technology.

Our gross margin percentage during fiscal 2008 was comparatively lower than the gross margin percentage in 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 fiscal 2008. Gross margin percentage continued to be adversely affected by increased freight and service costs in fiscal 2008.

Fiscal 2007 Compared with Fiscal 2006

Our fiscal 2007 gross margin was \$146.7 million, or 28.9% of revenue, compared with \$82.3 million, or 23.0% of revenue, in fiscal 2006. Our fiscal 2006 gross margin was negatively impacted by a \$34.9 million write-down of inventory related to product discontinuances and there was no comparable write-down in fiscal 2007. Our fiscal 2007 gross margin was reduced by the following amounts related to the acquisition of Stratex: \$8.3 million amortization of a portion of the fair value adjustments related to inventory and fixed assets; and \$3.0 million of amortization on developed technology. Our fiscal 2007 gross margin was also impacted by an increase in gross margin attributed to the gross margin generated by the products and services acquired from Stratex and the margin generated by the increase in revenue from our North America Microwave segment.

Research and Development Expenses

	2008	2007	2008/2007 % Increase/ (Decrease)	2006	2007/2006 % Increase/ (Decrease)
			(In millions, except percentages)		
Research and development expenses	\$46.1	\$39.4	17.0%	\$28.8	36.8%
% of revenue	6.4%	7.8%	—	8.1%	—

Fiscal 2008 Compared with Fiscal 2007

Research and development (“R&D”) expenses were \$46.1 million in fiscal 2008, compared with \$39.4 million in fiscal 2007. As a percent of revenue, these expenses decreased from 7.8% in fiscal 2007 to 6.4% in fiscal 2008 due to higher revenue. The majority of the increase in spending in fiscal 2008 compared with fiscal 2007 was attributable to the R&D activities acquired from Stratex. The remainder of the increase was attributable to higher spending in fiscal 2008 related to our TRuepoint 6000 development efforts.

Fiscal 2007 Compared with Fiscal 2006

Research and development expenses were \$39.4 million in fiscal 2007, compared with \$28.8 million in fiscal 2006. As a percent of revenue, these expenses decreased from 8.1% in fiscal 2006 to 7.8% in fiscal 2007. Of the total increase in the expense, \$7.2 million of the increase was attributable to the research and development expense related to the Stratex merger. The remainder of the increase was primarily due to higher spending in fiscal 2007 related to our new TRuepoint family of microwave radios.

Selling and Administrative Expenses (Restated)

	2008	2007 (Restated)	2008/2007 % Increase/ (Decrease)	2006 (Restated)	2007/2006 % Increase/ (Decrease)
			(In millions, except percentages)		
Selling and administrative expenses	\$141.4	\$98.9	43.0%	\$68.6	44.2%
% of revenue	19.7%	19.5%	—	19.2%	—

Fiscal 2008 Compared with Fiscal 2007 (Restated)

Selling and administrative (“S&A”) expenses in fiscal 2008 increased to \$141.4 million from \$98.9 million in fiscal 2007. As a percentage of revenue, these expenses increased from 19.5% of revenue in fiscal 2007 to 19.7% of revenue in fiscal 2008. This increase was partially offset by a \$3.3 million gain on the change in fair value of warrants classified in S&A expenses compared with a \$0.6 million gain in fiscal 2007. S&A expenses also increased as a result of the increase in revenue. The majority of the increase in spending in fiscal 2008 compared with 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.

Fiscal 2007 Compared with Fiscal 2006 (Restated)

Our fiscal 2007 selling and administrative expenses increased to \$98.9 million from \$68.6 million in fiscal 2006. As a percentage of revenue, these expenses increased from 19.2% of revenue in fiscal 2006 to 19.5% of revenue in fiscal 2007. Of the total increase, \$19.8 million of the increase was attributable to the selling and administrative expenses acquired from Stratex. S&A expenses in fiscal 2006 were favorably impacted by a \$1.8 million gain on the sale of a building in San Antonio, Texas. The remainder of the increase was due to higher selling expenses resulting from the increase in revenue.

Other Operating Expenses and Charges

During fiscal 2008, Harris Stratex 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.

During fiscal 2008, we recorded an additional \$9.3 million of restructuring charges in connection with the implementation of these fiscal 2007 plans. These fiscal 2008 additional charges consist of:

Severance, retention and related charges associated with reduction in force activities totaling \$3.4 million (\$4.0 in fiscal 2008 charges, less \$0.6 million for a reduction in the restructuring liability recorded for Canada and France as of June 29, 2007).

Lease impairment charges totaling \$1.8 from implementation of fiscal 2007 plans and changes in estimates related to sub-tenant activity at our U.S. and Canadian locations.

Impairment of fixed assets and leasehold improvements totaling \$1.9 million at our Canadian location.

Impairment of a recoverable value-added type tax in Brazil totaling \$2.2 million resulting from our scaled down operations and reduced activity which negatively affected the fair value of this recoverable asset (included in "Other current assets" on our consolidated balance sheets).

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 fiscal 2008, we made payments of \$4.8 million on these leases, which reduced the liability by \$4.1 million, net of \$0.7 million in interest expense. Also during fiscal 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. Subsequent to the one-year window under purchase accounting, we updated our estimate of the utilization of this space under these lease obligations and increased the liability by \$0.5 million with an increase to restructuring expense.

In fiscal 2006, we implemented a restructuring plan to transfer our Montreal manufacturing activities to our San Antonio, Texas facility, and reduce our workforce by 110 employees. In fiscal 2006, we recorded restructuring charges of \$3.8 million, \$2.3 million of which related to employee severance benefits, and \$1.5 million of which related to building lease obligation and transition costs. In connection with this restructuring, we also recorded \$1.1 million for fixed asset write-offs. As of June 29, 2007, substantially all of the employee severance benefits have been paid, and \$1.1 million of the building lease obligation commitments has been paid. We anticipate no further charges associated with this plan.

We do not anticipate any additional restructuring charges under our fiscal year 2007 restructuring plans. The following table summarizes the costs incurred for our fiscal 2007 restructuring plans:

	Total Costs Incurred through June 29, 2007	Total Costs Incurred During the Fiscal Year Ended June 27, 2008 (In millions)	Cumulative Costs Incurred through June 27, 2008
North America Microwave:			
Severance and benefits	\$ 5.1	\$ 3.0	\$ 8.1
Facilities and other	—	3.7	3.7
Total North America Microwave	\$ 5.1	\$ 6.7	\$ 11.8
International Microwave:			
Severance and benefits	\$ 4.2	\$ 0.4	\$ 4.6
Facilities and other	—	2.2	2.2
Total International Microwave	\$ 4.2	\$ 2.6	\$ 6.8
Totals	\$ 9.3	\$ 9.3	\$ 18.6

In fiscal 2007, as part of the Stratex purchase, we estimated the fair value of acquired in-process research and development to be approximately \$15.3 million, which we have reflected in "Acquired in-process research and development" expense in the accompanying fiscal 2007 consolidated statements of operations. This represents certain technologies under development, primarily related to the next generation of the Eclipse product line.

Income Taxes (Restated)

	2008	2007 (Restated)	2008/2007 % Increase/ (Decrease) (In millions, except percentages)	2006 (Restated)	2007/2006 % Increase/ (Decrease)
Loss before income taxes	\$ (13.9)	\$ (27.9)	(50.2)%	\$ (31.8)	(12.3)%
Income tax benefit (expense)	\$ 2.0	\$ 6.1	N/M	\$ (6.8)	N/M
% of loss before income taxes	14.4%	21.9%	—	(21.4)%	—

The income tax benefit of \$2.0 million in fiscal 2008 reflected our pre-tax loss based on our estimated annual effective tax rate. The variation between income taxes and income tax benefit 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.

Our fiscal 2007 tax benefit was the result of foreign tax credits earned as a result of our international operations offset somewhat by unfavorable carve-out tax adjustments attributable to MCD.

At June 27, 2008, we had \$8.0 million of federal alternative minimum tax ("AMT") credit carryforwards, which do not expire. We also had net operating loss carryforwards of approximately \$198.5 million. The tax loss carryforwards have expiration dates ranging between one year and no expiration in certain instances. We recorded a full valuation allowance on the net operating loss carryforward in the opening balance sheet of Stratex under purchase accounting. This adjustment resulted in an increase to goodwill. Any realization of this net operating loss carryforward in the future will be recorded as a reduction to goodwill. We also had foreign tax credit carryforwards in the amount of \$6.9 million, which will begin to expire in 2017.

For periods prior to January 26, 2007, income tax expense has been determined as if MCD had been a stand-alone entity, although the actual tax liabilities and tax consequences applied only to Harris. In those periods, our income tax expense for those periods related to income taxes paid or to be paid in foreign jurisdictions for which net operating loss carryforwards were not available and domestic taxable income is deemed offset by tax loss

carryforwards for which an income tax valuation allowance had been previously provided for in the financial statements. Thus, there were no changes in our tax provision for periods prior to fiscal 2007.

Related Party Transactions

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. 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 fiscal 2008, 2007 and 2006, Harris charged us \$7.0 million, \$6.8 million and \$5.6 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 \$3.5 million, \$1.9 million and \$6.5 million in fiscal 2008, 2007 and 2006. We also recognized costs associated with related party purchases from Harris of \$6.1 million, \$6.7 million and \$12.7 million for fiscal 2008, 2007 and 2006.

Harris was the primary source of our financing and equity activities through January 26, 2007, the date of the Stratex acquisition. During the seven months ended January 26, 2007, Harris' net investment in us was increased by \$24.1 million. During fiscal 2006, Harris provided \$2.8 million to recapitalize one of our subsidiaries and Harris' net investment in us decreased by \$7.8 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 in fiscal 2007 and 2006 was not significant.

The unpaid amounts billed from Harris are included within "Due to Harris Corporation" on our Consolidated Balance Sheets. 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 Consolidated Balance Sheets. Total receivables from Harris were \$4.0 million and \$0.7 million as of June 27, 2008 and June 29, 2007. Total payables to Harris were \$20.8 million and \$17.9 million as of June 27, 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 we entered into a five-year lease agreement to accommodate this use. This agreement is a capital lease under generally accepted accounting principles. As of June 27, 2008, our lease obligation to Harris was \$2.6 million of which \$1.3 million is a current liability and the related asset amount, net of accumulated amortization of \$2.1 million, is included in property, plant and equipment. 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.

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 fiscal 2008 from a recapitalization under the lease terms, primarily because of the impairment charge discussed above and a rescheduling of the lease payments. During fiscal 2008, we paid Harris \$3.8 million under this capital lease obligation resulting from the \$1.3 million impairment discussed above and the lease payments. Our amortization expense on this capital lease was \$1.8 million and \$0.8 million in fiscal 2008 and fiscal 2007. As of June 27, 2008, the future minimum payments for this lease are \$1.4 million for fiscal 2009, \$0.8 million for fiscal 2010, \$0.5 million for fiscal 2011 and, \$0.2 million for fiscal 2012.

Discussion of Business Segments

North America Microwave Segment (Restated)

	2008	2007 (Restated)	2008/2007 % Increase/ (Decrease)	2006 (Restated)	2007/2006 % Increase/ (Decrease)
	(In millions, except percentages)				
Revenue	\$ 232.4	\$ 216.3	7.4%	\$ 168.1	28.7%
Segment operating income	\$ (9.4)	\$ 6.3	N/M	\$ 14.8	(57.4)%
% of revenue	(4.0)%	2.9%	—	8.8%	—

Fiscal 2008 Compared with Fiscal 2007 (Restated)

North America Microwave segment revenue increased by \$16.1 million, or 7.4%, in fiscal 2008 compared with fiscal 2007. Revenue in fiscal 2008 and fiscal 2007 included \$25.5 million and \$7.7 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.

The North America Microwave fiscal 2008 operating loss was increased by the following amounts related to the acquisition of Stratex: \$1.1 million for amortization of the fair value adjustments for fixed assets, \$2.7 million for amortization of developed technology, trade names, customer relationships, and non-compete agreements, \$4.9 million of restructuring charges, \$1.8 million for impairment of a lease agreement and \$3.2 million of integration expenses undertaken in connection with the merger including the reduction in force at our Montreal facility. The North America Microwave segment fiscal 2008 operating loss was further increased by \$12.9 million of inventory markdowns and impairment from product transitioning, as discussed above.

Operating income for this segment in fiscal 2007 was reduced by the following amounts related to the acquisition of Stratex: a \$0.4 million write-off of a portion of the fair value adjustments for fixed assets, \$1.4 million for amortization of developed technology, tradenames, customer relationships and non-compete agreements, and \$7.8 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 \$7.4 million in share-based compensation expense during fiscal 2008 compared with \$5.7 million in fiscal 2007.

Fiscal 2007 Compared with Fiscal 2006 (Restated)

North America Microwave segment revenue increased by \$48.2 million or 28.7% from fiscal 2006 to fiscal 2007. Revenue for fiscal 2007 included \$7.7 million of revenue related to the acquisition of Stratex. The remainder of the increase reflected increased demand for our products driven primarily by mobile operators that were upgrading and expanding networks for high bandwidth voice, data and video services and by private networks upgrading for increased reliability, survivability and interoperability.

Fiscal 2007 operating income was reduced by the following amounts related to the acquisition of Stratex: \$0.4 million amortization of the fair value adjustments for fixed assets, \$1.4 million for amortization of developed technology, trade names, customer relationships, and non-compete agreements, \$5.1 million of restructuring charges, and \$2.7 of integration and severance charges undertaken in connection with the merger including the reduction in force at our Montreal facility. North America operating income increased by \$0.8 million attributable to the acquisition of Stratex.

Operating margin as a percentage of revenue also declined from 2006 to 2007 due to a higher mix of lower margin service revenue in fiscal 2007 compared with fiscal 2006.

International Microwave Segment (Restated)

	<u>2008</u>	<u>2007</u> <u>(Restated)</u>	<u>2008/2007</u> <u>% Increase/</u> <u>(Decrease)</u>	<u>2006</u> <u>(Restated)</u>	<u>2007/2006</u> <u>% Increase/</u> <u>(Decrease)</u>
			(In millions, except percentages)		
Revenue	\$ 461.7	\$ 272.2	69.6%	\$ 172.3	58.0%
Segment operating loss	\$ (5.7)	\$ (31.3)	N/M	(34.8)	N/M
% of revenue	(1.2)%	(11.5)%	—	(20.2)%	—

Fiscal 2008 Compared with Fiscal 2007 (Restated)

International Microwave segment revenue increased by \$189.5 million or 69.6% in fiscal 2008 compared with fiscal 2007. Revenue in fiscal 2008 and fiscal 2007 included \$328.4 million and \$116.0 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 \$22.9 million because of our transition to selling the former Stratex products.

Our International Microwave segment had an operating loss of \$5.7 million in fiscal 2008 compared with an operating loss of \$31.3 million in fiscal 2007. The operating income in fiscal 2008 reflected the following charges related to the acquisition of Stratex: \$1.7 million for amortization of the fair value adjustments for fixed assets, \$11.9 million for amortization of developed technology, tradenames, customer relationships, contract backlog and non-compete agreements, \$2.6 million of restructuring charges and \$6.1 million of integration expenses associated with the merger. Our fiscal 2008 segment operating loss was further increased by \$1.8 million of inventory markdowns. Finally, we absorbed a significant increase in freight and service costs during fiscal 2008.

The operating loss in 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, \$8.6 million for amortization of the fair value adjustments for inventory and fixed assets, \$9.1 million for amortization of developed technology, tradenames, customer relationships, contract backlog and non-compete agreements, and \$7.8 million of charges related principally to restructuring and integration activities undertaken in connection with the merger.

We also recorded \$0.4 million in share-based compensation expense in fiscal 2008 in our International Microwave segment compared with none in fiscal 2007.

Fiscal 2007 Compared with Fiscal 2006 (Restated)

International Microwave segment revenue increased by \$99.9 million or 58.0% from fiscal 2006 to fiscal 2007. Revenue in fiscal 2007 included \$116.0 million from products and services obtained in the Stratex acquisition. Excluding the impact of the revenue from Stratex products and services, our International Microwave revenue declined by \$16.0 million.

This segment had an operating loss of \$31.3 million for fiscal 2007 compared with an operating loss of \$34.8 million for fiscal 2006. The operating loss for fiscal 2007 reflected the following charges related to the acquisition of Stratex: \$15.3 million write off of in-process research and development, \$8.6 million amortization of the fair value adjustments for inventory and fixed assets, \$9.1 million amortization of developed technology, trade names, customer relationships, contract backlog and non-compete agreements, \$4.2 million of restructuring charges including the reduction in force at our Paris facility, and \$3.6 million of integration expenses associated with the merger. The operating loss for fiscal 2006 reflected \$34.9 million of inventory write-downs related to product discontinuances, and \$3.8 million in restructuring costs associated with relocating our Montreal manufacturing activities to our San Antonio, Texas manufacturing plant. International operating income increased by \$9.0 million attributable to the acquisition of Stratex.

Operating margin as a percentage of revenue also declined from 2006 to 2007 due to a higher mix of lower margin service revenue in fiscal 2007 compared with fiscal 2006.

Network Operations Segment

	2008	2007	2008/2007 % Increase/ (Decrease)	2006	2007/2006 % Increase/ (Decrease)
	(In millions, except percentages)				
Revenue	\$ 24.3	\$ 19.4	25.2%	\$ 17.1	13.5%
Segment operating income	\$ 1.4	\$ 1.3	7.7%	\$ 1.1	18.2%
% of revenue	5.8%	6.7%	—	6.4%	—

Fiscal 2008 Compared with Fiscal 2007

Network Operations segment revenue increased by 25.2% in fiscal 2008 compared with fiscal 2007. This segment had operating income of \$1.4 million in fiscal 2008 compared with operating income of \$1.3 million in fiscal 2007. Operating income as a percentage of sales decreased to 5.8% in fiscal 2008 compared with 6.7% in fiscal 2007 however. The increase in revenue resulted primarily from an increase in software and license revenue in 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 in operating income during 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.

Fiscal 2007 Compared with Fiscal 2006

Network Operations segment revenue increased by 13.5% from fiscal 2006 to fiscal 2007. This segment had operating income of \$1.3 million in fiscal 2007, which represented an improvement of 18.2% compared with operating income of \$1.1 million in fiscal 2006. Additionally, operating income as a percentage of sales increased to 6.7% in fiscal 2007 compared with 6.4% in fiscal 2006. The increase in revenue resulted primarily from an increase in maintenance and services revenue in fiscal 2007 compared with fiscal 2006.

The increase in operating income in total and as a percentage of sales was driven by product mix and a slight increase in higher margin software revenue compared with fiscal 2006.

Liquidity, Capital Resources and Financial Strategies

Cash Flows

	Fiscal Years Ended		
	2008	2007	2006
	(In millions)		
Net cash provided by (used in) operating activities	\$ 40.0	\$ (13.1)	\$ 19.5
Net cash (used in) provided by investing activities	(2.1)	14.3	(8.2)
Net cash (used in) provided by financing activities	(13.4)	57.3	(5.8)
Effect of foreign exchange rate changes on cash	1.3	(3.1)	0.5
Net increase in cash and cash equivalents	<u>\$ 25.8</u>	<u>\$ 55.4</u>	<u>\$ 6.0</u>

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 \$25.8 million to \$95.0 million during fiscal 2008. We generated \$40.0 million in cash flow from operations, \$26.6 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 \$9.2 million, \$9.2 million in purchases of property, plant and equipment, \$10.3 million in additions to capitalized software, the repayment of \$1.2 million in short-term debt and principal payments of \$10.7 million on long-term debt.

Our cash and cash equivalents increased by \$55.4 million to \$69.2 million at the end of fiscal 2007. We acquired \$20.4 million in cash from the Stratex acquisition net of acquisition costs of \$12.7 million. We also generated cash of \$8.3 million from the issuance of redeemable preference shares, \$26.9 million in proceeds from the sale of Class B common stock to Harris in the contribution transaction, \$35.8 million in proceeds from the sale of short-term investments, and net cash and other transfers of \$24.1 million from Harris prior to the Stratex acquisition. These increases in cash were offset by \$13.1 million used in operations and purchases of \$30.7 million in short-term investments.

Our cash and cash equivalents increased by \$6.0 million to \$13.8 million at the end of fiscal 2006, primarily due to \$19.5 million of cash provided by operating activities and \$4.6 million of proceeds from the sale of land and building in San Antonio, Texas. These increases were partially offset by \$12.8 million of software and plant and equipment additions and \$5.0 million of cash and other transfers to Harris Corporation.

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.

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 (Restated)

Our net cash and cash equivalents provided by operating activities was \$40.0 million during fiscal 2008 compared with \$13.1 million used in operating activities during fiscal 2007. Operating cash flow in fiscal 2008 benefited from a \$15.9 decrease in unbilled costs and inventories, increases in accounts payable and accrued expenses (\$1.3 million) and an increase in advance payments and unearned income (\$7.8 million). These increases to operating cash flow were partially offset by an increase of \$13.7 million in receivables and a \$3.8 million decrease of restructuring liabilities and other during fiscal 2008.

Our net cash used in operating activities was \$13.1 million in fiscal 2007 compared with \$19.5 million cash provided by operating activities in fiscal 2006. Operating cash flow was reduced by increases in receivables, inventories and unbilled costs. These negative cash flow items were partially offset by increases in accounts payable and accrued expenses, advance payments and unearned income and amounts due to Harris. The increase in inventories was due to the build-up of several large projects scheduled to ship during fiscal 2008.

Net Cash (Used in) Provided by Investing Activities

Our net cash used in investing activities was \$2.1 million during fiscal 2008 compared with \$14.3 million provided by investing activities during fiscal 2007. Net cash used in investing activities during fiscal 2008 was \$9.2 million in purchases of short-term investments, \$10.3 million of additions of capitalized software primarily for the purchase and implementation of new enterprise-wide information systems and \$9.2 million of additions of property, plant and equipment. These uses of cash in investing activities during fiscal 2008 were partially offset by the receipt of \$26.6 million in proceeds from the sale and maturity of short-term investments and available for sale securities.

Our net cash provided by investing activities was \$14.3 million in fiscal 2007 compared with \$8.2 million used in investing activities in fiscal 2006, primarily because of the cash provided by the merger and the contribution transaction. Net cash used in investing activities in fiscal 2007 was primarily for \$30.7 million in purchases of short-term investments, \$2.9 million of additions of capitalized software and \$8.3 million of additions of property, plant

and equipment. Net cash used in investing activities in fiscal 2006 was due to \$9.6 million of additions of plant and equipment and \$3.2 million of additions of capitalized software, which was partially offset by \$4.6 million proceeds from the sale of land and building in San Antonio, Texas.

Our total additions of capitalized software and property, plant and equipment in fiscal 2009 are expected to be in the \$25 million to \$28 million range. We expect that funding for these additions will be available from cash flow provided by operations and, if necessary, our new credit facility.

Net Cash (Used in) Provided by Financing Activities

Our net cash used in financing activities during fiscal 2008 was \$13.4 million compared with \$57.3 million provided by financing activities during fiscal 2007. The net cash used in financing activities during fiscal 2008 was for the repayment of \$1.2 million in short-term debt, payment of \$3.7 million on our capital lease obligation to Harris and \$10.7 million in principal payments on long-term debt. We received \$1.5 million in proceeds from the exercise of former Stratex stock options during fiscal 2008.

Our net cash provided by financing activities in fiscal 2007 was \$57.3 million compared with \$5.8 million used in financing activities in fiscal 2006. The net cash provided by financing activities in fiscal 2007 came primarily from \$26.9 million in proceeds from the issuance of Class B common stock issued to Harris, \$24.1 million in net cash and other transfers from Harris prior to the Stratex acquisition, \$8.3 million in proceeds from the issuance of redeemable preference shares and \$3.1 million in proceeds from the exercise of former Stratex options. Our short-term debt also increased by \$1.0 million during fiscal 2007. We made \$5.2 million in principal payments on our long-term debt during fiscal 2007.

Sources of Cash

As of June 27, 2008, our principal sources of liquidity consisted of \$98.1 million in cash, cash equivalents, short-term investments and available for sale securities and \$32.6 million of available credit under our \$50 million credit facility.

Available Credit Facility and Repayment of Debt

As of June 27, 2008, we had \$32.6 million of credit available against our \$50 million revolving credit facility with a commercial bank as mentioned above. The total amount of revolving credit available was \$50 million less the outstanding balance of the term loan portion and any usage under the revolving credit portion. The balance of the term loan portion of our credit facility was \$8.8 million as of June 27, 2008 and there were \$8.6 million outstanding in standby letters of credit as of that date, which were defined as usage under the revolving credit portion of the facility. There were no borrowings under the short-term debt portion of the facility as of June 27, 2008. On June 30, 2008, this facility was terminated and replaced with a new revolving credit facility (the "New Facility") for an initial committed amount of \$70 million, and the amount of available credit was \$60 million. As of that date, we repaid \$8.8 million in long-term debt outstanding with the proceeds of a \$10 million short-term borrowing under the New Facility.

The commitment under the New Facility is currently divided equally between Silicon Valley Bank and Bank of America, with each providing \$35 million. The initial term of the New Facility is 3 years and provides for (1) demand borrowings at the greater of Bank of America's prime rate and the Federal Funds rate plus 0.5%, (2) fixed term Eurodollar loans for six months or more as agreed with the banks at LIBOR plus a spread of between 1.25% to 2.00% based on the company's current leverage ratio and (3) the issuance of standby or commercial letters of credit. The New Facility contains a minimum liquidity ratio covenant and a maximum leverage ratio covenant and is unsecured.

Our debt consisted of the following as of June 27, 2008 and June 29, 2007:

	June 27, 2008	June 29, 2007
	(In millions)	
Credit Facility with Bank:		
Term Loan A	\$ 0.0	\$ 5.7
Term Loan B	8.8	13.8
Other short-term notes	0.0	1.2
Total	8.8	20.7
Less current portion and short-term notes	(5.0)	(11.9)
Long-term debt	\$ 3.8	\$ 8.8

Term Loan A of the credit facility required monthly principal payments of \$0.5 million plus interest at a fixed rate of 6.38% through May 2008. This loan was repaid in full, including all accrued interest, in June 2008. Term Loan B required monthly principal payments of \$0.4 million plus interest at a fixed rate of 7.25% through March 2010. This loan was also repaid in full, including all accrued interest, on June 30, 2008 with the proceeds of a \$10 million short-term borrowing under the new credit facility mentioned above.

At June 27, 2008, our future debt principal payment obligations were as follows:

	Years Ending in June (In millions)	
2009	\$	5.0
2010		3.8
Total	\$	8.8

As mentioned above, the total debt obligation of \$8.8 million outstanding as of June 27, 2008 was repaid in full with the proceeds of a \$10 million short-term borrowing under the new credit facility on June 30, 2008.

Based on covenants included as part of the credit facility as of June 27, 2008, we must 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 were also must 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 June 27, 2008, we were in compliance with these financial covenants.

Restructuring and Payments

We have a liability for restructuring activities totaling \$10.3 million as of June 27, 2008, of which \$5.1 million is classified as a current liability and expected to be paid out in cash over the next year. We expect to fund these future payments with cash flow provided by operations, and, if necessary, our new credit facility.

Contractual Obligations

At June 27, 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. Cash payments due under these contractual obligations are estimated as follows:

	Obligations Due by Fiscal Year				
	Total	2009	2010 and 2011 (in millions)	2012 and 2013	After 2013
Long-term debt	\$ 8.8	\$ 5.0	\$ 3.8	\$ —	\$ —
Interest on long-term debt	0.6	0.5	0.1	—	—
Purchase obligations(1)	23.2	23.2	—	—	—
Operating lease commitments	22.6	9.7	12.2	0.7	—
Amounts due to Harris Corporation	16.8	16.8	—	—	—
Capital lease obligation to Harris Corporation(5)	2.9	1.4	1.3	0.2	—
Restructuring and severance liabilities	15.1	7.6	7.2	0.3	—
Redeemable preference shares(2)	8.3	—	—	—	8.3
Dividend requirements on redeemable preference shares(3)	8.6	1.0	2.0	2.0	3.6
Current liabilities on the balance sheet(4)	142.7	142.7	—	—	—
Total contractual cash obligations	\$ 249.6	\$ 207.9	\$ 26.6	\$ 3.2	\$ 11.9

- (1) From time to time in the normal course of business we may enter into purchasing agreements with our suppliers that require us to accept delivery of, and remit full payment for, finished products that we have ordered, finished products that we requested be held as safety stock, and work in process started on our behalf in the event we cancel or terminate the purchasing agreement. It is not our intent, nor is it reasonably likely, that we would cancel a purchase order that we have executed. Because these agreements do not specify fixed or minimum quantities, do not specify minimum or variable price provisions, and do not specify the approximate timing of the transaction, we have no basis to estimate any future liability under these agreements.
- (2) Assumes the mandatory redemption will occur more than five years from June 27, 2008.
- (3) The dividend rate is 12% and assumes no redemptions for five years from June 27, 2008.
- (4) Includes short-term debt, accounts payable, liabilities for compensation, benefits, other accrued items and income taxes payable.
- (5) Includes interest portion of expected payments.

Off-Balance Sheet Arrangements

In accordance with the definition under SEC rules (Item 303(a) (4) (ii) of Regulation S-K), any of the following qualify as off-balance sheet arrangements:

- Any obligation under certain guarantee contracts;
- A retained or contingent interest in assets transferred to an unconsolidated entity or similar entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for such assets;
- Any obligation, including a contingent obligation, under certain derivative instruments; and
- Any obligation, including a contingent obligation, under a material variable interest held by the registrant in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the registrant, or engages in leasing, hedging or research and development services with the registrant.

Currently we are not participating in transactions that generate relationships with unconsolidated entities or financial partnerships, including variable interest entities, and we do not have any material retained or contingent interest in assets as defined above. As of June 27, 2008, we did not have material financial guarantees or other contractual commitments that are reasonably likely to adversely affect liquidity. In addition, we are not currently a

party to any related party transactions that materially affect our results of operations, cash flows or financial condition.

Due to our downsizing of certain operations pursuant to acquisitions, restructuring plans or otherwise, certain properties leased by us have been sublet to third parties. In the event any of these third parties vacate any of these premises, we would be legally obligated under master lease arrangements. We believe that the financial risk of default by such sublessors is individually and in the aggregate not material to our financial position, results of operations or cash flows.

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 tenders and contracts to provide products and services to customers. As of June 27, 2008, we had commercial commitments on outstanding surety bonds, standby letters of credit, guarantees and other arrangements, as follows:

	Expiration of Commitments by Fiscal Year				After 2012
	Total	2009	2010 (In millions)	2011	
Standby letters of credit used for:					
Bids	\$ 3.5	\$ 3.5	\$ —	\$ —	\$ —
Down payments	4.0	3.9	—	—	0.1
Performance	7.1	5.5	0.7	0.9	—
Warranty	0.1	0.1	—	—	—
	14.7	13.0	0.7	0.9	0.1
Surety bonds used for:					
Bids	1.0	1.0	—	—	—
Performance	34.8	33.5	1.3	—	—
	35.8	34.5	1.3	—	—
Guarantees	—	—	—	—	—
Total commitments	<u>\$ 50.5</u>	<u>\$ 47.5</u>	<u>\$ 2.0</u>	<u>\$ 0.9</u>	<u>\$ 0.1</u>

Financial Risk Management

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 intercompany loans. We believe the use of foreign currency financial instruments should reduce the risks that arise from doing business in international markets. As of June 27, 2008, we had open foreign exchange contracts with a notional amount of \$80.4 million, of which \$19.2 million were designated as hedges under Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities" ("Statement 133") and \$61.2 million were not designated as Statement 133 hedges. That compares to total foreign exchange contracts with a notional amount of \$52.5 million as of June 29, 2007, of which \$15.1 million were designated as Statement 133 hedges and \$37.4 million were not designated as Statement 133 hedges. As of June 27, 2008, contract expiration dates ranged from less than one month to three months with a weighted average contract life of

approximately one month. More specifically, 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 June 27, 2008, we estimated that a pre-tax loss of less than \$0.3 million would be reclassified into earnings from comprehensive income within the next six months related to these cash flow hedges. The net gain or loss included in our earnings in fiscal 2008, 2007 and 2006 representing the amount of fair value and cash flow hedges' ineffectiveness was not material. No amounts were recognized in our earnings in fiscal 2008, 2007 or 2006 related to the component of the derivative instruments' gain or loss excluded from the assessment of hedge effectiveness. All of these derivatives were recorded at their fair value on our consolidated 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 not have a material impact on our financial condition, cash flow or results of operations.

Interest Rate Risk

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

Exposure on Cash Equivalents, Short-term Investments and Available for Sale Securities

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. 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.

We had \$98.1 million in cash, cash equivalents, short-term investments and available for sale securities as of June 27, 2008. Short-term investments and available for sale securities totaled \$3.1 million as of June 27, 2008. As of June 27, 2008, short-term investments and available for sale securities had contractual maturities ranging from 1 month to 12 months.

The primary objective of our short-term investment activities is to preserve principal while maximizing yields, without significantly increasing risk. Our cash equivalents, short-term investments and available for sale securities earn interest at fixed 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 investments prior to maturity have been immaterial. The weighted average days to maturity for cash equivalents, short-term investments and available for sale securities held as of June 27, 2008 was 16 days, and these investments had an average yield of 2.8% per annum.

As of June 27, 2008, unrealized losses on our investments were insignificant. Cash equivalents, short-term investments and available for sale securities have been recorded at fair value on our balance sheet.

Exposure on Borrowings

Any borrowings under the Harris Stratex \$50 million revolving credit facility terminated as of June 30, 2008 were at an interest rate of the bank's prime rate, or the London Interbank Offered Rate ("LIBOR") plus 2%. As of June 27, 2008, we had \$32.6 million of available credit. A hypothetical 10% change in interest rates would not have had a material impact on our financial position, results of operations or cash flows since interest on our long-term debt as of that date was at a fixed rate and there were no short-term borrowings outstanding. Under the new \$70 million credit facility effective June 30, 2008, borrowings will be at an interest rate of the bank's prime rate or at LIBOR plus 1.25%. We had \$10 million in short-term borrowings under the new facility as of June 30, 2008 with an initial interest rate at the bank's prime rate of 5%. A 10% change in interest rates on the current borrowings or on future borrowings are not expected to have a material impact on our financial position, results of operations or cash flows since interest on our short-term debt is not material to our overall financial position.

Impact of Foreign Exchange

Approximately 22% of our international business was transacted in non U.S. dollar currency environments in fiscal 2008. The impact of translating the assets and liabilities of foreign operations to U.S. dollars is included as a component of shareholders' equity. As of June 27, 2008, the cumulative translation adjustment increased shareholders' equity by \$4.1 million compared with an increase of less than \$0.1 million as of June 29, 2007. We utilize foreign currency hedging instruments to minimize the currency risk of international transactions. Gains and losses resulting from currency rate fluctuations did not have a material effect on our results in fiscal 2008, 2007 or 2006.

Seasonality

Our fiscal third quarter revenue and orders have historically been lower than the revenue and orders in the immediately preceding second quarter because many of our customers utilize a significant portion of their capital budgets at the end of their fiscal year, the majority of our customers begin a new fiscal year on January 1, and capital expenditures tend to be lower in an organization's first quarter than in its fourth quarter. We anticipate that this seasonality will continue. The seasonality between the second quarter and third quarter may be affected by a variety of factors, including changes in the global economy and other factors. Please refer to the section entitled "Risk Factors" in Item 1A.

Critical Accounting Policies and Use of Estimates

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments and assumptions are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the periods presented. To the extent there are material differences between these estimates, judgments or assumptions and actual results, our financial statements will be affected. The accounting policies that reflect our more significant estimates, judgments and assumptions and which we believe are the most critical to aid in fully understanding and evaluating our reported financial results include the following:

- Revenue Recognition
- Provision for Excess and Obsolete Inventory Losses
- Goodwill and Intangible Assets
- Income Taxes and Tax Valuation Allowances

In many cases, the accounting treatment of a particular transaction is specifically dictated by U.S. GAAP and does not require management's judgment in its application. There are also areas in which management's judgment in selecting among available alternatives would not produce a materially different result. Our senior management has reviewed these critical accounting policies and related disclosures with the Audit Committee of the Board of Directors.

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

The following is not intended to be a comprehensive list of all of our accounting policies or estimates. Our significant accounting policies are more fully described in Note B— Significant Accounting Policies in the Notes to Consolidated Financial Statements. In preparing our financial statements and accounting for the underlying transactions and balances, we apply our accounting policies and estimates as disclosed in the Notes. We consider the estimates discussed below as critical to an understanding of our financial statements because their application places the most significant demands on our judgment, with financial reporting results relying on estimates about the effect of matters that are inherently uncertain. Specific risks for these critical accounting estimates are described in the following paragraphs. The impact and any associated risks related to these estimates on our business operations are discussed throughout this MD&A where such estimates affect our reported and expected financial results. Senior management has discussed the development and selection of the critical accounting policies and estimates and the related disclosure included herein with the Audit Committee of our Board of Directors. Preparation of this Annual Report on Form 10-K requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Besides estimates that meet the “critical” accounting estimate criteria, we make many other accounting estimates in preparing our financial statements and related disclosures. All estimates, whether or not deemed critical, affect reported amounts of assets, liabilities, revenue and expenses as well as disclosures of contingent assets and liabilities. Estimates are based on experience and other information available prior to the issuance of the financial statements. Materially different results can occur as circumstances change and additional information becomes known, including for estimates that we do not deem “critical.”

Revenue Recognition

We generate substantially all of our revenue from the sales or licensing of our: (i) microwave radio systems, (ii) network management software, (iii) professional services including installation and commissioning and training, and (iv) warranty-related support (i.e. telephone support and repair and return for defective products). Principal customers for our products and services include domestic and international wireless/mobile service providers, original equipment manufacturers, distributors, system integrators, as well as private network users such as public safety agencies, government institutions, and utility, pipeline, railroad and other industrial enterprises that operate broadband wireless networks. Our customers generally purchase a combination of our products and services as part of a multiple element arrangement.

We often enter into multiple contractual agreements with the same customer. Such agreements are reviewed to determine whether they should be evaluated as one arrangement in accordance with AICPA Technical Practical Aid 5100.39, “Software Revenue Recognition for Multiple-Element Arrangements.” If an arrangement, other than a long-term contract, requires the delivery or performance of multiple deliverables or elements, we determine whether the individual elements represent “separate units of accounting” under the requirements of Emerging Issues Task Force Issue 00-21 “Revenue Arrangements with Multiple Deliverables” (“EITF 00-21”). We recognize the revenue associated with each element separately. Such revenue, including products with installation services, is recognized as the revenue when each unit of accounting is earned based on the relative fair value of each unit of accounting.

Our assessment of which revenue recognition guidance is appropriate to account for each element in an arrangement can involve significant judgment. The determination of whether software is more than incidental to hardware can impact whether the product is accounted for under AICPA Statement of Position 97-2, “Software Revenue Recognition” (“SOP 97-2”) or SEC Staff Accounting Bulletin 104, “Revenue Recognition” (“SAB 104”).

Revenue from product sales where any software is considered incidental (other than for long-term contracts) and services, are recognized in accordance with SAB No. 104, when persuasive evidence of an arrangement exists, delivery has occurred and title and risk of loss has transferred or services have been rendered, the fee is fixed or determinable and collectibility is reasonably assured.

Revenue recognition related to long-term contracts for customized network solutions are recognized using the percentage-of-completion method in accordance with AICPA Statement of Position 81-1 "Accounting for Performance of Construction-Type and Certain Production-Type Contracts" ("SOP 81-1"). In using the percentage-of-completion method, we generally apply the cost-to-cost method of accounting where sales and profits are recorded based on the ratio of costs incurred to estimated total costs at completion. Contracts are combined when specific aggregation criteria stated in SOP 81-1 are met. Recognition of profit on long-term contracts requires estimates of: the total contract value; the total cost at completion; and the measurement of progress towards completion. Significant judgment is required when estimating total contract costs and progress to completion on the arrangements as well as whether a loss is expected to be incurred on the contract. Amounts representing contract change orders, claims or other items are included in sales only when they can be reliably estimated and realization is probable. When adjustments in contract value or estimated costs are determined, any changes from prior estimates are reflected in earnings in the current period. Anticipated losses on contracts or programs in progress are charged to earnings when identified.

Revenue recognition for the sale of software licenses is in accordance with SOP 97-2. For arrangements under SOP 97-2, the entire fee from the arrangement must be allocated to each of the elements based on the individual element's fair value, which must be based on vendor specific objective evidence of the fair value ("VSOE"). If VSOE cannot be established for the undelivered elements of an arrangement, we defer revenue until the earlier of (i) delivery, or (ii) fair value of the undelivered element exists, unless the undelivered element is a service, in which the entire arrangement fee is recognized ratably over the period during which the services are expected to be performed.

Royalty income is recognized on the basis of terms specified in the contractual agreements.

Provisions for Excess and Obsolete Inventory Losses

Our inventory has been valued at the lower of cost or market. We balance the need to maintain prudent inventory levels to ensure competitive delivery performance with the risk of excess or obsolete inventory due to changing technology and customer requirements. We regularly review inventory quantities on hand and record a provision for excess and obsolete inventory based primarily on our estimated forecast of product demand, anticipated end of product life and production requirements. The review of excess and obsolete inventory primarily relates to the microwave business segments. Several factors may influence the sale and use of our inventories, including decisions to exit a product line, technological change and new product development. These factors could result in a change in the amount of obsolete inventory quantities on hand. Additionally, our estimates of future product demand may prove to be inaccurate, in which case the provision required for excess and obsolete inventory may be overstated or understated. In the future, if we determine that our inventory is overvalued, we would be required to recognize such costs in cost of product sales and services in our Statement of Operations at the time of such determination. In the case of goods which have been written down below cost at the close of a fiscal year, such reduced amount is considered the cost for subsequent accounting purposes. We did not make any material changes in the reserve methodology used to establish our inventory loss reserves during the past three fiscal years.

As of June 27, 2008, our reserve for excess and obsolete inventory was \$35.6 million, or 27.6% of the gross inventory balance, which compares to a reserve of \$14.2 million, or 10.3% (restated) of the gross inventory balance as of June 29, 2007.

Goodwill and Intangible Assets (Restated)

We review goodwill for impairment annually and whenever events or changes in circumstances indicate its carrying value may not be recoverable in accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (Statement 142"). The provisions of Statement 142 require that a two-step impairment test be performed on goodwill. In the first step, we compare the fair value of each reporting unit to its carrying value. Our reporting units are consistent with the reportable segments identified in Note Q of the Notes to Consolidated Financial Statements. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is considered not impaired and we are not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then we

must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit's goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then we would record an impairment loss equal to the difference.

Determining the fair value of a reporting unit involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, future economic and market conditions and determination of appropriate market comparables. We base our fair value estimates on assumptions we believe to be reasonable, but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates. In addition, we make certain judgments and assumptions in allocating shared assets and liabilities to determine the carrying values for each of our reporting units. Our most recent annual goodwill impairment analysis, which was performed during the fourth quarter of fiscal 2008, did not result in an impairment charge.

Under the provision of Statement 142, we are required to perform an annual (or under certain circumstances more frequent) impairment test of our goodwill. Goodwill impairment is determined using a two-step process. The first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of a reporting unit, which we define as one of our business segments, with its net book value or carrying amount including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. The fair value of the reporting unit is allocated to all of the assets and liabilities of that unit, including any unrecognized intangible assets, as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid to acquire the reporting unit. We have not made any material changes in the methodology used to determine the valuation of our goodwill or the assessment of whether or not goodwill is impaired during the past three fiscal years.

There are many assumptions and estimates underlying the determination of the fair value of a reporting unit. These assumptions include projected cash flows, discount rates, comparable market prices of similar businesses, recent acquisitions of similar businesses made in the marketplace and a review of the financial and market conditions of the underlying business. We completed impairment tests as of June 27, 2008, with no adjustment to the carrying value of goodwill. Goodwill on our consolidated balance sheet as of June 27, 2008 and June 29, 2007 was \$284.2 million and \$324.7 million, respectively. The accuracy of our estimate of the fair value of our reporting units and future changes in the assumptions used to make these estimates could result in the recording of an impairment loss. A 10% decrease in our estimate of the fair value of our reporting units would lead to further tests for impairment as described above.

Income Taxes and Tax Valuation Allowances (Restated)

We record the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and amounts reported in our consolidated balance sheet, as well as operating loss and tax credit carryforwards. We follow very specific and detailed guidelines in each tax jurisdiction regarding the recoverability of any tax assets recorded on the balance sheet and provide necessary valuation allowances as required. Future realization of deferred tax assets ultimately depends on the existence of sufficient taxable income of the appropriate character (for example, ordinary income or capital gain) within the carryback or carryforward periods available under the tax law. We regularly review our deferred tax assets for recoverability based on historical taxable income, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. We have not made any material changes in the methodologies used to determine our tax valuation allowances during the past three fiscal years.

Our consolidated balance sheet as of June 27, 2008 includes a current deferred tax asset of \$12.6 million, a non-current deferred income tax asset of \$13.7 million and a non-current deferred tax liability of \$3.7 million. This compares to a net current deferred tax asset of \$4.1 million as of June 29, 2007, and a non-current deferred liability

of \$29.4 million. For all jurisdictions for which we have deferred tax, we expect that our existing levels of pre-tax earnings are sufficient to generate the amount of future taxable income needed to realize these tax assets. Our valuation allowance related to deferred income taxes, which is reflected in our consolidated balance sheet, was \$116.9 million as of June 27, 2008 and \$96.9 million as of June 29, 2007. The increase in valuation allowance from fiscal 2007 to fiscal 2008 is primarily due to our establishing a valuation allowance on the deferred tax assets acquired in the merger and subsequently generated tax attributes. The accuracy of our deferred tax assets, if we continue to operate at a loss in certain jurisdictions or are unable to generate sufficient future taxable income, or if there is a material change in the actual effective tax rates or time period within which the underlying temporary differences become taxable or deductible, we could be required to increase the valuation allowance against all or a significant portion of our deferred tax assets resulting in a substantial increase in our effective tax rate and a material adverse impact on our operating results.

United States income taxes have not been provided on undistributed earnings of foreign subsidiaries of \$73.1 million and \$6.4 million as of June 27, 2008 and June 29, 2007 because of our intention to reinvest these earnings indefinitely. The determination of unrecognized deferred U.S. tax liability for foreign subsidiaries is not practicable. Tax loss and credit carryforwards as of June 27, 2008 have expiration dates ranging between one year and no expiration in certain instances. The amount of U.S. tax loss carryforwards as of June 27, 2008 and June 29, 2007 was \$198.5 million and \$108.0 million. Credit carryforwards as of June 27, 2008 and June 29, 2007 was \$24.8 million and \$20.8 million. The amount of foreign tax loss carryforwards for June 27, 2008 and June 29, 2007 was \$40.2 million and \$24.0 million. The utilization of a portion of the NOLs is subject to an annual limitation under Section 382 of the Internal Revenue Code as a result of a change of ownership. Income taxes paid were \$2.2 million and \$6.6 million for the year ended June 27, 2008 and the year ended June 29, 2007.

The effective tax rate in the fiscal year ended June 27, 2008 was impacted unfavorably by a valuation allowance recorded on certain deferred tax assets, certain purchase accounting adjustments and foreign tax credits where it was determined it was not more likely than not that the assets would be realized. The net change in the valuation allowance during the year ended June 27, 2008 was an increase of \$15.7 million.

For the period ending June 29, 2007, a net deferred tax liability in the amount of \$40.8 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. This resulted in a \$40.8 million increase to goodwill. In addition, a valuation allowance under purchase accounting on of \$94.0 million of acquired deferred tax assets was recorded on the opening balance sheet. A valuation allowance was recorded because it was determined it was not more likely than not that the assets would be realized. Any realization of these deferred tax assets in the future would be reflected as a reduction to goodwill. During the year ended June 27, 2008, deferred tax assets in the amount of \$30.7 million were realized as a reduction to this goodwill. Accordingly, the valuation allowance was reduced by the same amount. The portion of the valuation allowance for deferred tax assets for which subsequently recognized tax benefits will be allocated to reduce goodwill is \$63.3 million as of June 27, 2008.

We established our International Headquarters in Singapore and received a favorable tax ruling resulting from an application filed by us with the Singapore Economic Development Board ("EDB") effective January 26, 2007. This favorable tax ruling calls for a 10% effective tax rate to be applied over a five year period provided certain milestones and objectives are met. We are confident we will meet all the requirements as outlined by EDB.

We entered into a tax sharing agreement with Harris Corporation effective on January 26, 2007, the date of the merger. The tax sharing agreement addresses, among other things, the settlement process associated with pre-merger tax liabilities and tax attributes that are attributable to the MCD business when it was a division of Harris Corporation. There were no settlement payments recorded in the fiscal years ended June 27, 2008 or June 29, 2007.

We are subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes and recording the related assets and liabilities. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Accruals for tax contingencies are provided for in accordance with the requirements of Financial Accounting Standards Board Interpretation No. 48 "Accounting for Uncertainties in Income Taxes."

As of June 27, 2008 and June 30, 2007, we had a liability for unrecognized tax benefits of \$29.6 million and \$28.0 million for various federal, foreign, and state income tax matters. Unrecognized tax benefits increased by \$1.6 million, a majority of which was recorded as an increase to the unrecognized benefit related to the amortization of intellectual property in Singapore. 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 expenses. We accrued an additional amount for such interest of less than \$0.1 million in the year ended June 27, 2008. No penalties have been accrued. The Company accrued less than \$0.1 million as of 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 for purposes of FIN 48 for these jurisdictions are as follows: (i) United States (Federal/State) — 2004/2003; (ii) Nigeria — 2003; (iii) Singapore — 2000; (iv) New Zealand — 2003; (v) Poland — 2003; (vi) South Africa — 2001; (vii) France — 2005; and (viii) UK — 2006.

Impact of Recently Issued Accounting Pronouncements

As described in “Note C — Recent Accounting Pronouncements” in the Notes to Consolidated Financial Statements, there are accounting pronouncements that have recently been issued but have not yet been implemented by us. Note C describes the potential impact that these pronouncements are expected to have on our financial position, results of operations and cash flows.

FORWARD-LOOKING STATEMENTS AND FACTORS THAT MAY AFFECT FUTURE RESULTS

The following are some of the factors we believe could cause our actual results to differ materially from expected and historical results. Other factors besides those listed here also could adversely affect us. See “Item 1A. Risk Factors” above in this Annual Report on Form 10-K for more information regarding factors that might cause our results to differ materially from those expressed or implied by the forward-looking statements contained in this Annual Report on Form 10-K.

- the impact of unanticipated changes in the volume, timing and customer, product and geographic mix of our product orders 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;
- the ability to manage and maintain key customer relationships;
- the effect of technological changes on Harris Stratex’s 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 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.

Item 7A. *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. For a discussion of such policies and procedures and the related risks, see “Financial Risk Management” in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations (Restated),” which is incorporated by reference into this Item 7A.

Item 8. Financial Statements and Supplementary Data (Restated).

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Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheets of Harris Stratex Networks, Inc. and subsidiaries as of June 27, 2008 and June 29, 2007, and the related consolidated statements of operations, shareholders' equity and comprehensive loss, and cash flows for each of the three years in the period ended June 27, 2008. Our audits also included the financial statement schedule listed in the Index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Harris Stratex Networks, Inc. and subsidiaries at June 27, 2008 and June 29, 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended June 27, 2008, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set for therein.

As described in Note D, Harris Stratex Networks, Inc. has previously restated its consolidated financial statements as of June 29, 2007, and for each of the three years in the period then ended, to correct the accounting for inventory, accounts receivable, product warranties, and income taxes.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Harris Stratex Networks, Inc.'s internal control over financial reporting as of June 27, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated September 12, 2008 expressed an adverse opinion thereon.

\s\ Ernst & Young LLP

Raleigh, North Carolina
September 12, 2008

Report of Independent Registered Public Accounting Firm

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

We have audited Harris Stratex Networks, Inc.'s internal control over financial reporting as of June 27, 2008, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Harris Stratex Networks, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment. Management has identified material weaknesses in controls related to project cost variances in certain inventory accounts and account reconciliations that resulted in restatement of previously reported annual and interim financial statements. These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the fiscal 2008 financial statements, and this report does not affect our report dated September 12, 2008 on those financial statements.

In our opinion, because of the effect of the material weaknesses described above on the achievement of the objectives of the control criteria, Harris Stratex Networks, Inc. has not maintained effective internal control over financial reporting as of June 27, 2008, based on the COSO criteria.

\\ Ernst & Young LLP

Raleigh, North Carolina
September 12, 2008

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Years Ended		
	June 27, 2008	June 29, 2007 (Restated)	June 30, 2006 (Restated)
(In millions, except per share amounts)			
Revenue from product sales and services:			
Revenue from external product sales	\$ 591.7	\$ 409.1	\$ 299.1
Revenue from product sales with Harris Corporation	3.5	1.9	6.5
Total revenue from product sales	595.2	411.0	305.6
Revenue from services	123.2	96.9	51.9
Total revenue from product sales and services	718.4	507.9	357.5
Cost of product sales and services:			
Cost of external product sales	(427.1)	(286.3)	(225.1)
Cost of product sales with Harris Corporation	(1.3)	(1.3)	(7.4)
Total cost of product sales	(428.4)	(287.6)	(232.5)
Cost of services	(87.9)	(65.2)	(37.4)
Cost of sales billed from Harris Corporation	(4.8)	(5.4)	(5.3)
Amortization of purchased technology	(7.1)	(3.0)	—
Total cost of product sales and services	(528.2)	(361.2)	(275.2)
Gross margin	190.2	146.7	82.3
Research and development expenses	(46.1)	(39.4)	(28.8)
Selling and administrative expenses	(134.4)	(92.1)	(63.0)
Selling and administrative expenses with Harris Corporation	(7.0)	(6.8)	(5.6)
Total research, development, selling and administrative expenses	(187.5)	(138.3)	(97.4)
Acquired in-process research and development	—	(15.3)	—
Amortization of identifiable intangible assets	(7.1)	(7.5)	—
Restructuring charges	(9.3)	(9.3)	(3.8)
Corporate allocations expense from Harris Corporation	—	(3.7)	(12.4)
Operating loss	(13.7)	(27.4)	(31.3)
Interest income	2.4	1.8	0.5
Interest expense	(2.6)	(2.3)	(1.0)
Loss before benefit or provision for income taxes	(13.9)	(27.9)	(31.8)
Benefit from (provision for) income taxes	2.0	6.1	(6.8)
Net loss	<u>\$ (11.9)</u>	<u>\$ (21.8)</u>	<u>\$ (38.6)</u>
Net loss per common share of Class A and Class B common stock (Notes 1 and 2):			
Basic and diluted	\$ (0.20)	\$ (0.88)	\$ N/A
Basic and diluted weighted average shares outstanding	58.4	24.7	N/A

- (1) The net 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) 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 Consolidated Financial Statements

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	<u>June 27,</u> <u>2008</u>	<u>June 29,</u> <u>2007</u> <u>(Restated)</u>
	<u>(In millions, except share amounts)</u>	
ASSETS		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 95.0	\$ 69.2
Short-term investments and available for sale securities	3.1	20.4
Receivables	199.7	183.1
Unbilled costs	37.1	36.9
Inventories	93.5	124.2
Deferred income taxes	12.6	4.1
Other current assets	19.1	21.7
Total current assets	<u>460.1</u>	<u>459.6</u>
<i>Long-Term Assets</i>		
Property, plant and equipment	75.6	80.0
Goodwill	284.2	324.7
Identifiable intangible assets	130.1	144.5
Capitalized software	9.5	9.7
Non-current portion of notes receivable	2.5	5.3
Non-current deferred income taxes	13.7	0.5
Other assets	1.6	1.2
Total long-term assets	<u>517.2</u>	<u>565.9</u>
Total assets	<u>\$ 977.3</u>	<u>\$ 1,025.5</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
<i>Current Liabilities</i>		
Short-term debt	\$ —	\$ 1.2
Current portion of long-term debt	5.0	10.7
Accounts payable	81.1	84.7
Compensation and benefits	19.5	11.5
Other accrued items	42.1	45.8
Advance payments and unearned income	30.1	22.3
Income taxes payable	—	6.8
Restructuring liabilities	5.1	10.8
Current portion of long-term capital lease obligation to Harris Corporation	1.3	3.1
Due to Harris Corporation	16.8	17.2
Total current liabilities	<u>201.0</u>	<u>214.1</u>
<i>Long-Term Liabilities</i>		
Long-term debt	3.8	8.8
Long-term portion of capital lease obligation to Harris Corporation	1.3	2.8
Restructuring and other long-term liabilities	7.4	11.8
Redeemable preference shares	8.3	8.3
Warrants	0.6	3.9
Reserve for uncertain tax positions	3.0	—
Deferred income taxes	3.7	29.4
Total Liabilities	<u>229.1</u>	<u>279.1</u>
<i>Commitments and contingencies</i>		
<i>Shareholders' Equity</i>		
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 25,556,134 shares as of June 27, 2008 and 25,400,856 shares as of 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 as of June 27, 2008 and June 29, 2007	0.3	0.3
Additional paid-in-capital	779.9	770.0
Accumulated deficit	(36.1)	(24.2)
Accumulated other comprehensive income	3.8	—
Total Shareholders' Equity	<u>748.2</u>	<u>746.4</u>
Total Liabilities and Shareholders' Equity	<u>\$ 977.3</u>	<u>\$ 1,025.5</u>

See accompanying Notes to Consolidated Financial Statements

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Years Ended		
	June 27, 2008	June 29, 2007 (Restated) (In millions)	June 30, 2006 (Restated)
Operating Activities			
Net loss	\$ (11.9)	\$ (21.8)	\$ (38.6)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Amortization of identifiable intangible assets acquired in the Stratex acquisition and other	13.9	25.8	—
Other noncash charges related to the Stratex acquisition	—	7.9	—
Depreciation and amortization of property, plant and equipment and capitalized software	19.8	14.5	15.7
Noncash share-based compensation expense	6.4	3.9	—
Noncash charges for inventory write-downs	14.7	—	38.5
Decrease in fair value of warrant liability	(3.3)	(0.6)	—
Gain on sale of land and building	—	—	(1.8)
Deferred income tax (benefit) expense	(7.5)	(13.0)	5.7
Changes in operating assets and liabilities, net of effects from acquisition:			
Receivables	(13.7)	(23.8)	(5.0)
Unbilled costs and inventories	15.9	(33.1)	(24.6)
Accounts payable and accrued expenses	1.3	10.1	18.0
Advance payments and unearned income	7.8	12.8	2.4
Due to Harris Corporation	0.4	4.6	(1.5)
Decrease in restructuring liabilities and other	(3.8)	(0.4)	10.7
Net cash provided by (used in) operating activities	40.0	(13.1)	19.5
Investing Activities			
Proceeds from sale of land and building	—	—	4.6
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	(9.2)	(30.7)	—
Sales and maturities of short-term investments and available for sale securities	26.6	35.8	—
Additions of property, plant and equipment	(9.2)	(8.3)	(9.6)
Additions of capitalized software	(10.3)	(2.9)	(3.2)
Net cash (used in) provided by investing activities	(2.1)	14.3	(8.2)
Financing Activities			
Proceeds from issuance of short-term debt	1.2	10.8	9.4
Payments on short-term debt	(2.4)	(9.8)	(10.2)
Payments on long-term debt	(10.7)	(5.2)	—
Payments on long-term capital lease obligation to Harris Corporation	(3.7)	—	—
Proceeds from exercise of former Stratex stock options	1.5	3.1	—
Excess tax benefits from share-based compensation	0.7	—	—
Proceeds from issuance of redeemable preference shares	—	8.3	—
Proceeds from issuance of Class B common stock to Harris Corporation	—	26.9	—
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 (to) Harris Corporation prior to the Stratex acquisition	—	24.1	(5.0)
Net cash (used in) provided by financing activities	(13.4)	57.3	(5.8)
Effect of exchange rate changes on cash and cash equivalents	1.3	(3.1)	0.5
Net increase in cash and cash equivalents	25.8	55.4	6.0
Cash and cash equivalents, beginning of year	69.2	13.8	7.8
Cash and cash equivalents, end of year	\$ 95.0	\$ 69.2	\$ 13.8
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest	\$ 2.7	\$ 2.0	\$ 1.0
Income taxes	\$ 2.2	\$ 6.6	\$ 1.1

See accompanying Notes to Consolidated Financial Statements

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS'
EQUITY AND COMPREHENSIVE LOSS

	Common Stock Class A	Common Stock Class B	Additional Paid-in Capital (Restated)	Division Equity (Restated)	Accumulate Deficit (Restated)	Accumulated Other Comprehensive (Loss) Income	Total Shareholders' Equity (Restated)
(In millions, except share amounts)							
Balance as of July 1, 2005 (Restated)	\$ —	\$ —	\$ —	\$ 289.3	\$ —	\$ (13.9)	\$ 275.4
Net loss (Restated)	—	—	—	(38.6)	—	—	(38.6)
Foreign currency translation	—	—	—	—	—	12.7	12.7
Net unrealized loss on hedging activities	—	—	—	—	—	(0.2)	(0.2)
Comprehensive loss (Restated)	—	—	—	(5.0)	—	—	(26.1)
Net decrease in investment from Harris Corporation	—	—	—	—	—	—	(5.0)
Balance as of June 30, 2006 (Restated)	—	—	—	245.7	—	(1.4)	244.3
Net income for the period from July 1, 2006 through January 26, 2007 (Restated)	—	—	—	2.4	—	—	2.4
Net loss for the period from January 27, 2007 through June 29, 2007 (Restated)	—	—	—	—	(24.2)	—	(24.2)
Foreign currency translation	—	—	—	—	—	1.5	1.5
Net unrealized loss on hedging activities	—	—	—	—	—	(0.1)	(0.1)
Comprehensive loss (Restated)	—	—	—	—	—	—	(20.4)
Net increase in investment from Harris Corporation	—	—	—	8.5	—	—	8.5
Return of capital to Harris Corporation	—	—	—	(14.4)	—	—	(14.4)
Reclassification of division equity to additional paid-in capital on January 26, 2007 (Restated)	—	—	242.2	(242.2)	—	—	—
Issuance of Class B common stock to Harris Corporation (32,913,377 shares)	—	0.3	26.6	—	—	—	26.9
Issuance of Class A common stock to former Stratex shareholders (24,782,153 shares)	0.3	—	477.3	—	—	—	477.6
Vested Stratex equity awards	—	—	15.5	—	—	—	15.5
Employee stock option exercises, net of tax (324,181 shares)	—	—	3.1	—	—	—	3.1
Stock option tax benefits	—	—	0.3	—	—	—	0.3
Exercise of warrants	—	—	0.2	—	—	—	0.2
Compensatory stock awards (294,522 shares)	—	—	4.8	—	—	—	4.8
Balance as of June 29, 2007 (Restated)	0.3	0.3	770.0	—	(24.2)	—	746.4
Net loss	—	—	—	—	(11.9)	—	(11.9)
Foreign currency translation	—	—	—	—	—	4.1	4.1
Net unrealized loss on hedging activities	—	—	—	—	—	(0.3)	(0.3)
Comprehensive loss	—	—	—	—	—	—	(8.1)
Adjustment to capital from Harris Corporation	—	—	1.3	—	—	—	1.3
Employee stock option exercises, net of tax (129,038 shares)	—	—	1.5	—	—	—	1.5
Stock option tax benefits	—	—	0.7	—	—	—	0.7
Compensatory stock awards (73,740 shares)	—	—	6.4	—	—	—	6.4
Balance as of June 27, 2008	\$ 0.3	\$ 0.3	\$ 779.9	\$ —	\$ (36.1)	\$ 3.8	\$ 748.2

See accompanying Notes to Consolidated Financial Statements

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 27, 2008 AND JUNE 29, 2007 AND
FOR EACH OF THE THREE FISCAL YEARS IN THE PERIOD ENDED JUNE 27, 2008

Note A — Nature of Operations and Basis of Presentation

Nature of Operations — On January 26, 2007, Harris Stratex Networks, Inc. (the “Company,” “HSTX,” “Harris Stratex,” “we,” “us” and “our”) completed its acquisition (the “Stratex acquisition”) of Stratex Networks, Inc. (“Stratex”). We design, manufacture and sell a broad range of microwave radios and scalable wireless network solutions for use in worldwide wireless communications networks. Applications include cellular/mobile infrastructure connectivity; secure data networks; public safety transport for state, local and federal government users; and right-of-way connectivity for utilities, pipelines, railroads and industrial companies. In general, wireless networks are constructed using microwave radios and other equipment and network management solutions to connect cell sites, fixed-access facilities, switching systems, land mobile radio systems and other similar systems.

Basis of Presentation — The consolidated financial statements include the accounts of Harris Stratex and its wholly-owned and majority owned subsidiaries. The results of operations and cash flows of Stratex are included in these consolidated financial statements since January 26, 2007, the date of acquisition. Significant intercompany transactions and accounts have been eliminated.

For periods prior to January 26, 2007, the accompanying consolidated financial statements include the accounts of the Microwave Communications Division (“MCD”) of Harris Corporation (“Harris”) and Harris subsidiaries classified as part of MCD, our financial reporting predecessor entity. These financial statements have been determined to be the historical financial statements of Harris Stratex. 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 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 \$3.7 million and \$12.4 million in fiscal 2007 and 2006 for these corporate allocations expense from Harris. These costs represented approximately 6.1% and 16.7% of the total cost of these allocated services in fiscal 2007 and 2006. These cost allocations were based primarily on a ratio of our sales to total Harris sales, multiplied by the total headquarters expense of Harris. During fiscal 2006, the corporate expense allocation included a \$5.4 million charge for the settlement of an arbitration. The allocation of Harris overhead expenses concluded on January 26, 2007 and, accordingly, for the year ended June 29, 2007, seven months allocation was included. Management believes these allocations were made on a reasonable basis.

See Note S — *Related Party Transactions with Harris*, for a description of our related party transactions with Harris.

Our fiscal year ends on the Friday nearest June 30. Fiscal years 2008, 2007 and 2006 each included 52 weeks.

Note B — Significant Accounting Policies

Use of Estimates

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) which require us to make estimates and assumptions. U.S. GAAP is primarily promulgated by the Financial Accounting Standards Board (“FASB”) in the form of Statements of Financial Accounting Standards (referred to herein as “Statements”), FASB Staff Positions (“FSP”), FASB Interpretations (“FIN”) and Accounting Principles Board Opinions (“APBO”) as well as guidance provided by the Emerging Issues Task Force (“EITF”) and Securities and Exchange Commission (“SEC”). The preparation of

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

these consolidated financial statements requires that we make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities.

On a quarterly basis, we evaluate our estimates, including those related to the following areas:

- Revenue recognition
- Provision for doubtful accounts
- Inventory reserves
- Fair value of goodwill and intangible assets
- Useful lives of intangible assets, property, plant and equipment
- Valuation allowances for deferred tax assets
- Uncertainties in income taxes
- Software development costs
- Restructuring obligations
- Product warranty obligations
- Share-based awards
- Contingencies

We generally base our estimates on historical experience and on various other assumptions and considerations that we believe 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. Actual results could differ significantly from these estimates.

Cash and Cash Equivalents

We consider all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents are carried at amortized cost, which approximates fair value due to the short-term nature of these investments. Amortization or accretion of premium or discount is included in interest income on the Statement of Operations. We hold cash and cash equivalents at several major financial institutions, which often significantly exceed Federal Deposit Insurance Corporation insured limits. However, a substantial portion of the cash equivalents is invested in prime money market funds which are backed by the securities in the fund. Historically, we have not experienced any losses due to such concentration of credit risk.

Short-Term Investments and Available for Sale Securities

We invest our excess cash in high-quality marketable debt securities to ensure that cash is readily available for use in our current operations. Investments with original maturities greater than three months are accounted for as short-term investments in accordance with Statement of Financial Accounting Standards No. 115 "Accounting for Certain Investments in Debt and Equity Securities" ("Statement 115") and are classified as such at the time of purchase. All of our marketable securities are classified as "available-for-sale" in accordance with the provisions of Statement 115 because we view our available-for-sale portfolio as available for use in our current operations. Accordingly, we have classified all investments in marketable securities as short-term, even though the stated maturity date may be one year or more beyond the balance sheet date.

Our short-term investments and available for sale securities are subject to market risk, primarily interest rate and credit risk. These investments are managed by three outside professional managers within investments guidelines set by our management. Such guidelines include security type, credit quality and maturity and are

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

intended to limit market risk by restricting our investments to high quality debt instruments with relatively short-term maturities. All short-term investments and available for sale securities are reported at fair value with the related unrealized holding gains and losses reported as a component of accumulated other comprehensive income (loss) in shareholders' equity.

Fair value is determined by using observable or quoted market prices for those securities with the assistance of our outside professional managers.

As of June 27, 2008, our investment in short-term investments and available for sale securities consisted of certificates of deposit, commercial paper and corporate notes with maturity dates of less than one year. When a marketable security is sold, the realized gain or loss is determined using the specific identification method. Realized gains and losses from the sale of short-term investments and available for sale securities in fiscal 2008, 2007 and 2006 were not significant. See Note F — *Short-Term Investments and Available for Sale Securities*, for additional information.

Accounts Receivable, Major Customers and Other Significant Concentrations

We typically invoice our customers for the sales order (or contract) value of the related products delivered at various milestones, including order receipt, shipment, installation and acceptance and for services when rendered. We record accounts receivable at net realizable value, which includes an allowance for estimated uncollectible accounts to reflect any loss anticipated on the collection of accounts receivable balances. We calculate the allowance based on our history of write-offs, level of past due accounts and economic status of the customers. The fair value of our accounts receivable approximates their net realizable value. See Note H — *Receivables*, for additional information.

During fiscal 2008, we had one customer in Africa (Mobile Telephone Networks or MTN) that accounted for 13% of our total revenue. As of June 27, 2008, MTN accounted for approximately 13% of our accounts receivable. In fiscal 2007, no customers accounted for more than 10% of our total revenue. During fiscal 2006, a customer in Nigeria accounted for 15% of our total revenue.

Financial instruments that potentially subject us to a concentration of credit risk consist principally of short-term investments and available for sale securities, trade accounts receivable and financial instruments used in foreign currency hedging activities. We invest our excess cash primarily in prime money market funds, certificates of deposit, commercial paper and corporate notes. We are exposed to credit risks related to our cash equivalents, short-term investments and available for sale securities in the event of default or decrease in credit-worthiness of one of the issuers of the investments. We perform ongoing credit evaluations of our customers and generally do not require collateral on accounts receivable, as the majority of our customers are large, well-established companies. We maintain reserves for potential credit losses, but historically have not experienced any significant losses related to any particular geographic area since our business is not concentrated within any particular geographic region. Our customers are primarily in the telecommunications industry, so our accounts receivable are concentrated within one industry and exposed to concentrations of credit risk within that industry.

We rely on sole providers for certain components of our products and rely on a limited number of contract manufacturers and suppliers to provide manufacturing services for our products. The inability of a contract manufacturer or supplier to fulfill our supply requirements could materially impact future operating results.

We have entered into agreements relating to our foreign currency contracts with large, multinational financial institutions. The amounts subject to credit risk arising from the possible inability of any such parties to meet the terms of their contracts are generally limited to the amounts, if any, by which such party's obligations exceed our obligations to that party.

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Inventories

Inventories are valued at the lower of cost (determined by average cost and first-in, first-out methods) or market. We regularly review inventory quantities on hand and record inventory reserves for excess and obsolete inventory based primarily on our estimated forecast of product demand and production requirements. Inventory reserves are measured as the difference between the cost of the inventory and market value based upon assumptions about future demand and charged to the provision for inventory, which is a component of cost of sales. At the point of the loss recognition, a new, lower-cost basis for that inventory is established, and any subsequent improvements in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

See Note I — *Inventories*, for additional information.

Income Taxes

We account for income taxes under the asset and liability method in accordance with Statement of Financial Accounting Standards No. 109 “Accounting for Income Taxes” (“Statement 109”). Deferred tax assets and liabilities are determined based on the estimated future tax effects of temporary differences between the financial statement and tax basis of assets and liabilities, as measured by tax rates at which temporary differences are expected to reverse. Deferred tax expense (benefit) is the result of changes in deferred tax assets and liabilities. A valuation allowance is established to offset any deferred tax assets if, based upon the available information, it is more likely than not that some or all of the deferred tax assets will not be realized.

For periods prior to January 26, 2007, income tax expense was determined as if we had been a stand-alone entity, although the actual tax liabilities and tax consequences applied only to Harris. We have incurred income tax expense which relates to income taxes paid or to be paid in international jurisdictions for which net operating loss carryforwards were not available. Domestic taxable income is offset by tax loss carryforwards for which an income tax valuation allowance had been previously provided for in the financial statements. See Note R — *Income Taxes*, for additional information.

Property, Plant and Equipment

Property, plant and equipment are stated on the basis of cost less accumulated depreciation and amortization. We capitalize costs of software, consulting services, hardware and other related costs incurred to purchase or develop internal-use software. We expense costs incurred during preliminary project assessment, research and development, re-engineering, training and application maintenance. Leasehold improvements made either at the inception of the lease or during the lease term are amortized over the current lease term, or estimated life, if shorter.

Depreciation and amortization are calculated using the straight-line method over the shorter of the estimated useful lives of the respective assets or any applicable lease term. The useful lives of the assets are generally as follows:

Buildings and leasehold improvements	7 to 45 years
Software developed for internal use	1 to 5 years
Machinery and equipment	2 to 10 years

Expenditures for maintenance and repairs are charged to expense as incurred. Cost and accumulated depreciation of assets sold or retired are removed from the respective property accounts, and the gain or loss is reflected in the Consolidated Statements of Operations. See Note J — *Property, Plant and Equipment*, for additional information.

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Capitalized Software

Software to be sold, leased, or otherwise marketed is accounted for in accordance with Statement of Financial Accounting Standards No. 86, "Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed" ("Statement 86").

Costs for the conceptual formulation and design of new software products are expensed as incurred until technological feasibility has been established (when we have a working model). Once technological feasibility has been established, we capitalize costs to produce the finished software products. Capitalization ceases when the product is available for general release to customers. Costs associated with product enhancements that extend the original product's life or significantly improve the original product's marketability are also capitalized once technological feasibility has been established.

Amortization is calculated on a product-by-product basis as the greater of the amount computed using (a) the ratio that current gross revenue for a product bear to the total of current and anticipated future gross revenue for that product or (b) the straight-line method over the remaining economic life of the product. At each balance sheet date, the unamortized capitalized cost of each computer software product are compared to the net realizable value of that product. If an amount of unamortized capitalized costs of a computer software product is found to exceed the net realizable value of that asset, such amount will be written off. The net realizable value is the estimated future gross revenue from that product reduced by the estimated future costs of completing and deploying that product, including the costs of performing maintenance and customer support required to satisfy our responsibility set forth at the time of sale.

Total amortization expense related to capitalized software under Statement 86 was \$2.9 million in fiscal 2008, \$2.3 million in fiscal 2007 and \$1.6 million in fiscal 2006.

Identifiable Intangible Assets, Goodwill and Impairment of Long-Lived Assets

We account for our business combinations in accordance with Statement of Financial Accounting Standards No. 141 "Business Combinations" ("Statement 141") and the related acquired intangible assets and goodwill in accordance with Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" ("Statement 142"). Statement 141 specifies the accounting for business combinations and the criteria for recognizing and reporting intangible assets apart from goodwill.

We record the assets acquired and liabilities assumed in business combinations at their respective fair values at the date of acquisition, with any excess purchase price recorded as goodwill. Valuation of intangible assets and in-process research and development requires significant estimates and assumptions including, but not limited to, determining the timing and expected costs to complete development projects, estimating future cash flows from product sales, developing appropriate discount rates, estimating probability rates for the successful completion of development projects, continuation of customer relationships and renewal of customer contracts, and approximating the useful lives of the intangible assets acquired.

Statement 142 requires that intangible assets with an indefinite life should not be amortized until their life is determined to be finite, and all other intangible assets must be amortized over their useful lives. We amortize our acquired intangible assets with definite lives over periods ranging from less than one to ten years. The Stratex tradename intangible asset has been deemed to have an indefinite life and is not amortized.

Statement 142 also requires that goodwill and intangible assets deemed to have indefinite lives not be amortized but instead be tested for impairment at the reporting unit level in accordance with Statement 142 at least annually and more frequently upon the occurrence of certain events. We review the carrying value of our intangible assets and goodwill for impairment whenever events or circumstances indicate that their carrying amount may not be recoverable. Significant negative industry or economic trends, including a lack of recovery in the market price of our common stock or the fair value of our debt, disruptions to our business, unexpected significant changes or

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

planned changes in the use of the intangible assets, and mergers and acquisitions could result in the need to reassess the fair of our assets and liabilities which could lead to an impairment charge for any of our intangible assets or goodwill. The value of our indefinite lived intangible assets and goodwill could also be impacted by future adverse changes such as: (i) any future declines in our operating results, (ii) a significant slowdown in the worldwide economy and the microwave industry or (iii) any failure to meet the performance projections included in our forecasts of future operating results. We evaluate these assets, including purchased intangible assets deemed to have indefinite lives, on an annual basis or more frequently, if indicators of impairment exist.

We have determined we have three reporting units, consisting of: (i) our North America Microwave segment; (ii) our International Microwave segment; and (iii) our Network Operations segment. We have no indefinite lived intangible assets or goodwill in our Network Operations segment. Goodwill and the Stratex tradename are tested for impairment annually at our fiscal year-end using a two-step process. First, we determine if the carrying amount of any of our reporting units exceeds its fair value (determined using an analysis of a combination of projected discounted cash flows and market multiples based on revenue and earnings before interest, taxes, depreciation and amortization), which would indicate a potential impairment associated with that reporting unit. If we determine that a potential impairment exists, we then compare the implied fair value associated with the respective reporting unit, to its carrying amount to determine if there is an impairment loss.

Evaluations of impairment involve management estimates of asset useful lives and future cash flows. Significant management judgment is required in the forecasts of future operating results that are used in the evaluations. It is possible, however, that the plans and estimates used may be incorrect. If our actual results, or the plans and estimates used in future impairment analysis, are lower than the original estimates used to assess the recoverability of these assets, we could incur additional impairment charges in a future period.

In accordance with Statement of Financial Accounting Standards No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" ("Statement 144"), we evaluate long-lived assets, including intangible assets other than goodwill, for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the assets. If impairment exists, the impairment loss is measured and recorded based on discounted estimated future cash flows. In estimating future cash flows, assets are grouped at the lowest levels for which there are identifiable cash flows that are largely independent of cash flows from other asset groups. Our estimate of future cash flows is based upon, among other things, certain assumptions about expected future operating performance, growth rates and other factors. The actual cash flows realized from these assets may vary significantly from our estimates due to increased competition, changes in technology, fluctuations in demand, consolidation of our customers, reductions in average selling prices and other factors. Assumptions underlying future cash flow estimates are therefore subject to significant risks and uncertainties.

We have not recorded any impairment losses on identifiable intangible assets or goodwill in fiscal 2008, 2007 or 2006. During fiscal 2008, we recorded impairment losses on property, plant and equipment of \$1.3 million. See Note S — *Related Party Transactions with Harris*, for additional information.

Other Accrued Items and Other Assets

No accrued liabilities or expenses within the caption "Other accrued items" on our consolidated balance sheets exceed 5% of our total current liabilities as of June 27, 2008 or as of June 29, 2007. "Other accrued items" on our consolidated balance sheets includes accruals for sales commissions, warranties and severance. No current assets other than those already disclosed on the consolidated balance sheets exceed 5% of our total current assets as of June 27, 2008 or as of June 29, 2007. No assets within the caption "Other assets" on the consolidated balance sheets exceed 5% of total assets as of June 27, 2008 or as of June 29, 2007.

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Warranties

On product sales we provide for future warranty costs upon product delivery. The specific terms and conditions of those warranties vary depending upon the product sold and country in which we do business. In the case of products sold by us, our warranties generally start from the delivery date and continue for two to three years, depending on the terms.

Our products are manufactured to customer specifications and their acceptance is based on meeting those specifications. Factors that affect our warranty liability include the number of installed units, historical experience and management's judgment regarding anticipated rates of warranty claims and cost per claim. We assess the adequacy of our recorded warranty liabilities every quarter and make adjustments to the liability as necessary.

Network management software products generally carry a 30-day to 90-day warranty from the date of acceptance. Our liability under these warranties is either to provide a corrected copy of any portion of the software found not to be in substantial compliance with the agreed-upon specifications, or to provide a full refund.

Our software license agreements generally include certain provisions for indemnifying customers against liabilities should our software products infringe a third party's intellectual property rights. As of June 27, 2008, we had not incurred any material costs as a result of such indemnification and have not accrued any liabilities related to such obligations in our consolidated financial statements. See Note L — *Accrued Warranties*, for additional information.

Capital Lease Obligation and Operating Leases

Prior to January 26, 2007, MCD used certain assets in Canada owned by Harris that were not contributed to us as part of the merger. We continue to use these assets in our business and entered into a 5-year lease agreement to accommodate this use. That lease agreement was considered a capital lease under generally accepted accounting principles. As of June 27, 2008, our lease obligation to Harris is \$2.6 million and the related asset amount, net of accumulated amortization of \$2.1 million is included in our Property, plant and equipment. 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. Of the \$2.6 million capital lease obligation, \$1.3 million has been classified as current in our consolidated balance sheet.

We lease sales facilities, administrative facilities and equipment under various operating leases. These lease agreements generally include rent escalation clauses, and many include renewal periods at our option. We account for leases in accordance with Statement of Financial Accounting Standards No. 13 "Accounting for Leases" ("Statement 13") and other related authoritative guidance. We recognize expense for scheduled rent increases on a straight-line basis over the lease term beginning with the date we take possession of the leased space. Leasehold improvements made either at the inception of the lease or during the lease term are amortized over the current lease term, or estimated life, if shorter.

Liability for Warrants and the Related Changes in Fair Value

We account for our warrants in accordance with EITF Issue No. 00-19 "Accounting for Derivative Financial Instruments Indexed to and Potentially Settled in a Company's Own Stock" ("EITF 00-19") which requires warrants to be classified as permanent equity, temporary equity or as assets or liabilities. In general, warrants that either require net-cash settlement or are presumed to require net-cash settlement are recorded as assets and liabilities at fair value and warrants that require settlement in shares are recorded as equity instruments. Our warrants are classified as liabilities because they include a provision that specifies that we must deliver freely tradable shares upon exercise by the warrant holder. Because there are circumstances, irrespective of likelihood, that may not be within our control that could prevent delivery of registered shares, EITF 00-19 requires the warrants be recorded as a liability at fair value, with subsequent changes in fair value recorded as income or loss in our Consolidated Statements of Operations. The fair value of our warrants is determined using a Black-Scholes option pricing model.

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

and is affected by changes in inputs to that model including our stock price, expected stock price volatility and contractual term. See Note N — *Warrants*, for additional information.

Contingent Liabilities

We have a number of unresolved legal and tax matters, as discussed further in Note R — *Income Taxes* and Note V — *Legal Proceedings*. We provide for contingent liabilities in accordance with Financial Accounting Standards No. 5 “Accounting for Contingencies” (“Statement 5”). In accordance with Statement 5, a loss contingency is charged to operations when (i) it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements, and (ii) the amount of the loss can be reasonably estimated. Disclosure in the notes to the financial statements is required for loss contingencies that do not meet both those conditions if there is a reasonable possibility that a loss may have been incurred. Gain contingencies are not recorded until realized. We expense all legal costs incurred to resolve regulatory, legal and tax matters as incurred.

Periodically, we review the status of each significant matter to assess the potential financial exposure. If a potential loss is considered probable and the amount can be reasonably estimated as defined by Statement 5, we reflect the estimated loss in our results of operations. Significant judgment is required to determine the probability that a liability has been incurred or an asset impaired and whether such loss is reasonably estimable. Further, estimates of this nature are highly subjective, and the final outcome of these matters could vary significantly from the amounts that have been included in our consolidated financial statements. As additional information becomes available, we reassess the potential liability related to our pending claims and litigation and may revise estimates accordingly. Such revisions in the estimates of the potential liabilities could have a material impact on our results of operations and financial position.

Foreign Currency Translation

The functional currency of our subsidiaries located in the United Kingdom, Singapore, Mexico and New Zealand is the U.S. dollar. Determination of the functional currency is dependent upon the economic environment in which an entity operates as well as the customers and suppliers the entity conducts business with. Changes in facts and circumstances may occur which could lead to a change in the functional currency of that entity. Accordingly, all of the monetary assets and liabilities of these subsidiaries are re-measured into U.S. dollars at the current exchange rate as of the applicable balance sheet date, and all non-monetary assets and liabilities are re-measured at historical rates. Income and expenses are re-measured at the average exchange rate prevailing during the period. Gains and losses resulting from the re-measurement of these subsidiaries’ financial statements are included in the Consolidated Statements of Operations.

Our other international subsidiaries use their respective local currency as their functional currency. Assets and liabilities of these subsidiaries are translated at the local current exchange rates in effect at the balance sheet date, and income and expense accounts are translated at the average exchange rates during the period. The resulting translation adjustments are included in accumulated other comprehensive income.

Gains and losses resulting from foreign exchange transactions and foreign currency contracts are included in “Cost of product sales” in the accompanying Consolidated Statements of Operations. Net foreign exchange gains or losses recorded in our Consolidated Statements of Operations in fiscal 2008, 2007 and 2006 were not material.

Retirement Benefits

As of June 27, 2008, we provided retirement benefits to substantially all employees primarily through our defined contribution retirement plans, and prior to January 27, 2007 we provided these benefits through Harris’ defined contribution retirement plan. These plans have matching and savings elements. Contributions by us to these retirement plans are based on profits and employees’ savings with no other funding requirements. We may make additional contributions to our plan at our discretion.

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Prior to January 27, 2007, retirement benefits also included an unfunded limited healthcare plan for U.S.-based retirees and employees on long-term disability. Harris has assumed this liability and responsibility for these benefits. Prior to January 27, 2007, we accrued the estimated cost of these medical benefits, which were not material, during an employee's active service life.

Retirement plan expense amounted to \$3.8 million, \$5.4 million and \$8.4 million in fiscal 2008, 2007 and 2006.

Financial Guarantees, Commercial Commitments and Indemnifications

Guarantees issued by banks, insurance companies or other financial institutions are contingent commitments issued to guarantee our performance under borrowing arrangements, such as bank overdraft facilities, tax and customs obligations and similar transactions or to ensure our performance under customer or vendor contracts. The terms of the guarantees are generally equal to the remaining term of the related debt or other obligations and are limited to two years or less. As of June 27, 2008, we had no guarantees applicable to our debt arrangements. We have entered into commercial commitments in the normal course of business including surety bonds, standby letters of credit agreements and other arrangements with financial institutions primarily relating to the guarantee of future performance on certain contracts to provide products and services to customers. As of June 27, 2008, we had commercial commitments of \$50.5 million outstanding, none of which are accrued for in our consolidated balance sheets.

We account for guarantees in accordance with Financial Accounting Standards Board Interpretation No. 45 "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("Interpretation No. 45"). Interpretation 45 elaborates on the disclosures required in financial statements concerning obligations under certain guarantees. It also clarifies the requirements related to the recognition of liabilities by a guarantor at the inception of certain guarantees. The provisions related to recognizing a liability at inception of the guarantee do not apply to product warranties or indemnification provisions in our software license agreements.

Under the terms of substantially all of our license agreements, we have agreed to defend and pay any final judgment against our customers arising from claims against such customers that our software products infringe the intellectual property rights of a third party. To date: i) we have not received any notice that any customer is subject to an infringement claim arising from the use of our software products, ii) we have not received any request to defend any customers from infringement claims arising from the use of our software products, and iii) we have not paid any final judgment on behalf of any customer related to an infringement claim arising from the use of our software products. Because the outcome of infringement disputes are related to the specific facts in each case, and given the lack of previous or current indemnification claims, we cannot estimate the maximum amount of potential future payments, if any, related to our indemnification provisions. However, we reasonably believe these indemnification provisions will not have a material adverse effect on our operating performance, financial condition or cash flows. As of June 27, 2008, we had not recorded any liabilities related to these indemnifications.

Our standard license agreement includes a warranty provision for software products. We generally warrant for the first 90 days after delivery that the software shall operate substantially as stated in the then current documentation provided that the software is used in a supported computer system. We provide for the estimated cost of product warranties based on specific warranty claims, provided that it is probable that a liability exists and provided the amount can be reasonably estimated. To date, we have not had any material costs associated with these warranties.

Derivative Instruments and Risk Management

Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities" ("Statement 133") and its related amendments, require us to recognize all derivatives on our

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consolidated balance sheet at fair value. Derivatives that are not designated as Statement 133 hedges must be adjusted to fair value through income. If the derivative is designated as a Statement 133 hedge, depending on the nature of the hedge, changes in the fair value of the derivative are either offset against the change in fair value of assets, liabilities or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is immediately recognized in earnings.

We manufacture and sell products internationally, subjecting us to currency risk. Derivatives are employed to eliminate, reduce, or transfer selected foreign currency risks that can be identified and quantified. The primary business objective of this hedging program is to minimize the gains and losses resulting from exchange rate changes. Our policy is to hedge forecasted and actual foreign currency risk with forward contracts that expire within twelve months. However, foreign currency contracts to hedge exposures are not available in certain currencies in which we have exposures, such as the Nigerian naira. Specifically, we hedge foreign currency risks relating to firmly committed backlog, open purchase orders and non-functional currency monetary assets and liabilities. The objective of these contracts is to reduce or eliminate, and efficiently manage, the economic impact of currency exchange rate movements on our operating results as effectively as possible. These contracts require us to exchange currencies at rates agreed upon at the contract's inception. These contracts reduce the exposure to fluctuations in exchange rate movements because the gains and losses associated with foreign currency balances and transactions are generally offset with the gains and losses of the foreign exchange contracts. Derivatives hedging non-functional currency monetary assets and liabilities not designated as Statement 133 hedges are recorded on the balance sheet at fair value and changes in fair value are recognized currently in earnings.

As stated above, we generally hedge forecasted non-U.S. dollar sales and non-U.S. dollar purchases. In accordance with Statement 133, hedges of anticipated transactions, including our firmly committed backlog and open purchase orders, is designated and documented at inception as "cash flow hedges" and are evaluated for effectiveness, excluding time value, at least quarterly. We record effective changes in the fair value of these cash flow hedges in accumulated other comprehensive income until the revenue is recognized or the related purchases are recognized in cost of sales, at which time the changes are reclassified to revenue and cost of product sales.

We are exposed to credit losses in the event of non-performance by counterparties to these financial instruments, but we do not expect any of the counterparties to fail to meet their obligations. To manage credit risks, we select counterparties based on credit ratings, limit our exposure to a single counterparty under defined guidelines and monitor the market position with each counterparty. In the event of the termination of a derivative designated as a hedge, the settlement would be charged to our Consolidated Statements of Operations as a component of "Cost of Products Sold." See Note U — *Derivative Instruments and Hedging Activities*, for additional information.

Revenue Recognition

We generate substantially all of our revenue from the sales or licensing of our: (i) microwave radio systems, (ii) network management software, and (iii) professional services including installation and commissioning and training. Principal customers for our products and services include domestic and international wireless/mobile service providers, original equipment manufacturers, distributors, system integrators, as well as private network users such as public safety agencies, government institutions, and utility, pipeline, railroad and other industrial enterprises that operate broadband wireless networks. Our customers generally purchase a combination of our products and services as part of a multiple element arrangement.

We often enter into multiple contractual agreements with the same customer. Such agreements are reviewed to determine whether they should be evaluated as one arrangement. If an arrangement, other than a long-term contract, requires the delivery or performance of multiple deliverables or elements, we determine whether the individual elements represent "separate units of accounting" under the requirements of Emerging Issues Task Force Issue 00-21 "Revenue Arrangements with Multiple Deliverables" ("EITF 00-21"). We recognize the revenue associated

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with each element separately. Such revenue, including products with installation services, is recognized as the revenue when each unit of accounting is earned based on the relative fair value of each unit of accounting.

Our assessment of which revenue recognition guidance is appropriate to account for each element in an arrangement can involve significant judgment. Revenue from product sales and services are generally recognized in accordance with SAB No. 104, when persuasive evidence of an arrangement exists, delivery has occurred and title and risk of loss has transferred or services have been rendered, the fee is fixed or determinable and collectibility is reasonably assured.

Revenue recognition related to long-term contracts for customized network solutions are recognized using the percentage-of-completion method in accordance with AICPA Statement of Position 81-1 "Accounting for Performance of Construction-Type and Certain Production-Type Contracts" ("SOP 81-1"). In using the percentage-of-completion method, we generally apply the cost-to-cost method of accounting where sales and profits are recorded based on the ratio of costs incurred to estimated total costs at completion. Contracts are combined when specific aggregation criteria stated in SOP 81-1 are met. Recognition of profit on long-term contracts requires estimates of: the total contract value; the total cost at completion; and the measurement of progress towards completion. Significant judgment is required when estimating total contract costs and progress to completion on the arrangements as well as whether a loss is expected to be incurred on the contract. Amounts representing contract change orders, claims or other items are included in sales only when they can be reliably estimated and realization is probable. When adjustments in contract value or estimated costs are determined, any changes from prior estimates are reflected in earnings in the current period. Anticipated losses on contracts or programs in progress are charged to earnings when identified.

Revenue recognition for the sale of software licenses is in accordance with SOP 97-2. For arrangements under SOP 97-2, the entire fee from the arrangement must be allocated to each of the elements based on the individual element's fair value, which must be based on vendor specific objective evidence of the fair value ("VSOE"). If VSOE cannot be established for the undelivered elements of an arrangement, we defer revenue until the earlier of (i) delivery, or (ii) fair value of the undelivered element exists, unless the undelivered element is a service, in which the entire arrangement fee is recognized ratably over the period during which the services are expected to be performed.

Royalty income is recognized on the basis of terms specified in the contractual agreements.

Cost of Product Sales and Services

Cost of sales consists primarily of materials, labor and overhead costs incurred internally and paid to contract manufacturers to produce our products, personnel and other implementation costs incurred to install our products and train customer personnel, and customer service and third party original equipment manufacturer costs to provide continuing support to our customers. Also included in cost of sales is the amortization of purchased technology intangible assets.

Shipping and handling costs are included as a component of costs of product sales in our Consolidated Statements of Operations because we include in revenue the related costs that we bill our customers.

Presentation of Taxes Collected from Customers and Remitted to Government Authorities

We present taxes (e.g., sales tax) collected from customers and remitted to governmental authorities on a net basis (i.e., excluded from revenue).

Share-Based Compensation

Effective July 2, 2005, the start of our fiscal year 2006, we implemented Statement of Financial Accounting Standards No. 123R "Share-based Payment" ("Statement 123R") for all share-based compensation, including

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share-based compensation that was not vested as of the end of our fiscal year 2005. We estimate the grant date fair value of our share-based awards and amortize this fair value to compensation expense over the requisite service period or vesting term. We have issued stock options, restricted stock and performance shares under our 2007 Stock Equity Plan and assumed stock options from the Stratex acquisition.

To estimate the fair value of our stock option awards, we use the Black-Scholes-Merton option-pricing model. The determination of the fair value of share-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. These variables include our expected stock price volatility over the expected term of the awards, actual and projected employee stock option exercise behaviors, risk-free interest rate and expected dividends. Due to the inherent limitations of option-valuation models, including consideration of future events that are unpredictable and the estimation process utilized in determining the valuation of the share-based awards, the ultimate value realized by our employees may vary significantly from the amounts expensed in our financial statements. For restricted stock and performance share awards, we measure the grant date fair value based upon the market price of our common stock on the date of the grant.

For stock options and restricted stock, we recognize compensation cost on a straight-line basis over the awards' vesting periods for those awards which contain only a service vesting feature. For awards with a performance condition vesting feature, when achievement of the performance condition is deemed probable we recognize compensation cost on a straight-line basis over the awards' expected vesting periods. Vesting of performance share awards is subject to performance criteria including meeting net income and cash flow targets for a 29-month plan period ending July 3, 2009 and continued employment at the end of that period. The final determination of the number of shares to be issued in respect of an award is determined by our Board of Directors, or a committee of our Board.

Statement 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from initial estimates. Forfeitures were estimated based on the historical experience at Stratex for those options assumed, and on the historical experience at Harris for our employees that were formerly at MCD. For our fiscal 2008 and 2007 awards, we estimated the forfeiture rate based on the grantee population which is only at a director level and above which we expect to be 5%. We expect forfeitures to be 8% annually for the Stratex options assumed. Share-based compensation expense was recorded net of estimated forfeitures such that expense was recorded only for those share-based awards that are expected to vest. True-ups of forfeiture estimates are made quarterly on a grant by grant basis.

Statement 123R also requires that cash flows resulting from the gross benefit of tax deductions related to share-based compensation in excess of the grant date fair value of the related share-based awards be presented as part of cash flows from financing activities. This amount is shown as a reduction to cash flows from operating activities and an increase to cash flow from financing activities. See Note P — *Share-Based Compensation*, for additional information.

Earnings (Loss) per Share and Description of Shares Outstanding

We compute net income or loss 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.

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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.

Prior to January 26, 2007, we were a division of Harris and there were no shares outstanding for purposes of earnings (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. For fiscal 2008 and 2007, the diluted loss per share amounts equals the basic loss per share amounts because we reported a net loss and as such, the impact of the assumed exercise of stock options and warrants would have been anti-dilutive.

Restructuring and Related Expenses

We account for restructuring and related expenses in accordance with Statement of Financial Accounting Standards No. 146 "Accounting for Costs Associated with Exit or Disposal Activities" ("Statement 146"). Statement 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred, as opposed to when management commits to an exit plan. Statement 146 also requires that (i) liabilities associated with exit and disposal activities be measured at fair value; (ii) one-time termination benefits be expensed at the date the entity notifies the employee, unless the employee must provide future service, in which case the benefits are expensed ratably over the future service period; (iii) liabilities related to an operating lease/contract be recorded at fair value and measured when the contract does not have any future economic benefit to the entity (i.e., the entity ceases to utilize the rights conveyed by the contract); and (iv) all other costs related to an exit or disposal activity be expensed as incurred. We account for severance costs in accordance with Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits." The severance benefits provided as part of restructurings are part of an ongoing benefit arrangement, and accordingly, we have accrued a liability for expected severance costs. Restructuring liabilities and the liability for expected severance costs are shown as "Restructuring liabilities" in current and long-term liabilities on our consolidated balance sheets and the related costs are reflected as operating expenses in the Consolidated Statements of Operations. See Note O — *Restructuring Activities*, for additional information.

Research and Development Costs

Our company-sponsored research and development costs, which include costs in connection with new product development, improvement of existing products, process improvement, and product use technologies, are charged to operations in the period in which they are incurred. In connection with business combinations, the purchase price allocated to research and development projects that have not yet reached technological feasibility and for which no alternative future use exists is charged to operations in the period of acquisition. We present research and

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development expenses and acquired in-process research and development costs as separate line items in our Consolidated Statements of Operations.

Customer-sponsored research and development costs are sometimes incurred pursuant to contractual arrangements and are accounted for principally by the percentage-of-completion method. There was no customer-sponsored research and development in fiscal 2008, 2007 or 2006.

Segment Information

We disclose information concerning our operating segments in accordance with Statement of Financial Accounting Standards No. 131 “Disclosures about Segments of an Enterprise and Related Information” (“Statement 131”). Statement 131 established annual and interim reporting standards for an enterprise’s operating segments and related disclosures about geographic information and major customers. 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., Canada and the Caribbean). 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 and service fulfillment systems and solutions, primarily for cellular network providers and private network users worldwide.

Our Chief Executive Officer is the Chief Operating Decision-Maker (CODM) as defined by Statement 131. Resources are allocated to each of these segments using information based primarily on their operating income (loss). Operating income (loss) is defined as revenue less cost of product sales and services, engineering, selling and administrative expenses, restructuring charges, acquired in-process research and development, and amortization of identifiable intangible assets. General corporate expenses are allocated to the North America Microwave and International Microwave segments based on revenue. Information related to assets, capital expenditures and depreciation and amortization for the operating segments is not part of the discrete financial information provided to and reviewed by the CODM. Note Q — *Business Segments*, for additional information.

Note C — Accounting Changes and Recent Accounting Pronouncements

Initial Application of Standards, Interpretations and Amendments to Standards and Interpretations

Accounting for Uncertainty in Income Taxes

In June 2006, the FASB issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes — an Interpretation of FASB Statement 109” (“FIN 48”), which sets out a consistent framework for preparers to use to determine the appropriate level of tax reserves to maintain for uncertain tax positions. This interpretation of Statement 109 uses a two-step approach wherein a tax benefit is recognized if a position is more likely than not to be sustained. The amount of the benefit to be recognized is the largest amount that has a greater than 50 percent likelihood of being ultimately sustained. FIN 48 also sets out disclosure requirements to enhance transparency of an entity’s tax reserves. We implemented FIN 48 effective June 30, 2007, which was the beginning of our fiscal 2008. The adoption of FIN 48 increased our retained deficit by less than \$0.1 million as of June 30, 2008.

Standards, Interpretations and Amendments Issued, but not yet Adopted

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.

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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 is our fiscal 2009. In February 2008, the FASB issued FASB Staff Position (“FSP”) 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 is our fiscal 2010. We do not currently anticipate that the implementation of Statement 157 will materially impact our financial position, results of operations or cash flows.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (“Statement 159”). Statement 159 allows companies to voluntarily choose, at specified election dates, to measure many financial assets and financial liabilities at fair value (the “fair value option”). The election is made on an instrument-by-instrument basis and is irrevocable. If the fair value option is elected for an instrument, all unrealized gains or losses in fair value for that instrument shall be reported in earnings at each subsequent reporting date. Statement 159 is effective for fiscal years that begin after November 15, 2007, which for us is our fiscal 2009. We do not currently plan to elect the fair value option.

Accounting for Business Combinations

In December 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. Statement 141R also requires that 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. Thus, while adoption is not expected to materially impact our financial position, results of operations or cash flows directly when it becomes effective on July 4, 2009 (the beginning of our fiscal 2010), it is expected to have a significant effect on the accounting for any acquisitions we make subsequent to that date.

Accounting for Non-controlling Interests in Consolidated Financial Statements

In December 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 is our fiscal 2010. We do not currently anticipate the implementation of Statement 160 will materially impact our financial position, results of operations or cash flows.

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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 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 consolidated 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 is the third quarter of our fiscal 2009. We do not currently anticipate the implementation of Statement 161 will materially impact our financial position, results of operations or cash flows.

Earnings per Share

In June 2008, the FASB issued FSP No. Emerging Issues Task Force (“EITF”) 03-6-1, “Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities” (“FSP 03-6-1”). FSP 03-6-1 states that unvested share-based payment awards that contain rights to receive nonforfeitable dividends or dividend equivalents (whether paid or unpaid) are participating securities and, accordingly, should be included in the two-class method of calculating earnings per share (“EPS”) under FASB Statement of Financial Accounting Standards No. 128, “Earnings per Share.” FSP 03-6-1 also includes guidance on allocating earnings pursuant to the two-class method. FSP 03-6-1 is effective for fiscal years beginning after December 15, 2008, which for us is our fiscal 2010. All prior-period EPS data presented (including interim financial statements, summaries of earnings, and selected financial data) shall be adjusted retrospectively. We are currently evaluating the impact FSP 03-6-1 may have on our financial position, results of operations and cash flows.

Useful Life of Intangible Assets

In June 2008, the FASB issued FSP No. FAS 142-3, “Determining the Useful Life of Intangible Assets” (“FSP 142-3”). FSP 142-3 amends the factors that must be considered in developing renewal or extension assumptions used to determine the useful life of recognized intangible assets accounted for pursuant to Statement 142. FSP 142-3 amends Statement 142 to require an entity to consider its own historical experience in renewing or extending similar arrangements, regardless of whether those arrangements have explicit renewal or extension provisions. In the absence of such experience, FSP 142-3 requires an entity to consider assumptions that market participants would use (consistent with the highest and best use of the asset by market participants), adjusted for entity-specific factors. FSP 142-3 also requires incremental disclosures for renewable intangible assets. FSP 142-3 is effective for fiscal years beginning after December 15, 2008, which for us is our fiscal 2010. This FSP is to be applied prospectively to intangible assets acquired after the effective date, and the incremental disclosure requirements for renewable intangible assets are to be applied prospectively to all intangible assets recognized as of, and subsequent to, the effective date.

Note D — Restatement of Previously Issued Financial Statements

As previously announced on July 30, 2008, Harris Stratex Networks, Inc. and its Audit Committee concluded that our consolidated financial statements for the quarters ended March 28, 2008, December 28, 2007 and September 28, 2007, respectively, and fiscal years ended June 29, 2007, June 30, 2006 and July 1, 2005 would be

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restated for the correction of errors contained in those consolidated financial statements. 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 and \$4.9 million as of July 1, 2005. Division equity, which as reclassified to additional paid-in capital at the merger date, decreased from the amount previously reported by \$8.3 million. 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 and \$2.8 million for the fiscal years ended June 29, 2007 and June 30, 2006, respectively. The restatement had no impact on our net cash flows from operations, financing activities or investing activities.

Previously filed (i) annual consolidated financial statements for the fiscal years ended June 29, 2007, June 30, 2006 and July 1, 2005 included in the Company's Annual Report on Form 10-K ("Form 10-K") for the year ended June 29, 2007, (ii) interim condensed consolidated financial statements for the quarters ended March 28, 2008, December 28, 2007 and September 28, 2007 and (iii) related reports of the Company's independent registered public accountants have been replaced by the fiscal 2007 Form 10-K/A and the Forms 10-Q/A for the quarters ended March 28, 2008, December 28, 2007 and September 28, 2007 by the Company on September 25, 2008. Details of the nature of the corrections are as follows:

Inventory

Project costs are accumulated in work in process inventory accounts in our cost accounting systems. As products are shipped or otherwise meet our revenue recognition criteria, these project costs are recorded to cost of sales. Estimates may be required if certain costs have been incurred but not yet invoiced to us. On a routine and periodic basis, we review the work in process balances related to these projects to ensure all appropriate costs have been recorded to cost of sales in a timely manner and in the period to which they relate.

During fiscal 2008, we determined that this review had not been performed in a manner sufficient to identify significant project cost variances remaining in certain inventory accounts, and that the resulting errors impacted prior quarters and prior years. To correct this error, we decreased work in process inventory compared to amounts previously recorded by \$14.1 million and \$9.6 million as of March 28, 2008 and June 29, 2007, respectively, and increased cost of external product sales and services by \$4.5 million for the three quarters ended March 28, 2008 and \$4.6 million and \$2.1 million for the fiscal years ended June 29, 2007 and June 30, 2006, respectively. A \$2.9 million increase in the cost of external product sales and services was recorded in fiscal years prior to 2006.

Inventory and Intercompany Account Reconciliations

During the course of the year end close for the fiscal year ending June 27, 2008, we determined that certain account reconciliation adjustments recorded in the fourth quarter of fiscal 2008, which related primarily to inventory and intercompany accounts receivable accounts, should have been recorded in prior quarters or prior years. We determined that certain manual controls had not been performed for certain periods, resulting in accounting errors. More specifically, we identified errors in the work in process inventory balances resulting from incorrect account reconciliation processes. To correct this error, we decreased work in process inventory compared to amounts previously recorded by \$2.5 million and \$1.9 million as of March 28, 2008 and June 29, 2007, respectively, and increased cost of external product sales by \$0.6 million for the three quarters ended March 28, 2008 and \$1.4 million and \$0.6 million for the fiscal years ended June 29, 2007 and June 30, 2006, respectively. A \$0.1 million decrease in the cost of external product sales was recorded in fiscal years prior to 2006.

We also identified errors in accounts receivable balances as a result of control deficiencies in the recording and elimination of intercompany transactions. To correct this error, we decreased accounts receivable compared to amounts previously recorded by \$3.1 million and \$2.2 million as of March 28, 2008 and June 29, 2007, respectively, and increased selling and administrative expenses by \$0.9 million for the three quarters ended March 28, 2008 and \$0.1 million for the fiscal year ended June 30, 2006. A \$2.1 million increase in selling and administrative expenses was recorded in fiscal fiscal years prior to 2006.

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Warranty Liability

Our liability for product warranties contains the estimated accrual for certain technical assistance service provided under our standard warranty policy. We determined that these costs had not been properly included in warranty liability estimates in the balance sheet of Stratex at the date of acquisition. To correct this error, we increased the warranty liability and increased goodwill related to the Stratex acquisition by \$1.1 million as of March 28, 2008 and June 29, 2007.

Deferred Tax Liability

Taking into consideration the restatement adjustments described above, we reassessed our income tax provision in accordance with Statement 109. As a result, we decreased the net deferred tax liability balance and increased the income tax benefit by \$4.4 million and \$2.1 million as of March 28, 2008 and June 29, 2007, respectively. For periods prior to January 26, 2007, income tax expense has been determined as if MCD had been a stand-alone entity, although the actual tax liabilities and tax consequences applied only to Harris. Our income tax expense for those periods relates to income taxes paid or to be paid in foreign jurisdictions for which net operating loss carryforwards were not available and domestic taxable income is deemed offset by tax loss carryforwards for which an income tax valuation allowance had been previously provided for in the financial statements. Thus, there were no changes in our tax provision for periods prior to fiscal 2007.

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables present the impact of the restatement adjustments on our previously reported consolidated statements of operations for the three quarters ended March 28, 2008 and fiscal years 2007 and 2006 as well as the impact on the previously reported consolidated balance sheets as of March 28, 2008 and June 29, 2007.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Quarters Ended March 28, 2008		
	As Previously Reported	Adjustments	As Restated
	(In millions, except per share amounts)		
Net revenues from product sales and services	\$ 531.6	\$ —	\$ 531.6
Cost of product sales and services:			
Cost of external product sales	(306.3)	(4.7)	(311.0)
Cost of product sales with Harris Corporation	(4.2)	—	(4.2)
Total cost of product sales	(310.5)	(4.7)	(315.2)
Cost of services	(59.8)	(0.4)	(60.2)
Cost of sales billed from Harris Corporation	(4.6)	—	(4.6)
Amortization of purchased technology	(5.3)	—	(5.3)
Total cost of product sales and services	(380.2)	(5.1)	(385.3)
Gross margin	151.4	(5.1)	146.3
Research and development expenses	(34.8)	—	(34.8)
Selling and administrative expenses	(90.0)	(0.9)	(90.9)
Selling and administrative expenses with Harris Corporation	(5.2)	—	(5.2)
Total research, development, selling and administrative expenses	(130.0)	(0.9)	(130.9)
Acquired in-process research and development	—	—	—
Amortization of identifiable intangible assets	(5.6)	—	(5.6)
Restructuring charges	(8.4)	—	(8.4)
Corporate allocations expense from Harris Corporation	—	—	—
Operating income	7.4	(6.0)	1.4
Interest income	1.4	—	1.4
Interest expense	(2.2)	—	(2.2)
Income before provision for income taxes	6.6	(6.0)	0.6
Provision for income taxes	(1.1)	2.3	1.2
Net income	\$ 5.5	\$ (3.7)	\$ 1.8
Net income (loss) per share of Class A and Class B common stock:			
Basic	\$ 0.09	\$ (0.06)	\$ 0.03
Diluted	\$ 0.05	\$ (0.07)	\$ (0.02)
Basic weighted average shares outstanding	58.4		58.4
Diluted weighted average shares outstanding	58.9		58.9

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	For the Fiscal Year Ended June 29, 2007		
	As Previously Reported	Adjustments (In millions, except per share amounts)	As Restated
Net revenues from product sales and services	\$ 507.9	\$ —	\$ 507.9
Cost of product sales and services:			
Cost of external product sales	(281.2)	(5.1)	(286.3)
Cost of product sales with Harris Corporation	(1.3)	—	(1.3)
Total cost of product sales	(282.5)	(5.1)	(287.6)
Cost of services	(64.3)	(0.9)	(65.2)
Cost of sales billed from Harris Corporation	(5.4)	—	(5.4)
Amortization of purchased technology	(3.0)	—	(3.0)
Total cost of product sales and services	(355.2)	(6.0)	(361.2)
Gross margin	152.7	(6.0)	146.7
Research and development expenses	(39.4)	—	(39.4)
Selling and administrative expenses	(92.1)	—	(92.1)
Selling and administrative expenses with Harris Corporation	(6.8)	—	(6.8)
Total research, development, selling and administrative expenses	(138.3)	—	(138.3)
Acquired in-process research and development	(15.3)	—	(15.3)
Amortization of identifiable intangible assets	(7.5)	—	(7.5)
Restructuring charges	(9.3)	—	(9.3)
Corporate allocations expense from Harris Corporation	(3.7)	—	(3.7)
Operating loss	(21.4)	(6.0)	(27.4)
Interest income	1.8	—	1.8
Interest expense	(2.3)	—	(2.3)
Loss before provision for income taxes	(21.9)	(6.0)	(27.9)
Benefit for income taxes	4.0	2.1	6.1
Net loss	\$ (17.9)	\$ (3.9)	\$ (21.8)
Basic and diluted net loss per common share	\$ (0.72)	\$ (0.16)	\$ (0.88)
Basic and diluted weighted average shares outstanding	24.7		24.7

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	For the Fiscal Year Ended June 30, 2006		
	As Previously Reported	Adjustments (In millions, except per share amounts)	As Restated
Net revenues from product sales and services	\$ 357.5	\$ —	\$ 357.5
Cost of product sales and services:			
Cost of external product sales	(222.7)	(2.4)	(225.1)
Cost of product sales with Harris Corporation	(7.4)	—	(7.4)
Total cost of product sales	(230.1)	(2.4)	(232.5)
Cost of services	(37.1)	(0.3)	(37.4)
Cost of sales billed from Harris Corporation	(5.3)	—	(5.3)
Amortization of purchased technology	—	—	—
Total cost of product sales and services	(272.5)	(2.7)	(275.2)
Gross margin	85.0	(2.7)	82.3
Research and development expenses	(28.8)	—	(28.8)
Selling and administrative expenses	(62.9)	(0.1)	(63.0)
Selling and administrative expenses with Harris Corporation	(5.6)	—	(5.6)
Total research, development, selling and administrative expenses	(97.3)	(0.1)	(97.4)
Acquired in-process research and development	—	—	—
Amortization of identifiable intangible assets	—	—	—
Restructuring charges	(3.8)	—	(3.8)
Corporate allocations expense from Harris Corporation	(12.4)	—	(12.4)
Operating loss	(28.5)	(2.8)	(31.3)
Interest income	0.5	—	0.5
Interest expense	(1.0)	—	(1.0)
Loss before provision for income taxes	(29.0)	(2.8)	(31.8)
Provision for income taxes	(6.8)	—	(6.8)
Net loss	\$ (35.8)	\$ (2.8)	\$ (38.6)
Basic and diluted net loss per common share	N/A		N/A
Basic and diluted weighted average shares outstanding	N/A		N/A

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATED BALANCE SHEETS

	As of March 28, 2008		
	As Previously Reported	Adjustments	As Restated
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 97.0	\$ —	\$ 97.0
Short-term investments and available for sale securities	3.4	—	3.4
Receivables	199.0	(3.1)	195.9
Unbilled costs	35.7	—	35.7
Inventories	125.3	(16.6)	108.7
Deferred income taxes	6.5	—	6.5
Other current assets	17.5	—	17.5
Total current assets	484.4	(19.7)	464.7
<i>Long-Term Assets</i>			
Property, plant and equipment	74.4	—	74.4
Goodwill	315.4	1.1	316.5
Identifiable intangible assets	133.2	—	133.2
Other long-term assets	16.0	—	16.0
	539.0	1.1	540.1
Total assets	<u>\$ 1,023.4</u>	<u>\$ (18.6)</u>	<u>\$ 1,004.8</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
<i>Current Liabilities</i>			
Short-term debt	\$ —	\$ —	\$ —
Current portion of long-term debt	6.0	—	6.0
Accounts payable	81.8	—	81.8
Compensation and benefits	12.5	—	12.5
Other accrued items	44.8	1.1	45.9
Advance payments and unearned income	26.7	—	26.7
Income taxes payable	3.6	—	3.6
Restructuring liabilities	6.7	—	6.7
Current portion of long-term capital lease obligation to Harris Corporation	1.6	—	1.6
Due to Harris Corporation	20.5	—	20.5
Total current liabilities	204.2	1.1	205.3
Long-term liabilities	42.9	(4.4)	38.5
Total liabilities	247.1	(3.3)	243.8
Total shareholders' equity	776.3	(15.3)	761.0
Total liabilities and shareholders' equity	<u>\$ 1,023.4</u>	<u>\$ (18.6)</u>	<u>\$ 1,004.8</u>

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	As of June 29, 2007		
	As Previously Reported	Adjustments	As Restated
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 69.2	\$ —	\$ 69.2
Short-term investments and available for sale securities	20.4	—	20.4
Receivables	185.3	(2.2)	183.1
Unbilled costs	36.9	—	36.9
Inventories	135.7	(11.5)	124.2
Deferred income taxes	4.1	—	4.1
Other current assets	21.7	—	21.7
Total current assets	<u>473.3</u>	<u>(13.7)</u>	<u>459.6</u>
<i>Long-Term Assets</i>			
Property, plant and equipment	80.0	—	80.0
Goodwill	323.6	1.1	324.7
Identifiable intangible assets	144.5	—	144.5
Other long-term assets	16.7	—	16.7
	<u>564.8</u>	<u>1.1</u>	<u>565.9</u>
Total assets	<u>\$ 1,038.1</u>	<u>\$ (12.6)</u>	<u>\$ 1,025.5</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
<i>Current Liabilities</i>			
Short-term debt	\$ 1.2	\$ —	\$ 1.2
Current portion of long-term debt	10.7	—	10.7
Accounts payable	84.7	—	84.7
Compensation and benefits	11.5	—	11.5
Other accrued items	44.7	1.1	45.8
Advance payments and unearned income	22.3	—	22.3
Income taxes payable	6.8	—	6.8
Restructuring liabilities	10.8	—	10.8
Current portion of long-term capital lease obligation to Harris Corporation	3.1	—	3.1
Due to Harris Corporation	17.2	—	17.2
Total current liabilities	<u>213.0</u>	<u>1.1</u>	<u>214.1</u>
Long-term liabilities	67.1	(2.1)	65.0
Total liabilities	<u>280.1</u>	<u>(1.0)</u>	<u>279.1</u>
Total shareholders' equity	758.0	(11.6)	746.4
Total liabilities and shareholders' equity	<u>\$ 1,038.1</u>	<u>\$ (12.6)</u>	<u>\$ 1,025.5</u>

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note E — Business Combination — Acquisition of Stratex Networks, Goodwill and Identifiable Intangible Assets (Restated)

On January 26, 2007, we completed our acquisition of Stratex. Pursuant to the acquisition, each share of Stratex common stock was converted into one-fourth of a share of our Class A common stock. As a result of the transaction, 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 (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) 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% of our outstanding stock and the former Stratex shareholders owned approximately 43% of our 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. Total consideration paid by us was approximately \$493.1 million as summarized in the following table:

Calculation of Allocable Purchase Price	January 26, 2007 (In millions)
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	<u>\$ 493.1</u>

The table below represents the allocation of the total consideration paid to the purchased tangible assets, identifiable intangible assets, goodwill and liabilities based on management's assessment of their respective fair values as of the date of acquisition.

Balance Sheet as of the Acquisition Date	(In millions) (Restated)
Cash, cash equivalents, short-term investments and available for sale securities	\$ 58.6
Accounts and notes receivable	39.1
Inventories	44.2
In-process research and development	15.3
Identifiable intangible assets	149.5
Goodwill	295.0
Property, plant and equipment	33.0
Other assets	11.1
Total assets	<u>\$ 645.8</u>
Current portion of long-term debt	\$ 11.3
Accounts payable and accrued expenses	56.1
Advance payments and unearned income	0.3
Income taxes payable	9.2
Liability for severance payments	7.9
Long-term debt	13.4
Deferred tax liabilities	41.3
Long-term restructuring liabilities	8.7
Warrants	4.5
Common stock and additional paid-in capital	493.1
Total liabilities and shareholders' equity	<u>\$ 645.8</u>

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Included in the liabilities assumed as presented in the table above were \$7.9 million in severance and related costs for certain Stratex employees.

The following table summarizes the allocation of estimated identifiable intangible assets resulting from the acquisition. For purposes of this allocation, we have assessed a fair value of Stratex identifiable intangible assets related to customer contracts, customer relationships, employee covenants not to compete, developed technology and tradenames based on the net present value of the projected income stream of these identifiable intangible assets. The resulting fair value is being amortized over the estimated useful life of each identifiable intangible asset on a straight-line basis. We estimated the fair value of acquired in-process research and development to be approximately \$15.3 million, which we have reflected in “Acquired in-process research and development” expense in the Consolidated Statements of Operations during fiscal 2007. This represents certain technologies under development, primarily related to the next generation of the Eclipse product line.

	<u>Expense Type</u>	<u>Estimated Useful Life (Years)</u>	<u>Total (In millions)</u>
Developed technology	Cost of product sales and services	10	\$ 70.1
Stratex trade name	Engineering, selling and administrative	Indefinite	33.0
Other tradenames	Engineering, selling and administrative	5	11.4
Customer relationships	Engineering, selling and administrative	4 to 10	28.8
Contract backlog	Engineering, selling and administrative	0.4	4.3
Non-competition agreements	Engineering, selling and administrative	1	1.9
			<u>\$ 149.5</u>

The Stratex results of operations have been included in the Consolidated Statements of Operations and Cash Flows since the acquisition date of January 26, 2007 and are included almost entirely in our International Microwave segment. The excess of the purchase price over the fair value of the identifiable tangible and intangible net assets acquired was assigned to goodwill. The goodwill resulting from the acquisition was associated primarily with the Stratex market presence and leading position, its growth opportunity in the markets in which it operated, and its experienced work force and established operating infrastructure.

In accordance with Statement 142, goodwill will not be amortized but will be tested for impairment at least annually. We have not recorded any impairment losses on identifiable intangible assets or goodwill in fiscal 2008, 2007 or 2006. The goodwill resulting from the Stratex acquisition is not deductible for tax purposes. We obtained the assistance of independent valuation specialists to assist us in determining the allocation of the purchase price for the Stratex acquisition.

The acquired identifiable intangible assets and their respective book values as of June 27, 2008 are shown in the table below (in millions):

	<u>Developed Technology</u>	<u>Tradenames</u>	<u>Customer Relationships (In millions)</u>	<u>Contract Backlog</u>	<u>Non-Compete Agreements</u>	<u>Total</u>
Initial fair value	\$ 70.1	\$ 44.4	\$ 28.8	\$ 4.3	\$ 1.9	\$ 149.5
Accumulated amortization	(9.9)	(3.2)	(4.7)	(4.3)	(1.9)	(24.0)
Net identifiable intangible assets	<u>\$ 60.2</u>	<u>\$ 41.2</u>	<u>\$ 24.1</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 125.5</u>

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Pro Forma Results (Restated)

The following summary, prepared on a pro forma basis, presents unaudited consolidated results of operations as if Stratex Networks had been acquired as of the beginning of each of the periods presented, after including the impact of adjustments such as amortization of intangibles and the related income tax effects. This pro forma presentation does not include any impact of acquisition synergies.

	2007 (Restated) (In millions, except per share data)	2006 (Restated)
Revenue from product sales and services — as reported	\$ 507.9	\$ 357.5
Revenue from product sales and services — pro forma	\$ 653.7	\$ 599.8
Net loss — as reported (Restated)	\$ (21.8)	\$ (38.6)
Net loss — pro forma (Restated)	\$ (34.2)	\$ (79.7)
Net loss per diluted common share — as reported (Restated)	\$ (0.88)	N/A
Net loss per diluted common share — pro forma (Restated)	\$ (0.59)	\$ (1.37)

The pro forma results are not necessarily indicative of our results of operations had we owned Stratex Networks for the entire periods presented.

Summary of Goodwill (Restated)

Goodwill on the consolidated balance sheets in our North America Microwave and International Microwave segments totaled \$284.2 million and \$324.7 million as of the end of fiscal 2008 and 2007. There was no goodwill in our Network Operations segment. Changes in the carrying amount of goodwill for the fiscal years ended June 27, 2008 and June 29, 2007 by segment were as follows:

	2008			2007		
	North America	International	Total (In millions)	North America (Restated)	International	Total
Balance as of the beginning of year (Restated)	\$ 1.9	\$ 322.8	\$ 324.7	\$ 1.9	\$ 26.4	\$ 28.3
Goodwill from the Stratex acquisition	—	—	—	—	295.0	295.0
Reduction of deferred tax liabilities and other adjustments established in Stratex purchase accounting	—	(41.9)	(41.9)	—	—	—
Reclassification of Stratex goodwill	34.3	(34.3)	—	—	—	—
Translation adjustments related to acquisitions in prior years	—	1.4	1.4	—	1.4	1.4
	<u>\$ 36.2</u>	<u>\$ 248.0</u>	<u>\$ 284.2</u>	<u>\$ 1.9</u>	<u>\$ 322.8</u>	<u>\$ 324.7</u>

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Summary of Identifiable Intangible Assets

In addition to the identifiable intangible assets from the Stratex acquisition, we have other identifiable intangible assets related primarily to technology obtained through acquisitions prior to fiscal 2006. Our other identifiable intangible assets are being amortized over their useful estimated economic lives, which range from 2 to 17 years. A summary of all of our identifiable intangible assets is presented below:

	Stratex Developed Technology	Stratex Tradenames	Stratex Customer Relationships	Stratex Contract Backlog	Stratex Non- Compe- Agreements	Stratex Acquisition Total	Other Identifiable Intangible Assets	Total Identifiable Intangible Assets
(In millions, except for weighted average useful life in years)								
Gross identifiable intangible assets as of June 30, 2006	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 12.8	\$ 12.8
Less accumulated amortization	—	—	—	—	—	—	(6.4)	(6.4)
Net identifiable intangible assets as of June 30, 2006	—	—	—	—	—	—	6.4	6.4
Add: acquired fair value of Stratex identifiable intangible assets	70.1	44.4	28.8	4.3	1.9	149.5	—	149.5
Less: amortization expense fiscal 2007	(2.9)	(1.0)	(1.4)	(4.3)	(0.8)	(10.4)	(1.2)	(11.6)
Foreign currency translation	—	—	—	—	—	—	0.2	0.2
Net identifiable intangible assets as of June 29, 2007	67.2	43.4	27.4	—	1.1	139.1	5.4	144.5
Less: amortization expense fiscal 2008	(7.0)	(2.2)	(3.3)	—	(1.1)	(13.6)	(0.9)	(14.5)
Foreign currency translation	—	—	—	—	—	—	0.1	0.1
Net identifiable intangible assets as of June 27, 2008	\$ 60.2	\$ 41.2	\$ 24.1	\$ —	\$ —	\$ 125.5	\$ 4.6	\$ 130.1
Amortization expense 2008	7.0	2.2	3.3	—	1.1	13.6	0.9	14.5
Amortization expense 2007	2.9	1.0	1.4	4.3	0.8	10.4	1.2	11.6
Amortization expense 2006	—	—	—	—	—	—	1.2	1.2
Weighted Average Useful Life (in years)	8.6	Indefinite*	8.1	—	—	—	6.6	—

* The tradename "Stratex" has an indefinite life and has been carried on our books as an identifiable intangible asset since January 26, 2007 at \$33.0 million. Other tradenames identified have a weighted average useful life of 3.6 years as of June 27, 2008.

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

At June 27, 2008, we estimate our future amortization of identifiable intangible assets by year as follows:

	Years Ending in June (In millions)
2009	\$ 13.4
2010	13.4
2011	13.1
2012	11.7
2013	10.1
Thereafter	35.4
	<u>\$ 97.1</u>

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

Short-term investments and available for sale securities as of June 27, 2008 and June 29, 2007 are as follows:

June 27, 2008	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Market Value
	(In millions)			
Certificates of deposit	\$ 0.6	\$ —	\$ —	\$ 0.6
Commercial paper	1.4	—	—	1.4
Corporate notes	1.1	—	—	1.1
	<u>\$ 3.1</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3.1</u>
June 29, 2007	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Market Value
	(In millions)			
Corporate notes	\$ 12.8	\$ —	\$ —	\$ 12.8
Government notes	4.8	—	—	4.8
Auction rate securities	2.8	—	—	2.8
	<u>\$ 20.4</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 20.4</u>

As of June 27, 2008, all of our short-term investments and available for sale securities have maturity dates of less than one year, with a weighted average maturity of 122 days. As of June 29, 2007, with the exception of the auction rate securities and one corporate note with a market value of \$0.6 million and a maturity of 13 months, all of our short-term investments and available for sale securities had maturity dates of less than one year, with a weighted average maturity of 140 days. The auction rate securities held as of June 29, 2007 were sold at face value during fiscal 2008 with no realized gain or loss recognized. Realized gains and losses from the sale of short-term investments and available for sale securities in fiscal 2008, 2007 and 2006 were not significant.

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note G — Accumulated Other Comprehensive Income (Loss)

The changes in components of our accumulated other comprehensive income (loss) during fiscal 2008, 2007 and 2006 are as follows:

	Foreign Currency Translation	Hedging Derivatives	Short-Term Investments and Available for Sale Securities (In millions)	Total Accumulated Other Comprehensive Income (Loss)
Balance as of July 1, 2005	\$ (14.2)	\$ 0.3	\$ —	\$ (13.9)
Foreign currency translation	12.7	—	—	12.7
Net unrealized loss on hedging activities, net of tax	—	(0.2)	—	(0.2)
Balance as of June 30, 2006	(1.5)	0.1	—	(1.4)
Foreign currency translation	1.5	—	—	1.5
Net unrealized loss on hedging activities, net of tax	—	(0.1)	—	(0.1)
Balance as of June 29, 2007	—	—	—	—
Foreign currency translation	4.1	—	—	4.1
Net unrealized loss on hedging activities, net of tax	—	(0.3)	—	(0.3)
Balance as of June 27, 2008	<u>\$ 4.1</u>	<u>\$ (0.3)</u>	<u>\$ —</u>	<u>\$ 3.8</u>

Note H — Receivables (Restated)

Our receivables are summarized below:

	June 27, 2008	June 30, 2007 (Restated)
	(In millions)	
Accounts receivable	\$ 205.5	\$ 188.3
Notes receivable due within one year — net	6.8	3.3
	212.3	191.6
Less allowances for collection losses	(12.6)	(8.5)
	<u>\$ 199.7</u>	<u>\$ 183.1</u>

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note I — Inventories (Restated)

Our inventories are summarized below:

	<u>June 27, 2008</u>	<u>June 29, 2007</u> (Restated)
	(In millions)	
Finished products	\$ 55.5	\$ 52.9
Work in process	14.4	17.1
Raw materials and supplies	<u>59.2</u>	<u>68.4</u>
	129.1	138.4
Inventory reserves	<u>(35.6)</u>	<u>(14.2)</u>
	<u>\$ 93.5</u>	<u>\$ 124.2</u>

During fiscal 2008, we increased our inventory reserves by \$14.7 million relating to inventory impairment as a result of product transitioning and product discontinuance.

Note J — Property, Plant and Equipment

Our property, plant and equipment are summarized below:

	<u>June 27, 2008</u>	<u>June 29, 2007</u>
	(In millions)	
Land	\$ 1.3	\$ 1.3
Buildings	29.1	30.8
Software developed for internal use	13.9	3.0
Machinery and equipment	<u>121.6</u>	<u>123.3</u>
	165.9	158.4
Less allowances for depreciation and amortization	<u>(90.3)</u>	<u>(78.4)</u>
	<u>\$ 75.6</u>	<u>\$ 80.0</u>

Depreciation and amortization expense related to plant and equipment, including software amortization, was \$16.9 million, \$14.5 million and \$12.6 million in fiscal 2008, 2007 and 2006.

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note K — Credit Facility, Debt and Subsequent Refinancing Arrangement

Our debt consisted of the following as of June 27, 2008 and June 29, 2007:

	June 27, 2008	June 29, 2007
	(In millions)	
Credit Facility with Bank:		
Term Loan A	\$ —	\$ 5.7
Term Loan B	8.8	13.8
Other short-term notes	—	1.2
Total	8.8	20.7
Less other short-term notes	—	(1.2)
Less current portion	(5.0)	(10.7)
Long-term debt	<u>\$ 3.8</u>	<u>\$ 8.8</u>

As part of the Stratex acquisition, we assumed the existing credit facility of Stratex with a commercial bank (the "Original Credit Facility"). The Original Credit Facility allowed for revolving credit borrowings of up to \$50 million with available credit defined as \$50 million less the outstanding balance of the long-term portion and any usage under the revolving credit portion. As of June 27, 2008, the outstanding balance of the long-term or term loan portion of our Original Credit Facility was \$8.8 million and there were \$8.6 million in outstanding standby letters of credit as of that date defined as usage under the revolving credit portion of the facility. The Original Credit Facility was unsecured. The fair value of our debt as of June 27, 2008 was \$9.0 million or \$0.2 higher than the carrying value.

Term Loan A of the Original Credit Facility required monthly principal payments of \$0.5 million plus interest at a fixed rate of 6.38% through May 2008. This loan was repaid in full, including all accrued interest, in June 2008. Term Loan B required monthly principal payments of \$0.4 million plus interest at a fixed rate of 7.25% through March 2010. This loan was also repaid in full, including all accrued interest, on June 30, 2008 with the proceeds of a \$10 million short-term borrowing under a new revolving credit facility entered into as of that date, replacing the Original Credit Facility, which was terminated as of that date. Details of the new revolving credit facility are provided below.

The Original Credit Facility agreement contained a minimum tangible net worth covenant and a liquidity ratio covenant. As of June 27, 2008 we were in compliance with these financial covenants.

At June 27, 2008, our future principal payment obligations on long-term debt under the Credit Facility were as follows:

	Years Ending in June (In millions)
2009	\$ 5.0
2010	3.8
Total	<u>\$ 8.8</u>

There were no short-term bank debt obligations outstanding as of June 27, 2008, compared to \$1.2 million in bank debt obligations outstanding as of June 29, 2007 consisting solely of notes payable to banks. The weighted average interest rate for these notes was 14.0% as of June 29, 2007.

We have uncommitted short-term lines of credit aggregating \$1.2 million from various international banks, all of which was available on June 27, 2008. These lines provide for borrowings at various interest rates, typically may

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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.

On June 30, 2008 the Original Credit Facility was terminated and replaced with a new revolving credit facility as of that date (the "New Facility"). The balance of the term loan portion of the Old Facility of \$8.8 million was repaid in full with the proceeds of a \$10 million borrowing under the New Facility. The standby letters of credit outstanding under the Old Facility as of the termination date remain as an obligation to Silicon Valley Bank. The New Credit Facility provides for an initial committed amount of \$70 million with an option for an additional \$50 million available with the same or additional banks. The commitment under the facility is currently divided equally between Silicon Valley Bank and Bank of America, with each providing \$35 million. The initial term of the New Facility is 3 years and provides for (1) demand borrowings (with no stated maturity date) at the greater of Bank of America's prime rate and the Federal Funds rate plus 0.5%, (2) fixed term Eurodollar loans for six months or more as agreed with the banks at LIBOR plus a spread of between 1.25% to 2.00% based on the company's current leverage ratio and (3) the issuance of standby or commercial letters of credit. The New Facility contains a minimum liquidity ratio covenant and a maximum leverage ratio covenant and is unsecured.

Note L — Accrued Warranties (Restated)

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 consolidated balance sheets, during the fiscal years ended June 27, 2008 and June 29, 2007, were as follows:

	Fiscal Year Ended	
	June 27, 2008	June 29, 2007
	Restated (In millions)	
Balance as of the beginning of the fiscal year	\$ 6.7	\$ 3.9
Acquisition of Stratex	—	4.6
Warranty provision for sales made during the fiscal year	8.5	2.8
Settlements made during the fiscal year	(8.4)	(4.7)
Other adjustments to the liability including foreign currency translation during the fiscal year	0.1	0.1
Balance as of the end of the fiscal year	<u>\$ 6.9</u>	<u>\$ 6.7</u>

Note M — Redeemable Preference Shares

During fiscal 2007, our Singapore subsidiary issued 8,250 redeemable preference shares to the U.S. parent company which, in turn, sold the shares to two unrelated investment companies at par value for total sale proceeds of \$8.25 million. These redeemable preference shares represent a 1% interest in our Singapore subsidiary. The redeemable preference shares have an automatic redemption date of January 2017, which is 10 years from the date of issue. Preference dividends are cumulative and payable quarterly in cash at the rate of 12% per annum. The holders of the redeemable preference shares have liquidation rights in priority of all classes of capital stock of our Singapore subsidiary. The holders of the redeemable preference shares do not have any other participation in, or rights to, our profits, assets or capital shares, and do not have rights to vote as a shareholder of the Singapore subsidiary unless the preference dividend or any part thereof is in arrears and has remained unpaid for at least 12 months after it has been declared. During fiscal 2008 and 2007, preference dividends totaling \$1.0 million and \$0.4 million were recorded as interest expense in the accompanying Consolidated Statements of Operations. We have classified the redeemable preference shares as long-term debt due to the mandatory redemption provision 10 years from issue date.

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Our Singapore subsidiary has the right at any time after 5 years from the issue date to redeem, in whole or in part, the redeemable preference shares as follows:

- 105% of the issue price after 5 years but before 6 years from issue date
- 104% of the issue price after 6 years but before 7 years from issue date
- 103% of the issue price after 7 years but before 8 years from issue date
- 102% of the issue price after 8 years but before 9 years from issue date
- 101% of the issue price after 9 years but before 10 years from issue date
- 100% of the issue price at the automatic redemption date of 10 years from issue date

Note N — Warrants

As part of the Stratex acquisition, we assumed warrants to purchase 539,195 shares of our Class A common stock. These warrants have an exercise price of \$11.80 per common share and will expire on September 24, 2009. In connection with the purchase accounting recorded as a result of the acquisition of Stratex, we recorded the total fair value of these warrants as \$4.5 million in long-term liabilities on January 26, 2007. The fair value of each warrant was \$1.15 and \$7.43 on June 27, 2008 and June 29, 2007, determined based on the Black-Scholes-Merton model with the assumptions listed in the table below.

	June 27, 2008	June 29, 2007
Dividend yield	0%	0%
Expected volatility	58.9%	43.1%
Risk-free interest rate	2.31%	4.91%
Expected holding period	0.67 years	1.25 years

As a result of recording these outstanding warrants at fair value as of June 27, 2008 and June 29, 2007, we recorded the change in fair value during fiscal 2008 and 2007 as \$3.3 million and \$0.6 million as a reduction to selling and administrative expenses on our Consolidated Statements of Operations. During fiscal 2007, warrants to purchase 18,750 shares of our Class A common stock were exercised for total proceeds of \$0.2 million. No warrants were exercised in fiscal 2008.

Note O — Restructuring Activities

During fiscal 2008, Harris Stratex 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.

During fiscal 2008, we recorded an additional \$9.3 million of restructuring charges in connection with the implementation of these fiscal 2007 plans. These fiscal 2008 additional charges consist of:

Severance, retention and related charges associated with reduction in force activities totaling \$3.4 million (\$4.0 in fiscal 2008 charges, less \$0.6 million for a reduction in the restructuring liability recorded for Canada and France as of June 29, 2007).

Lease impairment charges totaling \$1.8 from implementation of fiscal 2007 plans and changes in estimates related to sub-tenant activity at our U.S. and Canadian locations.

Impairment of fixed assets and leasehold improvements totaling \$1.9 million at our Canadian location.

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Impairment of a recoverable value-added type tax in Brazil totaling \$2.2 million resulting from our scaled down operations and reduced activity which negatively affected the fair value of this recoverable asset (included in "Other current assets" on our consolidated balance sheets).

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. These charges related to building lease obligations at four of Stratex' U.S. facilities. During fiscal 2008, we made payments of \$4.8 million on these leases, which reduced the liability by \$4.1 million, net of \$0.7 million in interest expense. Also during the second quarter of fiscal 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. Subsequent to the one-year window under purchase accounting, we updated our estimate of the utilization of this space under these lease obligations and increased the liability by \$0.5 million with an increase to restructuring expense.

In fiscal 2006, we implemented a restructuring plan to transfer our Montreal manufacturing activities to our San Antonio, Texas facility, and reduce our workforce by 110 employees. In fiscal 2006, we recorded restructuring charges of \$3.8 million, \$2.3 million of which related to employee severance benefits, and \$1.5 million of which related to building lease obligation and transition costs. In connection with this restructuring, we also recorded \$1.1 million for fixed asset write-offs. As of June 29, 2007, substantially all of the employee severance benefits had been paid, and \$1.1 million of the building lease obligation commitments had been paid. We anticipate no further charges associated with this plan.

The information in the following table summarizes our restructuring activity during the last three fiscal years and the remaining restructuring liability as of June 27, 2008.

	Severance and Benefits	Facilities and Other (In millions)	Total
Total restructuring liability balance as of July 1, 2005	\$ 0.3	\$ —	\$ 0.3
Provision in fiscal 2006	2.3	1.5	3.8
Cash payments in fiscal 2006	(0.7)	(1.2)	(1.9)
Total restructuring liability balance as of June 30, 2006	1.9	0.3	2.2
Acquisition of Stratex restructuring liability on January 26, 2007	—	12.0	12.0
Provision in fiscal 2007	9.3	—	9.3
Cash payments in fiscal 2007	(3.4)	(1.5)	(4.9)
Total restructuring liability as of June 29, 2007	7.8	10.8	18.6
Provision in fiscal 2008	4.0	5.9	9.9
Release of accrual to statement of operations in fiscal 2008	(0.6)	—	(0.6)
Amount credited to goodwill in fiscal 2008	—	(1.1)	(1.1)
Other adjustments to liability, including foreign currency translation during fiscal 2008	0.6	0.2	0.8
Non-cash charges in fiscal 2008	—	(4.1)	(4.1)
Cash payments in fiscal 2008	(10.0)	(3.2)	(13.2)
Total restructuring liability as of June 27, 2008	<u>\$ 1.8</u>	<u>\$ 8.5</u>	<u>\$ 10.3</u>
Current portion of restructuring liability as of June 27, 2008	\$ 1.8	\$ 3.3	\$ 5.1
Long-term portion of restructuring liability as of June 27, 2008	—	5.2	5.2
Total restructuring liability as of June 27, 2008	<u>\$ 1.8</u>	<u>\$ 8.5</u>	<u>\$ 10.3</u>

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

We do not anticipate any further restructuring charges under our fiscal year 2007 restructuring plans. The following table summarizes the costs incurred for our fiscal 2007 restructuring plans:

	Total Costs Incurred through June 29, 2007	Total Costs Incurred During the Fiscal Year Ended June 27, 2008 (In millions)	Cumulative Costs Incurred through June 27, 2008
North America Microwave:			
Severance and benefits	\$ 5.1	\$ 3.0	\$ 8.1
Facilities and other	—	3.7	3.7
Total North America Microwave	\$ 5.1	\$ 6.7	\$ 11.8
International Microwave:			
Severance and benefits	\$ 4.2	\$ 0.4	\$ 4.6
Facilities and other	—	2.2	2.2
Total International Microwave	\$ 4.2	\$ 2.6	\$ 6.8
Totals	\$ 9.3	\$ 9.3	\$ 18.6

Note P — Share-Based Compensation

As of June 27, 2008, we had one stock incentive plan for our employees and outside directors, the 2007 Stock Equity Plan, which was adopted by our board of directors and approved by Harris as our sole shareholder in January 2007. We believe that awards under this plan more closely align the interests of our employees with those of our shareholders. Certain share-based awards provide for accelerated vesting if there is a change in control (as defined under our 2007 Stock Equity Plan). Shares of Class A common stock remaining available for future issuance under our stock incentive plan totaled 4,389,488 as of June 27, 2008. Our stock incentive plan provides for the issuance of share-based awards in the form of stock options, restricted stock and performance share awards.

We also assumed all of the former Stratex Networks outstanding stock options as of January 26, 2007, as part of the Stratex acquisition. We recognized \$2.8 million and \$1.5 million in compensation expense relating to services provided during fiscal 2008 and fiscal 2007 for the portion of these stock options that were unvested as of January 26, 2007. During fiscal 2007, we also recognized \$0.9 million in compensation expense related to the acceleration of options in connection with the employment termination of one of our executive officers and \$0.9 million in compensation cost related to the acceleration of options charged to goodwill, both items accounted for as a modifications under Statement 123R. For the portion of these assumed stock options that were vested at the date of the Stratex acquisition, we included their fair value of \$15.5 million as part of the purchase price.

Finally, some of our employees who were formerly employed by MCD participate in Harris' three shareholder-approved stock incentive plans (the "Harris Plans") under which options or other share-based compensation is outstanding. In total, the compensation expense related to the Harris Plans' share-based awards was \$1.4 million, \$1.6 million and \$1.7 million during fiscal 2008, 2007 and 2006. These costs have been paid to Harris in cash. Harris has not made any awards to former MCD employees since the date of the Stratex acquisition, and does not intend to make any further awards under its plans.

Upon the exercise of stock options, vesting of restricted stock awards, or vesting of performance share awards, we issue new shares of our Class A common stock. Currently, we do not anticipate repurchasing shares to provide a source of shares for our rewards of share-based compensation.

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In total, compensation expense for share-based awards was \$7.8 million, \$5.7 million and \$1.7 million for fiscal 2008, 2007 and 2006. Amounts were included in our Consolidated Statements of Operations as follows:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
	(In millions)		
Cost of product sales and services	\$ 1.2	\$ 0.3	\$ —
Research and development expenses	1.3	2.0	—
Selling and administrative expenses	5.3	3.4	1.7
Total compensation expense	7.8	5.7	1.7
Less related income tax benefit recognized	(0.7)	—	—
Total net of income tax benefits	<u>\$ 7.1</u>	<u>\$ 5.7</u>	<u>\$ 1.7</u>

Stock Options Awarded Under our 2007 Stock Equity Plan

The following information relates to stock options that have been granted under our stock incentive plan. Option exercise prices are equal to the fair market value on the date the options are granted using our closing stock price. Options may be exercised for a period set at the time of grant, generally 7 years after the date of grant, and they generally vest in installments of 50% one year from the grant date, 25% two years from the grant date and 25% three years from the grant date.

The fair value of each option award under our stock equity plan was estimated on the date of grant using the Black-Scholes-Merton option-pricing model using the assumptions set forth in the following table. Expected volatility is based on implied volatility for the expected term of the options from a group of peer companies developed with the assistance of an independent valuation firm. The expected term of the options is calculated using the simplified method described in the SEC's Staff Accounting Bulletins No. 107 and No. 110. We use the simplified method because our stock does not have sufficient trading history and we do not have sufficient stock option exercise data since our company was formed in January 2007. We have used the simplified method to value all of our stock options since January 2007. The risk-free rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant. We recognized \$1.4 million of expense during fiscal 2008.

A summary of the significant assumptions we used in calculating the fair value of our fiscal 2008 stock option grants is as follows:

Grant Date	December 4, 2007	February 20, 2008	March 18, 2008
Expected dividends	0.0%	0.0%	0.0%
Expected volatility	55.6%	55.5%	55.6%
Risk-free interest rate	3.35%	3.18%	2.62%
Expected term (years)	5.875	5.875	5.875
Stock price on date of grant	\$ 16.27	\$ 10.56	\$ 8.84
Number of stock options granted	12,470	2,520	5,060
Fair value per option on date of grant	\$ 8.91	\$ 5.76	\$ 4.76

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A summary of the significant assumptions we used in calculating the fair value of our fiscal 2007 stock option grants is as follows:

Grant Date	February 28, 2007	June 12, 2007
Expected dividends	0.0%	0.0%
Expected volatility	62.64%	61.10%
Risk-free interest rate	4.52%	5.18%
Expected term (years)	5.0	5.0
Stock price on date of grant	\$ 20.40	\$ 16.48
Number of stock options granted	292,400	19,800
Fair value per option on date of grant	\$ 11.61	\$ 9.35

A summary of the status of stock options under our 2007 Stock Equity Plan as of June 27, 2008 and changes during fiscal 2008, are as follows:

	Shares	Weighted Average Exercise Price (\$)	Weighted Average Grant Date Fair Value (\$)	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (\$)
Stock options outstanding as of June 29, 2007	312,200	20.15	11.47		
Stock options forfeited or expired	(42,500)	20.40	11.47		
Stock options granted	20,050	13.68	7.47		
Stock options exercised	—	—	—		
Stock options outstanding as of June 27, 2008	<u>289,750</u>	19.67	11.23	5.8	—
Stock options exercisable as of June 27, 2008	147,700	20.14	11.23	5.7	—
Stock options vested and expected to vest as of June 27, 2008(1)	281,280	19.69	11.23	5.8	—

(1) The options expected to vest are the result of applying the pre-vesting forfeiture rate assumptions to total outstanding options.

The aggregate intrinsic value represents the total pre-tax intrinsic value or the aggregate difference between the closing price of our common stock on June 27, 2008 of \$9.58 and the exercise price for in-the-money options that would have been received by the optionees if all options had been exercised on June 27, 2008. There was no intrinsic value of options exercised during fiscal 2008 since none were exercised.

A summary of the status of our nonvested stock options as of June 27, 2008 granted under our 2007 Stock Equity Plan and changes during fiscal 2008, are as follows:

	Shares	Weighted-Average Grant-Date Fair Value (\$)
Nonvested stock options as of June 29, 2007	312,200	11.47
Stock options granted	20,050	7.47
Stock options cancelled	(42,500)	11.47
Stock options vested	(147,700)	11.47
Nonvested stock options as of June 27, 2008	<u>142,050</u>	10.90

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As of June 27, 2008, there was \$1.4 million of total unrecognized compensation expense related to nonvested stock options granted under our stock incentive plan. This cost is expected to be recognized over a weighted-average period of 1.2 years. The total fair value of stock options that vested during fiscal 2008 and 2007 was \$1.7 million and zero.

Restricted Stock Awards Under our 2007 Stock Equity Plan

The following information relates to awards of restricted stock that were granted to employees and outside directors under our stock incentive plan. The restricted stock is not transferable until vested and the restrictions lapse upon the achievement of continued employment or service over a specified time period. Restricted stock issued to employees cliff vests 3 years after grant date. Restricted stock is issued to directors annually and generally vests ratably on a quarterly basis through the annual service period. We recognized \$1.3 million of expense during fiscal 2008. The fair value of each restricted stock grant is based on the closing price of our Class A common stock on the date of grant and is amortized to compensation expense over its vesting period.

A summary of the status of our restricted stock as of June 27, 2008 and changes during fiscal 2008, are as follows:

	<u>Shares</u>	<u>Weighted-Average Grant Date Fair Value</u>
Restricted stock outstanding as of June 29, 2007	135,655	\$ 20.30
Restricted stock granted	53,690	\$ 9.68
Restricted stock vested and released	(31,888)	\$ 17.84
Restricted stock forfeited	(13,000)	\$ 20.40
Restricted stock outstanding as of June 27, 2008	<u>144,457</u>	<u>\$ 16.89</u>

As of June 27, 2008, there was \$1.5 million of total unrecognized compensation expense related to restricted stock awards under our stock incentive plan. This expense is expected to be recognized over a weighted-average period of 1.3 years. The total fair value of restricted stock that vested during fiscal 2008 and 2007 was \$0.6 million and \$0.2 million.

Performance Share Awards

The following information relates to awards of performance shares that have been granted to employees under our stock incentive plan. Vesting of performance share awards is subject to performance criteria including meeting net income and cash flow targets for a 29-month plan period ending July 3, 2009 and continued employment at the end of that period. The final determination of the number of shares to be issued in respect of an award is determined by our Board of Directors, or a committee of our Board.

The fair value of each performance share is based on the closing price of our Class A stock on the date of grant and is amortized to compensation expense over its vesting period, if achievement of the performance measures is considered probable. We estimate that the performance measures will be achieved at target and recognized \$0.9 million of expense during fiscal 2008.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A summary of the status of our performance shares as of June 27, 2008, and changes during fiscal 2008, are as follows:

	Shares	Weighted-Average Grant Date Fair Value
Performance shares outstanding as of June 29, 2007	150,800	\$ 20.15
Performance shares granted	6,900	\$ 15.06
Performance shares vested and released	(11,550)	\$ 20.40
Performance shares forfeited	(21,350)	\$ 20.40
Performance shares outstanding as of June 27, 2008	<u>124,800</u>	<u>\$ 19.80</u>

As of June 27, 2008, there was \$1.0 million of total unrecognized compensation expense related to performance share awards under our stock incentive plan. This expense is expected to be recognized over a weighted-average period of 1.0 year. The total fair value of performance share awards that vested during fiscal 2008 and 2007 was \$0.2 million and zero.

Stock Options Assumed in the Stratex Acquisition

A summary of stock option activity for fiscal 2008 for stock options assumed in the Stratex acquisition is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (In millions)
Stock options outstanding as of June 29, 2007	2,904,516	\$23.08		
Stock options forfeited or expired	(257,014)	\$26.12		
Stock options exercised	(129,038)	\$11.45		
Stock options outstanding as of June 27, 2008	<u>2,518,464</u>	\$23.36	2.7	\$1.0
Stock options exercisable as of June 27, 2008	2,359,362	\$23.86	2.6	\$1.0
Stock options vested and expected to vest as of June 27, 2008(1)	2,514,039	\$23.37	2.7	\$1.0

(1) The options expected to vest are the result of applying the pre-vesting forfeiture rate assumptions to total outstanding options.

The aggregate intrinsic value represents the total pre-tax intrinsic value or the aggregate difference between the closing price of our Class A common stock on June 27, 2008 of \$9.58 and the exercise price for in-the-money options that would have been received by the optionees if all options had been exercised on June 27, 2008.

The total intrinsic value of options exercised during fiscal 2008 was \$0.8 million and for fiscal 2007 (the period from January 26, 2007, date of assumption, through June 29, 2007) was \$2.5 million at the time of exercise.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A summary of the status of our nonvested stock options assumed in the Stratex acquisition as of June 27, 2008 and changes during fiscal 2008, are as follows:

	Shares	Weighted Average Grant Date Fair Value (\$)
Nonvested stock options as of June 29, 2007	462,520	9.15
Stock options forfeited or expired	(123,214)	9.69
Stock options vested	<u>(180,204)</u>	8.56
Nonvested stock options as of June 27, 2008	<u>159,102</u>	9.38

As of June 27, 2008, there was \$1.7 million of total unrecognized compensation cost related to the assumed former Stratex options. This cost is expected to be recognized over a weighted-average period of 0.6 years. The total fair value of stock options assumed in the Stratex acquisition that vested during fiscal 2008 and 2007 was \$1.5 million and \$1.8 million.

Summary of Harris Stratex Stock Options

The following summarizes all of our stock options outstanding as of June 27, 2008:

Actual Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$ 0.91 - \$ 9.96	622,222	1.9	\$ 7.93	613,117	\$ 7.92
\$10.40 - \$ 17.96	1,106,592	3.8	\$16.67	928,325	\$16.78
\$18.04 - \$ 27.76	844,154	3.3	\$21.80	730,374	\$22.01
\$28.12 - \$148.00	235,246	1.8	\$96.71	235,246	\$96.71
\$ 0.91 - \$148.00	<u>2,808,214</u>	3.0	\$22.98	<u>2,507,062</u>	\$23.64

AWARDS TO FORMER HARRIS EMPLOYEES PRIOR TO THE COMBINATION WITH STRATEX

As mentioned above, some of our employees that were formerly employed by Harris' Microwave Communications Division participate in Harris' three shareholder-approved stock incentive plans under which stock options, restricted stock awards and performance share awards are outstanding. Harris has not made any awards to former Microwave Communications Division employees since January 26, 2007, the date of the combination with Stratex, and does not intend to make any further awards to our employees under its plans (however, Harris has estimated that certain performance share awards granted prior to the combination result in additional shares to be issued upon completion of the related performance period). The following sets forth the status of those awards as they relate to our financial statements. These costs have been paid to Harris in cash.

Harris Stock Options

The following information relates to stock options that have been granted under Harris' shareholder-approved stock incentive plans. Option exercise prices are 100% of fair market value on the date the options are granted. Options may be exercised for a period set at the time of grant, which generally ranges from 7-10 years after the date of grant, and they generally become exercisable in installments, which are typically 50% one year from the grant date, 25% two years from the grant date and 25% three years from the grant date. A significant number of options

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

granted by us in fiscal 2006 are subject to a vesting schedule in which they are 50% exercisable prior to the end of such fiscal year, a period of approximately 10 months from the grant date.

Harris management prepared the valuation of stock options based on the method and assumptions provided herewith. The fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton option-pricing model which uses assumptions noted in the following table. Expected volatility is based on implied volatility from traded options on Harris stock, historical volatility of Harris stock price over the last 10 years and other factors. The expected term of the options is based on historical observations of Harris stock over the past ten years, considering average years to exercise for all options exercised, average years to cancellation for all options cancelled and average years remaining for outstanding options, which is calculated based on the weighted-average vesting period plus the weighted-average of the difference between the vesting period and average years to exercise and cancellation. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury curve in effect at the time of grant.

	2007	2006
Expected dividends	1.0%	0.9%
Expected volatility	35.8%	36.1%
Risk-free interest rates	4.8%	4.1%
Expected term (years)	3.42	3.35

A summary of stock option activity under Harris' stock incentive plans during fiscal 2008 as they relate to our consolidated financial statements is as follows:

	2008	
	Shares	Weighted Average Exercise Price
Stock options outstanding at the beginning of the year	362,878	\$27.57
Stock options forfeited or expired	(26,850)	\$39.85
Stock options exercised	(69,823)	\$24.07
Stock options outstanding at the end of the year	266,205	\$27.25
Stock options exercisable at the end of the year	<u>232,355</u>	\$25.12

The weighted average remaining contractual term for stock options that were outstanding and exercisable as of June 27, 2008 was 3.2 years and 3.0 years. The aggregate intrinsic value for stock options that were outstanding and exercisable as of June 27, 2008 was \$6.4 million and \$6.1 million. The aggregate intrinsic value represents the total pre-tax intrinsic value or the aggregate difference between the closing price of Harris common stock on June 27, 2008 of \$51.18 and the exercise price for in-the-money options that would have been received by the optionees if all options had been exercised on June 27, 2008.

The total intrinsic value of options exercised during fiscal 2008 and 2007 was \$2.4 and \$2.9 million at the time of exercise.

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A summary of the status of Harris' nonvested stock options as of June 27, 2008 as they relate to our consolidated financial statements, and changes during fiscal 2008 are as follows:

	<u>Shares</u>	<u>Weighted-Average Grant-Date Fair Value</u>
Nonvested stock options as of June 29, 2007	133,650	\$10.55
Stock options vested	<u>(99,800)</u>	\$10.34
Nonvested stock options as of June 27, 2008	<u>33,850</u>	\$11.17

As of June 27, 2008, there was \$0.4 million of total unrecognized compensation cost related to nonvested stock options granted under Harris' stock incentive plans. This cost is expected to be recognized over a weighted-average period of 0.9 years. The total fair value of stock options that vested during fiscal 2008 and 2007 was approximately \$1.0 million and \$0.4 million.

Harris Restricted Stock Awards

The following information relates to Harris restricted stock awards that have been granted to former Microwave Communications Division employees under Harris' stock incentive plans. The restricted stock shares are not transferable until vested and the restrictions lapse upon the achievement of continued employment over a specified time period.

The fair value of each restricted stock award grant is based on the closing price of Harris stock on the date of grant and is amortized to expense over its vesting period. As of June 27, 2008, there were 19,000 shares of restricted stock awards outstanding.

A summary of the status of Harris restricted stock as of June 27, 2008 as it relates to our consolidated financial statements, and changes during fiscal 2008 are as follows:

	<u>Shares</u>	<u>Weighted-Average Grant Price</u>
Restricted stock outstanding as of June 29, 2007	23,000	\$39.51
Restricted stock vested	<u>(4,000)</u>	\$24.00
Restricted stock outstanding as of June 27, 2008	<u>19,000</u>	\$42.77

As of June 27, 2008, there was \$0.3 million of total unrecognized compensation cost related to restricted stock awards under Harris' stock incentive plans. This cost is expected to be recognized over a weighted-average period of 1.0 years. The total fair value of restricted stock that vested during fiscal 2008 and 2007 was approximately \$0.1 million and zero.

Harris Performance Share Awards

The following information relates to Harris grants of performance share awards and performance share units that have been granted to former Microwave Communications Division employees under Harris' stock incentive plans. Generally, performance share and performance share unit awards are subject to Harris' performance criteria such as meeting predetermined earnings and return on invested capital targets for a three-year plan period. These awards also generally vest at the expiration of the same three-year period. The final determination of the number of shares to be issued in respect of an award is determined by Harris' Board of Directors, or a committee of their Board.

The fair value of each performance share award is based on the closing price of Harris stock on the date of grant and is amortized to expense over its vesting period, if achievement of the performance measures is considered probable. As of June 27, 2008 there were 29,245 performance shares awards outstanding.

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The fair value of performance share units, which is distributed in cash, is equal to the most probable estimate of intrinsic value at the time of distributions and is amortized to compensation expense over the vesting period. As of June 27, 2008, there were 2,722 shares of performance share units outstanding.

A summary of the status of Harris performance shares as of June 27, 2008 as it relates to our financial statements, and changes during fiscal 2008, are as follows:

	<u>Shares</u>	<u>Weighted-Average Grant Price</u>
Performance shares outstanding as of June 29, 2007	48,389	\$36.43
Additional performance shares awarded related to prior years' Harris incentive criteria	6,000	\$24.00
Performance shares vested	(18,000)	\$24.00
Performance shares forfeited	(4,422)	\$41.92
Performance shares outstanding as of June 27, 2008	<u>31,967</u>	<u>\$40.33</u>

As of June 27, 2008, there was \$0.2 million of total unrecognized compensation cost related to performance share awards under Harris' stock incentive plans. This cost is expected to be recognized over a weighted-average period of 1.02 years. The total fair value of performance share and performance share units that vested during fiscal 2008 and 2007 was approximately \$0.4 million and \$0.3 million.

Other Harris Share-Based Compensation

Prior to January 27, 2007, under Harris' domestic retirement plans, most Microwave Communications Division employees had an option to invest in Harris' common stock at 70% of current market value limited to the lesser of (a) 1% of their compensation and (b) 20% of a participant's total contribution to the plan, which was matched by us. The discount from fair market value on Harris common stock purchased by employees under the domestic retirement plans was charged to compensation expense in the period of the related purchase.

Note Q — Business Segments (Restated)

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

<u>Revenue</u>	<u>2008</u>	<u>2007</u> (In millions)	<u>2006</u>
North America Microwave	\$ 232.4	\$ 216.3	\$ 168.1
International Microwave	461.7	272.2	172.3
Network Operations	24.3	19.4	17.1
Total Revenue	<u>\$ 718.4</u>	<u>\$ 507.9</u>	<u>\$ 357.5</u>

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

<u>(Loss) Income Before Income Taxes (Restated)</u>	<u>2008(1)</u>	<u>2007(2)</u> <u>(Restated)</u> <u>(In millions)</u>	<u>2006(3)</u> <u>(Restated)</u>
Segment Operating (Loss) Income:			
North America Microwave	\$ (9.4)	\$ 6.3	\$ 14.8
International Microwave	(5.7)	(31.3)	(34.8)
Network Operations	1.4	1.3	1.1
Corporate allocations expense from Harris	—	(3.7)	(12.4)
Net interest expense	(0.2)	(0.5)	(0.5)
Loss before income taxes	<u>\$ (13.9)</u>	<u>\$ (27.9)</u>	<u>\$ (31.8)</u>

(1) During fiscal 2008, in our International Microwave segment, we recorded \$11.9 million in amortization of developed technology, tradenames, customer relationships, and non-compete agreements, \$1.7 million in amortization of the increase in fair value of fixed assets related to the acquisition of Stratex, \$2.6 million in restructuring charges, \$6.1 million in merger related integration charges and \$1.8 million of inventory mark-downs.

In addition, in our North America Microwave segment, we recorded \$2.7 million in amortization of developed technology, tradenames, customer relationships, and non-compete agreements, \$1.1 million in amortization of the increase in fair value of fixed assets related to the acquisition of Stratex, \$4.9 million in restructuring charges and \$3.2 million in merger-related integration charges, \$12.9 million of inventory mark-downs and impairment related to product transitioning and \$1.8 million of lease impairments.

(2) During fiscal 2007, in our International Microwave segment, we recorded \$15.3 million in acquired in-process research and development expenses, \$9.1 million in amortization of developed technology, tradenames, customer relationships, contract backlog and non-compete agreements, \$8.6 million in amortization of fair value adjustments for inventory and fixed assets related to the acquisition of Stratex, \$4.2 million in restructuring charges and \$3.6 million in merger related integration charges to our International Microwave segment.

In addition, in our North America Microwave segment, we recorded \$1.4 million in amortization of developed technology, tradenames, customer relationships, contract backlog and non-compete agreements, \$0.4 million in amortization of fair value adjustments for inventory and fixed assets related to the acquisition of Stratex, \$5.1 million in restructuring charges and \$2.7 million in merger-related integration charges to our North America Microwave segment.

(3) The operating loss in the International Microwave segment in fiscal 2006 included \$39.4 million in inventory write-downs and other charges associated with decisions made in fiscal 2006 regarding product discontinuances and the shutdown of manufacturing activities at our Montreal, Canada plant.

Revenue by country comprising more than 5% of our sales to unaffiliated customers for fiscal 2008, 2007 and 2006 are as follows:

	<u>2008</u>	<u>% of Total</u>	<u>2007</u>	<u>% of Total</u>	<u>2006</u>	<u>% of Total</u>
	<u>(In millions)</u>					
United States	\$ 192.3	26.8%	\$ 168.7	33.2%	\$ 143.9	40.2%
Canada	32.2	4.5%	39.9	7.8%	29.9	8.4%
Nigeria	137.6	19.2%	55.4	10.9%	81.3	22.7%
Other	356.3	49.5%	243.9	48.1%	102.4	28.7%
Total	<u>\$ 718.4</u>	<u>100.0%</u>	<u>\$ 507.9</u>	<u>100.0%</u>	<u>\$ 357.5</u>	<u>100.0%</u>

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Long-lived assets consisted primarily of identifiable intangible assets, goodwill and property, plant and equipment. Long-lived assets by location as of June 27, 2008 and June 29, 2007 are as follows:

	<u>2008</u>	<u>2007</u> (Restated)
	(In millions)	
United States	\$ 219.8	\$ 222.1
Singapore	237.1	261.2
Canada	32.6	38.7
United Kingdom	12.4	13.7
Other countries	19.7	30.2
Total	<u>\$ 521.6</u>	<u>\$ 565.9</u>

Note R — Income Taxes (Restated)

Loss from continuing operations before provision (benefit) for income taxes during fiscal 2008, 2007 and 2006 is as follows:

	<u>2008</u>	<u>2007</u> (Restated)	<u>2006</u> (Restated)
	(In millions)		
United States	\$ (69.9)	\$ (33.4)	\$ (10.4)
Foreign	56.0	5.5	(21.4)
Total	<u>\$ (13.9)</u>	<u>\$ (27.9)</u>	<u>\$ (31.8)</u>

Provision (benefit) for income taxes for fiscal 2008, 2007 and 2006 are summarized as follows:

	<u>2008</u>	<u>2007</u> (Restated)	<u>2006</u> (Restated)
	(In millions)		
Current provision (benefit):			
United States	\$ —	\$ —	\$ —
Foreign	5.5	6.9	1.1
State and local	—	—	—
Total current provision (benefit)	5.5	6.9	1.1
Deferred provision (benefit):			
United States	(16.5)	(11.7)	—
Foreign	10.8	(0.8)	—
State and local	(1.8)	(0.5)	5.7
Total deferred provision (benefit)	<u>(7.5)</u>	<u>(13.0)</u>	<u>5.7</u>
	<u>\$ (2.0)</u>	<u>\$ (6.1)</u>	<u>\$ 6.8</u>

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the significant differences between the U.S. Federal statutory tax rate and our effective tax rate for fiscal 2008, 2007 and 2006:

	2008	2007 (Restated) (In millions)	2006 (Restated)
Statutory U.S. Federal tax rate	(35.0)%	(35.0)%	(35.0)%
U.S. valuation allowances	113.2	9.0	35.0
State and local taxes, net of U.S. Federal tax benefit	(12.9)	(1.9)	—
Foreign income taxed at rates less than the U.S. statutory rate	(85.5)	4.2	23.4
Other	5.8	1.8	—
Effective tax rate	<u>(14.4)%</u>	<u>(21.9)%</u>	<u>23.4%</u>

The components of deferred tax assets and liabilities are as follows:

	June 27, 2008		June 29, 2007	
	Current	Non-Current	Current (Restated)	Non-Current (Restated)
	(In millions)			
Deferred tax assets:				
Inventory	\$ 18.7	\$ —	\$ 13.4	\$ —
Accruals	5.7	—	2.4	—
Unrealized impairment loss	0.1	1.1	1.1	—
Other reserves and accruals	1.9	—	1.9	—
Bad debts	2.6	—	1.0	—
Warranty reserve	2.5	0.2	3.2	—
Deferred costs	0.5	—	0.6	—
Depreciation	—	2.0	—	1.3
Amortization	—	—	—	0.8
Other foreign	3.0	—	3.5	—
Stock options	—	3.1	—	0.7
Severance and restructuring costs	2.9	5.0	6.6	—
Other	0.3	1.1	0.5	1.0
Capital loss carryforward	—	7.6	—	7.6
Tax credit carryforwards	—	25.2	—	20.8
Tax loss carryforwards	—	95.0	0.1	45.7
Total deferred tax assets	<u>38.2</u>	<u>140.3</u>	<u>34.3</u>	<u>77.9</u>
Valuation allowance	<u>(24.2)</u>	<u>(92.7)</u>	<u>(30.2)</u>	<u>(66.7)</u>
Net deferred tax assets	14.0	47.6	4.1	11.2
Deferred tax liabilities:				
Amortization	—	1.8	—	—
Purchased identifiable intangible assets	—	30.5	—	36.9
Internally developed software	—	5.3	—	3.7
Unrealized exchange gain/loss	1.4	—	—	—
Total deferred tax liabilities	<u>1.4</u>	<u>37.6</u>	<u>—</u>	<u>40.6</u>
Net deferred tax asset (liability)	<u>\$ 12.6</u>	<u>\$ 10.0</u>	<u>\$ 4.1</u>	<u>\$ (29.4)</u>

The restatement of our previously issued financial statements had an impact on our income tax provision or benefit for fiscal 2007, as well as on our deferred tax accounts as of June 29, 2007. Amounts presented in this

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
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footnote reflect the income tax effect relating to the accounts restated, specifically inventory and receivables. See Note D — *Restatement of Previously Issued Financial Statements*, for additional information.

United States income taxes have not been provided on undistributed earnings of foreign subsidiaries of \$73.1 million and \$6.4 million as of June 27, 2008 and June 29, 2007 because of our intention to reinvest these earnings indefinitely. The determination of unrecognized deferred U.S. tax liability for foreign subsidiaries is not practicable. Tax loss and credit carryforwards as of June 27, 2008 have expiration dates ranging between one year to no expiration in certain instances. The amount of U.S. tax loss carryforwards as of June 27, 2008 and June 29, 2007 was \$198.5 million and \$108.0 million. Tax credit carryforwards as of June 27, 2008 and June 29, 2007 was \$24.8 million and \$20.8 million. The amount of foreign tax loss carryforwards for June 27, 2008 and June 29, 2007 was \$40.2 million and \$24.0 million. The utilization of a portion of the NOLs is subject to an annual limitation under Section 382 of the Internal Revenue Code as a result of a change of ownership. Income taxes paid were \$2.2 million and \$6.6 million for the year ended June 27, 2008 and the year ended June 29, 2007.

The effective tax rate in the fiscal year ended June 27, 2008 was impacted unfavorably by a valuation allowance recorded on certain deferred tax assets, certain purchase accounting adjustments and foreign tax credits where it was determined it was not more likely than not that the assets would be realized. The net change in the valuation allowance during the year ended June 27, 2008 was an increase of \$15.7 million.

For the period ending June 29, 2007, a net deferred tax liability in the amount of \$40.8 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. This resulted in a \$40.8 million increase to goodwill. In addition, a valuation allowance under purchase accounting on \$94.0 million of acquired deferred tax assets was recorded on the opening balance sheet. A valuation allowance was recorded because it was determined it was not more likely than not that the assets would be realized. Any realization of these deferred tax assets in the future would be reflected as a reduction to goodwill. During the year ended June 27, 2008, deferred tax assets in the amount of \$30.7 million were realized as a reduction to this goodwill. Accordingly, the valuation allowance was reduced by the same amount. The portion of the valuation allowance for deferred tax assets for which subsequently recognized tax benefits will be allocated to reduce goodwill is \$63.3 million as of June 27, 2008.

We established our International Headquarters in Singapore and received a favorable tax ruling resulting from an application filed by us with the Singapore Economic Development Board (“EDB”) effective January 26, 2007. This favorable tax ruling calls for a 10% effective tax rate to be applied over a five year period provided certain milestones and objectives are met. We are confident we will meet all the requirements as outlined by EDB.

We entered into a tax sharing agreement with Harris Corporation effective on January 26, 2007, the date of the merger. The tax sharing agreement addresses, among other things, the settlement process associated with pre-merger tax liabilities and tax attributes that are attributable to the MCD business when it was a division of Harris Corporation. There were no settlement payments recorded in the fiscal years ended June 27, 2008 or June 29, 2007.

We are subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes and recording the related assets and liabilities. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Accruals for tax contingencies are provided for in accordance with the requirements of FIN 48. The adoption of FIN 48 increased our retained deficit by less than \$0.1 million as of June 30, 2008.

As of June 27, 2008 and June 29, 2007, we had a liability for unrecognized tax benefits of \$29.6 million and \$28.0 million for various federal, foreign, and state income tax matters. Unrecognized tax benefits increased by \$1.6 million, a majority of which was recorded as an increase to the unrecognized benefit related to the amortization of intellectual property in Singapore. 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.

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We account for interest and penalties related to unrecognized tax benefits as part of our provision for federal, foreign, and state income tax expenses. We accrued an additional amount for such interest of less than \$0.1 million in the year ended June 27, 2008. No penalties have been accrued. We have accrued less than \$0.1 million as of 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 for purposes of FIN 48 for these jurisdictions are as follows: (i) United States (Federal/State) — 2004/2003; (ii) Nigeria — 2003; (iii) Singapore — 2000; (iv) New Zealand — 2003; (v) Poland — 2003; (vi) South Africa — 2001; (vii) France — 2005; and (viii) UK — 2006.

Our unrecognized tax benefit activity for fiscal 2008 is as follows (in millions):

Unrecognized tax benefit as of June 30, 2007	\$ 28.0
Additions for tax positions in prior periods	2.6
Decreases for tax positions in prior periods	(1.0)
Unrecognized tax benefit as of June 27, 2008	<u>\$ 29.6</u>

Note S — 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. 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 fiscal 2008, 2007 and 2006, Harris charged us \$7.0 million, \$6.8 million and \$5.6 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 \$3.5 million, \$1.9 million and \$6.5 million in fiscal 2008, 2007 and 2006. We also recognized costs associated with related party purchases from Harris of \$6.1 million, \$6.7 million and \$12.7 million for fiscal 2008, 2007 and 2006.

Harris was the primary source of our financing and equity activities through January 26, 2007, the date of the Stratex acquisition. During the seven months ended January 26, 2007, Harris' net investment in us was increased by \$24.1 million. During fiscal 2006, Harris provided \$2.8 million to recapitalize one of our subsidiaries and Harris' net investment in us decreased by \$7.8 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 in fiscal 2007 and 2006 was not significant.

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

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

These amounts are netted within "Due to Harris Corporation" on our Consolidated Balance Sheets. Total receivables from Harris were \$4.0 million and \$0.7 million as of June 27, 2008 and June 29, 2007. Total payables to Harris were \$20.8 million and \$17.9 million as of June 27, 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 we entered into a 5-year lease agreement to accommodate this use. This agreement is a capital lease under generally accepted accounting principles. As of June 27, 2008, our lease obligation to Harris was \$2.6 million of which \$1.3 million is a current liability and the related asset amount, net of accumulated amortization of \$2.1 million is included in property, plant and equipment. 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.

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 fiscal 2008 from a recapitalization under the lease terms, primarily because of the impairment charge discussed above and a rescheduling of the lease payments. During fiscal 2008, we paid Harris \$3.8 million under this capital lease obligation resulting from the \$1.3 million impairment discussed above and the lease payments. Our amortization expense on this capital lease was \$1.8 million and \$0.8 million in fiscal 2008 and fiscal 2007. As of June 27, 2008, the future minimum payments for this lease are \$1.4 million for fiscal 2009, \$0.8 million for fiscal 2010, \$0.5 million for fiscal 2011 and \$0.2 million for fiscal 2012.

Note T — Operating Lease Commitments

We lease sales facilities, administrative facilities and equipment under non-cancelable operating leases. These leases have initial lease terms that extend through fiscal year 2015.

Rental expense for operating leases, including rentals on a month-to-month basis was \$13.6 million in fiscal 2008, \$6.1 million in fiscal 2007, and \$4.0 million in fiscal 2006.

As of June 27, 2008, our future minimum commitments for all non-cancelable operating facility and equipment leases with an initial lease term in excess of one year are as follows:

	Fiscal Years Ending in June (In millions)
2009	\$ 9.7
2010	7.6
2011	4.6
2012	0.5
Thereafter	0.2
Total	<u>\$ 22.6</u>

These commitments do not contain any material rent escalations, rent holidays, contingent rent, rent concessions, leasehold improvement incentives or unusual provisions or conditions. We do not consider any of these individual leases material to our operations.

Note U — Derivative Instruments and Hedging Activity

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

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

doing business in international markets. As of June 27, 2008, we had open foreign exchange contracts with a notional amount of \$80.4 million (\$52.5 million as of June 29, 2007), of which \$19.2 million (\$15.1 million as of June 29, 2007) were designated as Statement 133 hedges and \$61.2 million (\$37.4 million as of June 29, 2007) were not designated as Statement 133 hedges. As of June 27, 2008, contract expiration dates ranged from less than one month to 3 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.

During fiscal 2008, we recognized \$6.1 million as an increase to cost of products sold in our Statement of Operations from foreign exchange contract activity. During fiscal 2007 and 2006, gains or losses from foreign exchange contract activity were not significant. As of June 27, 2008, we estimated that a pre-tax loss of \$0.3 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 Consolidated Statements of Operations in fiscal 2008, 2007 and 2006 representing hedge ineffectiveness were not significant. All of these derivatives were recorded at their fair value on our Consolidated Balance Sheets in accordance with Statement 133.

Note V — 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.

We and certain of our executive officers were named in a federal securities class action complaint filed on September 15, 2008 in the United States District Court for the District of Delaware by plaintiff Norfolk County Retirement System on behalf of an alleged class of purchasers of our securities from January 29, 2007 to July 30, 2008, including shareholders of Stratex Networks, Inc. who exchanged shares of Stratex Networks, Inc. for our shares as part of the merger between Stratex Networks and the Microwave Communications Division of Harris Corporation. This action relates to the restatement of our prior financial statements, as discussed more fully in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations (Restated)" and in Item 8 "Financial Statements and Supplementary Data (Restated)" under Note D "Restatement of Previously Issued Financial Statements" to our consolidated financial statements. A similar complaint was filed in the United States District Court of Delaware on September 18, 2008. Each complaint alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, as well as violations of Sections 11 and 15 of the Securities Act of 1933 and seeks, among other relief, determinations that the action is a proper class action, unspecified compensatory damages and reasonable attorneys' fees and costs. We believe that we have meritorious defenses and intend to defend ourselves vigorously.

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.

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note W — Quarterly Financial Data (Unaudited) (Restated)

The following financial information reflects all normal recurring adjustments, which are, in the opinion of management, necessary for a fair statement of the results of the interim periods. Our fiscal quarters end on the Friday nearest the end of the calendar quarter. Summarized quarterly data for fiscal 2008 and 2007 are as follows:

	<u>1st Quarter</u> <u>09-28-2007</u> <u>(Restated)</u>	<u>2nd Quarter</u> <u>12-28-2007</u> <u>(Restated)</u> <u>(In millions, except share amounts)</u>	<u>3rd Quarter</u> <u>03-28-2008</u> <u>(Restated)</u>	<u>4th Quarter</u> <u>06-27-2008</u>
Fiscal 2008				
Revenue	\$172.3	\$181.1	\$178.2	\$186.8
Gross margin	\$ 47.0	\$ 49.0	\$ 50.3	\$ 43.9
(Loss) income from operations	\$ (0.0)	\$ (4.4)	\$ 5.8	\$ (15.1)
Net (loss) income	\$ (0.2)	\$ (3.2)	\$ 5.2	\$ (13.7)
Per share data(1):				
Basic net (loss) income per share of Class A and Class B common stock	\$ (0.0)	\$ (0.05)	\$ 0.09	\$ (0.23)
Diluted net (loss) income per share of Class A and Class B common stock(2)	\$ (0.0)	\$ (0.05)	\$ 0.05	\$ (0.23)
Market price range of one share of Class A Common Stock:				
High	\$20.90	\$19.97	\$18.75	\$11.44
Low	\$15.90	\$15.41	\$ 8.53	\$ 8.88

	<u>1st Quarter</u> <u>09-29-2006</u> <u>(Restated)</u>	<u>2nd Quarter</u> <u>12-29-2006</u> <u>(Restated)</u> <u>(In millions, except share amounts)</u>	<u>3rd Quarter</u> <u>03-30-2007</u> <u>(Restated)</u>	<u>4th Quarter</u> <u>06-29-2007</u> <u>(Restated)</u>
Fiscal 2007				
Revenue	\$93.6	\$101.2	\$139.0	\$174.1
Gross margin	\$31.5	\$ 33.5	\$ 33.7	\$ 48.0
Income (loss) from operations	\$ 6.0	\$ 4.9	\$ (25.0)	\$ (13.3)
Net income (loss)	\$ 5.5	\$ 4.5	\$ (24.6)	\$ (7.2)
Per share data(1):				
Basic and diluted net loss per share of Class A and Class B common stock(3)	N/A	N/A	\$ (0.61)	\$ (0.12)
Market price range of one share of Class A Common Stock(3):				
High	N/A	N/A	\$21.25	\$20.07
Low	N/A	N/A	\$18.23	\$14.85

(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. Net income (loss) per share are computed independently for each of the quarters presented. Therefore, the sum of the quarterly per share totals may not equal the total for the year.

(2) During the third quarter of fiscal 2008, the calculations of diluted earnings per share include a potential deduction to net income of \$2.1 million for the assumed after-tax effect of the change in fair value of warrants using the "treasury stock" method.

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(3) Prior to January 26, 2007, the Company was a division of Harris Corporation and there were no shares outstanding for purposes of net income or loss per share 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. Our Class A common stock began trading on the NASDAQ Global Market on January 30, 2007 under the symbol HSTX. Therefore, the sum of the quarterly net loss per share totals will not equal the total for the year.

We have not paid cash dividends on our Common Stock and do not intend to pay cash dividends in the foreseeable future. As of June 27, 2008, we had approximately 230 stockholders of record of our Class A common stock and one shareholder of record of our Class B common stock.

The following tables present the impact of the restatement adjustments on our previously reported unaudited quarterly consolidated statements of operations for each of the quarters during fiscal 2008 and 2007.

Fiscal 2008

For the Quarter Ended September 28, 2007

	<u>As Previously Reported</u>	<u>Adjustments (In millions)</u>	<u>As Restated</u>
Revenue	\$ 172.3	\$ —	\$ 172.3
Gross margin	49.1	(2.1)	47.0
Loss from operations	(1.0)	1.0	—
Net loss	\$ (0.8)	\$ 0.6	\$ (0.2)
Basic and diluted net loss per common share	\$ (0.01)	\$ —	\$ —

For the Quarter Ended December 28, 2007

	<u>As Previously Reported</u>	<u>Adjustments (In millions)</u>	<u>As Restated</u>
Revenue	\$ 181.1	\$ —	\$ 181.1
Gross margin	49.3	(0.3)	49.0
Loss from operations	(0.8)	(3.6)	(4.4)
Net loss	\$ (1.0)	\$ (2.2)	\$ (3.2)
Basic and diluted net loss per common share	\$ (0.02)	\$ (0.03)	\$ (0.05)

For the Quarter Ended March 28, 2008

	<u>As Previously Reported</u>	<u>Adjustments (In millions)</u>	<u>As Restated</u>
Revenue	\$ 178.2	\$ —	\$ 178.2
Gross margin	53.0	(2.7)	50.3
Income from operations	9.2	(3.4)	5.8
Net income	7.3	(2.1)	5.2
Basic net income per common share	\$ 0.12	\$ (0.03)	\$ 0.09
Diluted net income per common share	\$ 0.09	\$ (0.04)	\$ 0.05

HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Fiscal 2007

	For the Quarter Ended September 29, 2006		
	As Previously Reported	Adjustments (In millions)	As Restated
Revenue	\$ 93.6	\$ —	\$ 93.6
Gross margin	30.8	0.7	31.5
Income from operations	5.3	0.7	6.0
Net income	4.8	0.7	5.5
Basic and diluted net income per common share	N/A	—	N/A

	For the Quarter Ended December 29, 2006		
	As Previously Reported	Adjustments (In millions)	As Restated
Revenue	\$ 101.2	\$ —	\$ 101.2
Gross margin	34.8	(1.3)	33.5
Income from operations	6.2	(1.3)	4.9
Net income	5.8	(1.3)	4.5
Basic and diluted net income per common share	N/A	—	N/A

	For the Quarter Ended March 30, 2007		
	As Previously Reported	Adjustments (In millions)	As Restated
Revenue	\$ 139.0	\$ —	\$ 139.0
Gross margin	36.0	(2.3)	33.7
Loss from operations	(22.7)	(2.3)	(25.0)
Net loss	(23.2)	(1.4)	(24.6)
Basic and diluted net loss per common share	(0.58)	(0.03)	(0.61)

	For the Quarter Ended June 29, 2007		
	As Previously Reported	Adjustments (In millions)	As Restated
Revenue	\$ 174.1	\$ —	\$ 174.1
Gross margin	51.1	(3.1)	48.0
Loss from operations	(10.2)	(3.1)	(13.3)
Net loss	(5.3)	(1.9)	(7.2)
Basic and diluted net loss per common share	(0.09)	(0.03)	(0.12)

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. Our disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Management has conducted an evaluation, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a — 15(e) and 15d — 15(e) of the Securities Exchange Act of 1934) as of June 27, 2008. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of June 27, 2008 due to the material weaknesses in internal control over financial reporting described below. Notwithstanding these material weaknesses, our management, including our Chief Executive Officer and Chief Financial Officer, has concluded that our consolidated financial statements for the periods covered by and included in this Annual Report on Form 10-K are fairly presented in all material respects in accordance with accounting principles generally accepted in the United States of America (GAAP) for each of the periods presented herein.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management has concluded that the Company's internal control over financial reporting was not effective as of June 27, 2008 as a result of material weaknesses identified during this evaluation. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

As of June 27, 2008, we identified the following material weaknesses:

- Project cost variances within a cost accounting system at one location were recorded on the balance sheet to project work in process inventory accounts and not recorded to cost of sales in the period to which they related. Management has identified a lack of sufficient oversight and review as well as a lack of the appropriate number of resources to ensure adequate analysis of work in process inventory accumulated costs. Specifically, controls over the review of project costs did not operate effectively to ensure work in process inventory was properly relieved of costs. Another contributing factor to this failure was incomplete reporting within the cost accounting system for that location. In addition, the operation of controls over the reconciliation of accounts did not properly address the aging of balances in project work in process inventory accounts.

- The Company's process for reconciling certain balance sheet accounts did not prevent, or detect on a timely basis, errors in classification and reporting of certain accounts. Specifically, account reconciliations related to certain payables, receivables, and inventory balance sheet accounts and related income statement accounts included erroneous and aged reconciling items. The principal factor contributing to the material weakness in account reconciliations was insufficient or ineffective preparation, review, and approval of the account reconciliations resulting in errors not being prevented or detected.

The material weaknesses resulted in a restatement to the Company's interim consolidated financial statements for the first three fiscal quarters of fiscal 2008 (the quarters ended March 28, 2008, December 28, 2007 and September 28, 2007) and the fiscal years ended June 29, 2007, June 30, 2006, and July 1, 2005.

The effectiveness of the Company's internal control over financial reporting as of June 27, 2008 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included in this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting — Plan for Remediation of Material Weaknesses

In response to the identified material weaknesses, our management, with oversight from the Company's Audit Committee, has dedicated significant in-house and external resources to implement enhancements to the Company's internal control over financial reporting and remediate the material weaknesses described above. The material weaknesses will continue to exist until the following remediation steps are fully implemented:

Project Cost Variances

- Management will generate and review a project work in process exposure report each quarter to ensure work in process is properly relieved of costs.
- Management will train the appropriate associates in the methods of review of the project costs and will create a high-level awareness of the importance of thorough project cost reviews.
- Management will ensure the timely closing of projects.
- Management will ensure that project costs are properly reconciled and evaluated for aging balances on a quarterly basis.

Account Reconciliations

- Management will complete the on-going implementation of software tools to track the account reconciliation process.
- Management will institute the processes necessary to ensure the timely completion of account reconciliations supported by a sub-ledger or other independent documentation or calculation.
- Management will dedicate appropriate resources to ensure thorough and timely reviews of account reconciliations and resolution of aged balances and reconciling items.

Item 9B. Other Information.

None.

PART III

Certain information required by Part III is omitted from this Annual Report on Form 10-K because we will file a Definitive Proxy Statement with the Securities and Exchange Commission within 120 days after the end of our fiscal year ended June 27, 2008.

Item 10. Directors, Executive Officers and Corporate Governance.

We adopted a Code of Business Ethics, that is available at www.harrisstratex.com. No amendments to our Code of Business Ethics, or waivers from our Code of Business Ethics with respect to any of our executive officers or directors have been made. If, in the future, we amend our Code of Business Ethics or grant waivers from our code of Business Ethics with respect to any of our executive officers or directors, we will make information regarding such amendments or waivers available on our corporate website (www.harrisstratex.com) for a period of at least 12 months.

Information regarding our directors and compliance with Section 16(a) of the Securities and Exchange Act of 1934, as amended, by our directors and executive officers will appear in our definitive Proxy Statement for our 2008 Annual Meeting of Shareholders to be held on November 20, 2008 and is incorporated herein by reference.

Item 11. Executive Compensation.

Information regarding our executive compensation will appear in our definitive Proxy Statement for our 2008 Annual Meeting of Shareholders to be held on November 20, 2008 and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Equity Compensation Plan Summary

The following table provides information as of June 27, 2008, relating to our equity compensation plan pursuant to which grants of options, restricted stock and performance shares may be granted from time to time and the option plans and agreements assumed by us in connection with the Stratex acquisition:

Plan Category	Number of Securities to be Issued Upon Exercise of Options and Vesting of Restricted Stock and Performance Shares	Weighted-Average Exercise Price of Outstanding Options(1)	Number of Securities Remaining Available for Further Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
Equity Compensation plan approved by security holders(2)	559,007	\$ 19.67	4,389,488
Equity Compensation plans not approved by security holders(3)	2,518,464	\$ 23.36	—
Total	3,077,471	\$ 22.98	4,389,488

(1) Excludes weighted average fair value of restricted stock and performance shares at issuance date.

(2) Consists solely of our 2007 Stock Equity Plan.

(3) Consists of common stock that may be issued pursuant to option plans and agreements assumed pursuant to the Stratex acquisition. The Stratex plans were duly approved by the shareholders of Stratex prior to the merger with us. No shares are available for further issuance.

For further information on our equity compensation plans see “Note B — Significant Accounting Policies” and “Note O — Share-Based Compensation” in the Notes to Consolidated Financial Statements included in Item 8.

The other information required by this item will appear in our definitive Proxy Statement for our 2008 Annual Meeting of Shareholders to be held on November 20, 2008 and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Information regarding certain relationships and related transactions, and director independence will appear under "Transactions with Related Persons" and "Corporate Governance" in our definitive Proxy Statement for our 2008 Annual Meeting of Shareholders to be held on November 20, 2008 and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

Information regarding our principal accountant fees and services will appear in our definitive Proxy Statement for our 2008 Annual Meeting of Shareholders to be held on November 20, 2008 and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

a) The following documents are filed as a part of this Annual Report on Form 10-K:

	<u>Page</u>
(1) List of Financial Statements Filed as Part of this Annual Report on Form 10-K	
The following financial statements and reports of Harris Stratex Networks, Inc. and its consolidated subsidiaries are included in Part II, Item 8. of this Annual Report on Form 10-K at the page numbers referenced below:	
— Report of Independent Registered Public Accounting Firm	68
— Report of Independent Registered Public Accounting Firm	69
— Consolidated Statements of Operations — Fiscal Years ended June 27, 2008; June 29, 2007 (Restated); and June 30, 2006 (Restated)	70
— Consolidated Balance Sheets — June 27, 2008 and June 29, 2007 (Restated)	71
— Consolidated Statements of Cash Flows — Fiscal Years ended June 27, 2008; June 29, 2007 (Restated); and June 30, 2006 (Restated)	72
— Consolidated Statement of Shareholders' Equity and Comprehensive Loss — Fiscal Years ended June 27, 2008; June 29, 2007 (Restated); and June 30, 2006 (Restated)	73
— Notes to Consolidated Financial Statements (Restated)	74
(2) Financial Statement Schedules:	
For each of the Fiscal Years ended June 27, 2008; June 29, 2007; and June 30, 2006 — Schedule II — Valuation and Qualifying Accounts and Reserves	134

All other schedules are omitted because they are not applicable, the amounts are not significant, or the required information is shown in the Consolidated Financial Statements or the Notes thereto.

(3) Exhibits:

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

<u>Ex. #</u>	<u>Description</u>
2.1	Amended and Restated Formation, Contribution and Merger Agreement, dated as of December 18, 2006, among Harris Corporation, Stratex Networks, Inc., Harris Stratex Networks, Inc. and Stratex Merger Corp. (incorporated by reference to Appendix A to the proxy statement/prospectus forming a part of the Registration Statement on Form S-4 of Harris Stratex Networks, Inc. filed with the Securities and Exchange Commission on January 3, 2007, File No. 333-137980)

<u>Ex. #</u>	<u>Description</u>
2.2	Letter Agreement, dated as of January 26, 2007, among Harris Corporation, Stratex Networks, Inc., Harris Stratex Networks, Inc. and Stratex Merger Corp. (incorporated by reference to Exhibit 2.1.1 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
3.1	Amended and Restated Certificate of Incorporation of Harris Stratex Networks, Inc. as filed with the Secretary of State of the State of Delaware on January 26, 2007 (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form 8-A filed with the Securities and Exchange Commission on January 26, 2007, File No. 001-33278)
3.2	Amended and Restated Bylaws of Harris Stratex Networks, Inc. (incorporated by reference to Exhibit 3.2 to the Report on Form 8-K filed with the Securities and Exchange Commission on August 20, 2007, File No. 001-33278)
4.1	Specimen common stock certificates (incorporated herein by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 29, 2007 filed with the Securities and Exchange Commission on August 27, 2007, File No. 001-33278)
4.2	Registration Rights Agreement between Harris Stratex Networks, Inc. and Harris Corporation dated January 26, 2007 (incorporated by reference to Exhibit 10.3 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.1	Investor Agreement between Harris Stratex Networks, Inc. and Harris Corporation dated January 26, 2007 (incorporated by reference to Exhibit 10.1 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.2	Non-Competition Agreement among Harris Stratex Networks, Inc., Harris Corporation and Stratex Networks, Inc. dated January 26, 2007 (incorporated by reference to Exhibit 10.2 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.3	Intellectual Property Agreement between Harris Stratex Networks, Inc. and Harris Corporation dated January 26, 2007 (incorporated by reference to Exhibit 10.4 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.4	Trademark and Trade Name License Agreement between Harris Stratex Networks, Inc. and Harris Corporation dated January 26, 2007 (incorporated by reference to Exhibit 10.5 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.5	Lease Agreement between Harris Stratex Networks, Inc. and Harris Corporation dated January 26, 2007 (incorporated by reference to Exhibit 10.6 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.6	Transition Services Agreement between Harris Stratex Networks, Inc. and Harris Corporation dated January 26, 2007 (incorporated by reference to Exhibit 10.7 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.7	Warrant Assumption Agreement between Harris Stratex Networks, Inc. and Stratex Networks, Inc. dated January 26, 2007 (incorporated by reference to Exhibit 10.8 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.8	NetBoss Service Agreement between Harris Stratex Networks, Inc. and Harris Corporation dated January 26, 2007 (incorporated by reference to Exhibit 10.9 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.9	Lease Agreement between Harris Stratex Networks Canada ULC and Harris Canada, Inc. dated January 26, 2007 (incorporated by reference to Exhibit 10.10 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.10	Tax Sharing Agreement between Harris Stratex Networks, Inc. and Harris Corporation dated January 26, 2007 (incorporated by reference to Exhibit 10.11 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.11	Non-Competition Agreement, dated January 26, 2007, among Harris Stratex Networks, Inc., Stratex Networks, Inc. and Charles D. Kissner (incorporated by reference to Exhibit 10.13 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.12*	Employment Agreement, effective as of April 8, 2008, between Harris Stratex Networks, Inc. and Harald J. Braun (incorporated by reference to the Report on Form 8-K filed with the Securities and Exchange Commission on April 9, 2008, File No. 001-33278)

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<u>Ex. #</u>	<u>Description</u>
10.13*	Restated Employment Agreement, dated as of May 14, 2002, by and between Stratex Networks, Inc. and Charles D. Kissner (incorporated by reference to Exhibit 10.7 to the Annual Report on Form 10-K of Stratex Networks, Inc. for the Fiscal Year Ended March 31, 2003, File No. 000-15895)
10.13.1*	Third Amendment to Employment Agreement, dated as of December 15, 2006, by and between Stratex Networks, Inc. and Charles D. Kissner (incorporated by reference to Exhibit 10.29 to Amendment No. 2 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on December 18, 2006, File No. 333-137980)
10.14*	Standard Form of Executive Employment Agreement between Harris Stratex Networks, Inc. and certain executives (incorporated by reference to Exhibit 10.16 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.15	Form of Indemnification Agreement between Harris Stratex Networks, Inc. and its directors and certain officers (incorporated by reference to Exhibit 10.16 to the Registration Statement on Form S-1 of Stratex Networks, Inc., File No. 33-13431)
10.16	Sublicense Agreement, effective as of January 26, 2007, between Harris Stratex Networks, Inc. and Harris Stratex Networks Operating Corporation (incorporated herein by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the fiscal year ended June 29, 2007 filed with the Securities and Exchange Commission on August 27, 2007. File No. 001-33278)
10.17*	Harris Stratex Networks, Inc. Annual Incentive Plan
10.18	Harris Stratex Networks, Inc. 2007 Stock Equity Plan (incorporated by reference to Exhibit 4.9 to the Registration Statement on Form S-8 filed with the Securities and Exchange Commission on February 5, 2007, File No. 333-140442)
10.19	Credit Agreement between Harris Stratex Networks, Inc., Harris Stratex Networks Operating Corporation, Harris Stratex Networks(S) Pte. Ltd., Bank of America, N.A., Silicon Valley Bank, Banc of America Securities Asia Limited and Banc of America Securities LLC, dated June 30, 2008
10.20	Amended and Restated Loan and Security Agreement between Stratex Networks, Inc. and Silicon Valley Bank, dated January 21, 2004 (incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Stratex Networks, Inc. on January 22, 2004, File No. 000-15895)
10.20.1	Amendment No. 5 to Amended and Restated Loan and Security Agreement between Harris Stratex Networks Operating Corporation, a wholly owned subsidiary of Harris Stratex Networks, Inc. and the successor to Stratex Networks, Inc. and Silicon Valley Bank, dated February 23, 2007 (incorporated herein by reference to Exhibit 10.28.5 to the Company's Annual Report on Form 10-K for the fiscal year ended June 29, 2007 filed with the Securities and Exchange Commission on August 27, 2007. File No. 001-33278)
21	List of Subsidiaries of Harris Stratex Networks, Inc.
23	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
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.

* Management compensatory contract, arrangement or plan required to be filed as an exhibit pursuant to Item 15(b) of this report.

SIGNATURES

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)

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

Date: September 25, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Harald J. Braun</u> Harald J. Braun	President, Chief Executive Officer and Director (Principal Executive Officer)	September 25, 2008
<u>/s/ Sarah A. Dudash</u> Sarah A. Dudash	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	September 25, 2008
<u>/s/ Charles D. Kissner</u> Charles D. Kissner	Chairman of the Board	September 25, 2008
<u>/s/ Eric C. Evans</u> Eric C. Evans	Director	September 25, 2008
<u>/s/ William A. Hasler</u> William A. Hasler	Director	September 25, 2008
<u>/s/ Clifford H. Higgerson</u> Clifford H. Higgerson	Director	September 25, 2008
<u>/s/ Howard L. Lance</u> Howard L. Lance	Director	September 25, 2008
<u>/s/ Dr. Mohsen Sohi</u> Dr. Mohsen Sohi	Director	September 25, 2008
<u>/s/ James C. Stoffel</u> James C. Stoffel	Director	September 25, 2008
<u>/s/ Edward F. Thompson</u> Edward F. Thompson	Director	September 25, 2008

**SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
HARRIS STRATEX NETWORKS, INC. AND SUBSIDIARIES**

Years Ended June 27, 2008, June 29, 2007 and June 30, 2006

	Balance at Beginning of Period (\$)	Additions		(Additions) Deductions Describe (\$)	Balance at End of Period (\$)
		(1) Charged to Costs and Expenses (\$)	(2) Charged to Other Accounts Describe (\$) (In millions)		
Allowances for collection losses:					
Year ended June 27, 2008	8.5	3.7	—	(0.4)(A)	12.6
Year ended June 29, 2007	8.1	1.5	—	1.1(B)	8.5
Year ended June 30, 2006	7.3	4.2	—	3.4(C)	8.1
Inventory reserves:					
Year ended June 27, 2008	14.2	24.6	—	3.2(D)	35.6
Year ended June 29, 2007	18.2	3.2	—	7.2(E)	14.2
Year ended June 30, 2006	32.9	38.5	—	53.2(F)	18.2
Deferred tax asset valuation allowance(G):					
Year ended June 27, 2008	96.9	15.6	4.4(H)	—	116.9
Year ended June 29, 2007	69.2	2.6	25.1(H)	—	96.9
Year ended June 30, 2006	50.4	18.8	—	—	69.2

Note A — Consists of changes to allowance for collection losses of \$0.5 million for foreign currency translation gains and \$0.1 million for uncollectible accounts charged off, net of recoveries on accounts previously charged off.

Note B — Consists of additions to allowance for collection losses of \$0.2 million for foreign currency translation gains, \$0.8 million in additions from the acquisition of Stratex Networks and deductions of \$2.1 million for uncollectible accounts charged off, net of recoveries on accounts previously charged off.

Note C — Consists of additions to allowance for collection losses of \$0.3 million for foreign currency translation gains and deductions of \$3.7 million for uncollectible accounts charged off, net of recoveries on accounts previously charged off.

Note D — Consists of additions to inventory reserves of \$0.3 million for foreign currency translation gains, \$4.9 million in deductions from obsolescence and excess inventory charged off and \$1.4 million in other inventory reserve adjustments.

Note E — Consists of additions to inventory reserves of \$7.2 million in deductions from obsolescence and excess inventory charged off.

Note F — Consists of additions to inventory reserves of \$0.5 million for foreign currency translation gains and \$53.7 million in deductions from obsolescence and excess inventory charged off.

Note G — Additions to deferred tax valuation allowance are recorded as expense.

Note H — Deferred tax asset recorded as an adjustment to goodwill under purchase accounting.

EXHIBIT INDEX

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

<u>Ex. #</u>	<u>Description</u>
2.1	Amended and Restated Formation, Contribution and Merger Agreement, dated as of December 18, 2006, among Harris Corporation, Stratex Networks, Inc., Harris Stratex Networks, Inc. and Stratex Merger Corp. (incorporated by reference to Appendix A to the proxy statement/prospectus forming a part of the Registration Statement on Form S-4 of Harris Stratex Networks, Inc. filed with the Securities and Exchange Commission on January 3, 2007, File No. 333-137980)
2.2	Letter Agreement, dated as of January 26, 2007, among Harris Corporation, Stratex Networks, Inc., Harris Stratex Networks, Inc. and Stratex Merger Corp. (incorporated by reference to Exhibit 2.1.1 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
3.1	Amended and Restated Certificate of Incorporation of Harris Stratex Networks, Inc. as filed with the Secretary of State of the State of Delaware on January 26, 2007 (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form 8-A filed with the Securities and Exchange Commission on January 26, 2007, File No. 001-33278)
3.2	Amended and Restated Bylaws of Harris Stratex Networks, Inc. (incorporated by reference to Exhibit 3.2 to the Report on Form 8-K filed with the Securities and Exchange Commission on August 20, 2007, File No. 001-33278)
4.1	Specimen common stock certificates (incorporated herein by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 29, 2007 filed with the Securities and Exchange Commission on August 27, 2007, File No. 001-33278)
4.2	Registration Rights Agreement between Harris Stratex Networks, Inc. and Harris Corporation dated January 26, 2007 (incorporated by reference to Exhibit 10.3 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.1	Investor Agreement between Harris Stratex Networks, Inc. and Harris Corporation dated January 26, 2007 (incorporated by reference to Exhibit 10.1 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.2	Non-Competition Agreement among Harris Stratex Networks, Inc., Harris Corporation and Stratex Networks, Inc. dated January 26, 2007 (incorporated by reference to Exhibit 10.2 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.3	Intellectual Property Agreement between Harris Stratex Networks, Inc. and Harris Corporation dated January 26, 2007 (incorporated by reference to Exhibit 10.4 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.4	Trademark and Trade Name License Agreement between Harris Stratex Networks, Inc. and Harris Corporation dated January 26, 2007 (incorporated by reference to Exhibit 10.5 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.5	Lease Agreement between Harris Stratex Networks, Inc. and Harris Corporation dated January 26, 2007 (incorporated by reference to Exhibit 10.6 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.6	Transition Services Agreement between Harris Stratex Networks, Inc. and Harris Corporation dated January 26, 2007 (incorporated by reference to Exhibit 10.7 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.7	Warrant Assumption Agreement between Harris Stratex Networks, Inc. and Stratex Networks, Inc. dated January 26, 2007 (incorporated by reference to Exhibit 10.8 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.8	NetBoss Service Agreement between Harris Stratex Networks, Inc. and Harris Corporation dated January 26, 2007 (incorporated by reference to Exhibit 10.9 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.9	Lease Agreement between Harris Stratex Networks Canada ULC and Harris Canada, Inc. dated January 26, 2007 (incorporated by reference to Exhibit 10.10 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)

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<u>Ex. #</u>	<u>Description</u>
10.10	Tax Sharing Agreement between Harris Stratex Networks, Inc. and Harris Corporation dated January 26, 2007 (incorporated by reference to Exhibit 10.11 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.11	Non-Competition Agreement, dated January 26, 2007, among Harris Stratex Networks, Inc., Stratex Networks, Inc. and Charles D. Kissner (incorporated by reference to Exhibit 10.13 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.12*	Employment Agreement, effective as of April 8, 2008, between Harris Stratex Networks, Inc. and Harald J. Braun (incorporated by reference to the Report on Form 8-K filed with the Securities and Exchange Commission on April 9, 2008, File No. 001-33278)
10.13*	Restated Employment Agreement, dated as of May 14, 2002, by and between Stratex Networks, Inc. and Charles D. Kissner (incorporated by reference to Exhibit 10.7 to the Annual Report on Form 10-K of Stratex Networks, Inc. for the Fiscal Year Ended March 31, 2003, File No. 000-15895)
10.13.1*	Third Amendment to Employment Agreement, dated as of December 15, 2006, by and between Stratex Networks, Inc. and Charles D. Kissner (incorporated by reference to Exhibit 10.29 to Amendment No. 2 to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on December 18, 2006, File No. 333-137980)
10.14*	Standard Form of Executive Employment Agreement between Harris Stratex Networks, Inc. and certain executives (incorporated by reference to Exhibit 10.16 to the Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2007, File No. 001-33278)
10.15	Form of Indemnification Agreement between Harris Stratex Networks, Inc. and its directors and certain officers (incorporated by reference to Exhibit 10.16 to the Registration Statement on Form S-1 of Stratex Networks, Inc., File No. 33-13431)
10.16	Sublicense Agreement, effective as of January 26, 2007, between Harris Stratex Networks, Inc. and Harris Stratex Networks Operating Corporation (incorporated herein by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the fiscal year ended June 29, 2007 filed with the Securities and Exchange Commission on August 27, 2007. File No. 001-33278)
10.17*	Harris Stratex Networks, Inc. Annual Incentive Plan
10.18	Harris Stratex Networks, Inc. 2007 Stock Equity Plan (incorporated by reference to Exhibit 4.9 to the Registration Statement on Form S-8 filed with the Securities and Exchange Commission on February 5, 2007, File No. 333-140442)
10.19	Credit Agreement between Harris Stratex Networks, Inc., Harris Stratex Networks Operating Corporation, Harris Stratex Networks(S) Pte. Ltd., Bank of America, N.A., Silicon Valley Bank, Banc of America Securities Asia Limited and Banc of America Securities LLC, dated June 30, 2008
10.20	Amended and Restated Loan and Security Agreement between Stratex Networks, Inc. and Silicon Valley Bank, dated January 21, 2004 (incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Stratex Networks, Inc. on January 22, 2004, File No. 000-15895)
10.20.1	Amendment No. 5 to Amended and Restated Loan and Security Agreement between Harris Stratex Networks Operating Corporation, a wholly owned subsidiary of Harris Stratex Networks, Inc. and the successor to Stratex Networks, Inc. and Silicon Valley Bank, dated February 23, 2007 (incorporated herein by reference to Exhibit 10.28.5 to the Company's Annual Report on Form 10-K for the fiscal year ended June 29, 2007 filed with the Securities and Exchange Commission on August 27, 2007. File No. 001-33278)
21	List of Subsidiaries of Harris Stratex Networks, Inc.
23	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
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.

* Management compensatory contract, arrangement or plan required to be filed as an exhibit pursuant to Item 15(b) of this report.

**HARRIS STRATEX NETWORKS
ANNUAL INCENTIVE PLAN**

1. **Purpose of the Plan.** The purpose of the Harris Stratex Networks Annual Incentive Plan is to promote the growth and performance of the Company by: (i) linking a portion of the total annual compensation for certain key employees to attainment of such business objectives as shall be approved for each Performance Period; and (ii) assisting in the attraction, retention and motivation of certain key employees.

2. **Definitions.** Wherever the following capitalized terms are used in the Plan, they shall have the meanings specified below:

“**Affiliate**” means any corporation, partnership, limited liability company, business trust, or other entity controlling, controlled by or under common control with the Company.

“**Award**” means a right to receive a cash incentive payment pursuant to the terms and conditions of the Plan.

“**Board**” means the Board of Directors of the Company.

“**Change of Control**” means 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 a merger or consolidation of the Company into another person (*i.e.*, which merger or consolidation the Company does not survive) or the sale, transfer, or other disposition of all or substantially all of the Company’s assets to one or more other persons in a single transaction or series of related transactions (an “Acquisition”) or a share exchange, unless immediately following such Acquisition or share exchange 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 Acquisition 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 Performance 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 Acquisition or share exchange (or, if applicable, is represented by shares into which such Company securities were converted pursuant to such Acquisition or share exchange), or

(b) any person or group of persons (within the meaning of Section 13(d)(3) of the Exchange Act) directly or indirectly acquires beneficial ownership (determined pursuant to Securities and Exchange Commission Rule 13d-3 promulgated under the Exchange Act), other than through an Acquisition or share exchange, 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 Performance Criteria: (i) have been a Board member continuously since the adoption of this Plan or 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 Performance 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.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Committee**” means the Compensation Committee of the Board, or such other committee of the Board to which such authority may be granted from time to time, which in general is responsible for the administration of the Plan, as provided in Section 3 of the Plan. For any period during which no such committee is in existence “Committee” shall mean the Board and all authority and responsibility assigned to the Committee under the Plan shall be exercised, if at all, by the Board.

“**Company**” means Harris Stratex Networks, a Delaware corporation.

“**Covered Employee**” means an employee who is a covered employee within the meaning of Section 162(m) of the Code.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“**Participant**” means any holder of an Award under the Plan.

“**Performance Criteria**” means the Performance Criteria that the Committee selects for purposes of establishing the Performance Goal or Performance Goals for a Participant for a Performance Period. The Performance Criteria used to establish Performance Goals are limited to: (i) cash flow (before or after dividends), (ii) earnings per share (including, without limitation, earnings before interest, taxes, depreciation and amortization), (iii) stock price, (iv) return on equity, (v) stockholder return or total stockholder return, (vi) return on capital (including, without limitation, return on total capital or return on invested capital), (vii) return on investment, (viii) return on assets or net assets, (ix) market capitalization, (x) economic value added, (xi) debt leverage (debt to capital), (xii) revenue, (xiii) sales or net sales, (xiv) backlog, (xv) income, pre-tax income or net income, (xvi) operating income or pre-tax profit, (xvii) operating profit, net operating profit or economic profit, (xviii) gross margin, operating margin or profit margin, (xix) return on operating revenue or return on operating assets, (xx) cash from operations, (xxi) operating ratio, (xxii) operating revenue, (xxiii) market share improvement, (xxiv) general and administrative expenses or (xxv) customer service.

“**Performance Goals**” means, for a Performance Period, the written goal or goals established by the Committee for the Performance Period based upon the Performance Criteria. The Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, subsidiary, or an individual, either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit or Affiliate, either individually, alternatively or in any combination, and measured either quarterly, annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by the Committee. The Committee will, in the manner and within the time prescribed by Section 162(m) of the Code in the case of Qualified Performance-Based Awards, objectively define the manner of calculating the Performance Goal or Goals it selects to use for such Performance Period for such Participant. To the extent consistent with Section 162(m) of the Code, the Committee may appropriately adjust any evaluation of performance against a Performance Goal to exclude any of the following events that occurs during a performance period: (i) asset write-downs, (ii) litigation, claims, judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs and (v) any extraordinary, unusual, non-recurring or non-comparable items (A) as described in Accounting Principles Board Opinion No. 30, (B) as described in management's discussion and analysis of financial condition and results of operations appearing in the Company's Annual Report to stockholders for the applicable year, or (C) publicly announced by the Company in a press release or conference call relating to the Company's results of operations or financial condition for a completed quarterly or annual fiscal period.

“**Performance Period**” means the one or more periods of time, which may be of varying and overlapping durations, selected by the Committee, over which the attainment of one or more Performance Goals will be measured for purposes of determining a Participant's right to payment in connection with an Award.

“Plan” means this Harris Stratex Networks Annual Incentive Plan, as amended from time to time.

“Qualified Performance-Based Award” means any Award or portion of an Award intended to qualify as “performance-based compensation” under Section 162(m) of the Code.

3. **Administration of Plan.** The Plan shall be administered by the Committee; *provided, however*, that at any time and on any one or more occasions the Board may itself exercise any of the powers and responsibilities assigned the Committee under the Plan and when so acting shall have the benefit of all of the provisions of the Plan pertaining to the Committee’s exercise of its authorities hereunder and *provided further, however*, that the Committee may delegate to an executive officer or officers the authority to grant Awards hereunder to employees in accordance with such guidelines as the Committee shall set forth at any time or from time to time. Subject to the provisions of the Plan, the Committee shall have complete authority, in its discretion, to make or to select the manner of making all determinations with respect to each Award to be granted by the Company under the Plan including the employee to receive the Award. In making such determinations, the Committee may take into account the nature of the services rendered by the respective employees, their present and potential contributions to the success of the Company and its Affiliates, and such other factors as the Committee in its discretion shall deem relevant. Subject to the provisions of the Plan, the Committee shall also have complete authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the respective Award agreements (which need not be identical), and to make all other determinations necessary or advisable for the administration of the Plan. The Committee’s determinations made in good faith on matters referred to in the Plan shall be final, binding and conclusive on all persons having or claiming any interest under the Plan or an Award made pursuant hereto.

4. **Awards.**

(a) *In General.* All employees of the Company and its Affiliates are eligible to be designated by the Committee to receive Awards and become Participants under the Plan. Each Participant in the Plan shall be eligible to receive such Award, if any, as the Committee may determine in its sole discretion.

(b) *Performance Goals.* Participants shall receive payments pursuant to their Awards, if any, as determined on the basis of the degree of achievement of the Performance Goals.

5. **Qualified Performance-Based Awards.**

(a) *Purpose.* The purpose of this Section 5 is to provide the Committee the ability to qualify Awards as “performance-based compensation” under Section 162(m) of the Code. If the Committee, in its discretion, decides to grant an Award as a Qualified Performance-Based Award, the provisions of this Section 5 will control over any contrary provision contained in the Plan. In the course of granting any Award, the Committee may specifically designate the Award as intended to qualify as a Qualified Performance-Based Award. However, no Award shall be considered to have failed to qualify as a Qualified Performance-Based Award solely because the Award is not expressly designated as a Qualified Performance-Based Award, if the Award otherwise satisfies the provisions of this Section 5 and the requirements of Section 162(m) of the Code and the regulations promulgated thereunder applicable to “performance-based compensation.”

(b) *Authority.* All grants of Awards intended to qualify as Qualified Performance-Based Awards and determination of terms applicable thereto shall be made by the Committee or, if not all of the members thereof qualify as “outside directors” within the meaning of applicable IRS regulations under Section 162 of the Code, a subcommittee of the Committee consisting of such of the members of the Committee as do so qualify. Any action by such a subcommittee shall be considered the action of the Committee for purposes of the Plan.

(c) *Applicability.* This Section 5 will apply only to those Covered Employees, or to those persons who the Committee determines are reasonably likely to become Covered Employees in the period covered by an Award, selected by the Committee to receive Qualified Performance-Based Awards. The Committee may, in its discretion, grant Awards to Covered Employees that do not satisfy the requirements of this Section 5.

(d) *Discretion of Committee with Respect to Qualified Performance-Based Awards.* With regard to Awards intended to qualify as Qualified Performance-Based Awards, the Committee will have full discretion to select the length of any applicable Performance Period, the kind and/or level of the applicable Performance Goal, and whether the Performance Goal is to apply to the Company, a Subsidiary or any division or business unit or to the individual. Any Performance Goal or Goals applicable to Qualified Performance-Based Awards shall be objective, shall be established not later than three (3) months after the beginning of any applicable Performance Period (or at such other date as may be required or permitted for “performance-based compensation” under Section 162(m) of the Code) and shall otherwise meet the requirements of Section 162(m) of the Code, including the requirement that the outcome of the Performance Goal or Goals be substantially uncertain (as defined in the regulations under Section 162(m) of the Code) at the time established.

(e) *Payment of Qualified Performance-Based Awards.* A Participant will be eligible to receive payment under a Qualified Performance-Based Award which is subject to achievement of a Performance Goal or Goals only if the applicable Performance Goal or Goals are achieved within the applicable Performance Period, as determined by the Committee. In determining the actual size of an individual Qualified Performance-Based Award, the Committee may reduce or eliminate the amount of the Qualified Performance-Based Award earned for the Performance Period, if in its sole and absolute discretion, such reduction or elimination is appropriate.

(f) *Maximum Award Payable.* The maximum Qualified Performance-Based Award payment to any one Participant under the Plan for a Performance Period is \$2,500,000; *provided, however,* that if such Participant is not a Participant for the entire Performance Period, the maximum amount payable shall be pro-rated based on the number of days the individual was a Participant for the Performance Period.

(g) *Limitation on Adjustments for Certain Events.* No adjustment of any Qualified Performance-Based Award pursuant to Section 12 shall be made except on such basis, if any, as will not cause such Award to provide other than “performance-based compensation” within the meaning of Section 162(m) of the Code.

6. Payment of Annual Incentive Award on Termination of Employment.

(a) *Payments.* Payment pursuant to any Award shall be made in cash at such time(s) as the Committee may in its discretion determine. Notwithstanding the foregoing, in no event will the payment of such amounts be made after the later of: (a) the 15th day of the third month following the end of the Participant’s first taxable year in which the amount is no longer subject to a substantial risk of forfeiture or (b) the 15th day of the third month following the end of the Corporation’s first taxable year in which the amount is no longer subject to a substantial risk of forfeiture.

(b) *Termination of Employment.* Except to the extent otherwise provided by the Committee, if a Participant’s employment with the Company, any Subsidiary or any Affiliate, is terminated for any reason prior to the last day of a Performance Period, then, except in the case of death, disability or normal retirement, or an involuntary termination due to a reduction in force or except as provided in Section 12, the Participant shall forfeit the Award and shall not be entitled to a payment of the Award. If a Participant’s employment is terminated during the Performance Period due to death, disability, normal retirement or involuntary termination caused by a reduction in force, the Participant shall be entitled to a pro-rated payment of the Award that would have been payable if the Participant had been a Participant on the last day of the Performance Period, based upon the Committee’s determination as to whether the applicable Performance Goal or Goals are achieved within such Performance Period. If a Participant is entitled to a payment of the Award pursuant to the preceding sentence, such amount shall be prorated based on the number of days the individual was a Participant in the Plan for such Performance Period and shall be paid at the same time and in the same manner as such payment would have been made if the Participant had been a Participant on the last day of the Performance Period. A leave of absence, approved by the Committee, shall not be deemed to be a termination of employment for purposes of this Plan.

7. **Unfunded Plan.** The Plan is intended to constitute an “unfunded” plan for incentive compensation, and the Plan is not intended to constitute a plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended. With respect to any payments not yet made to a

Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Company. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver payments hereunder, *provided, however*, that the existence of such trusts or other arrangements is consistent with the unfunded status of the Plan.

8. Non-Alienation of Benefits; Beneficiary Designation. All rights and benefits under the Plan are personal to the Participant and neither the Plan nor any right or interest of a Participant or any other person arising under the Plan is subject to voluntary or involuntary alienation, sale, transfer, or assignment without the Company's consent. Subject to the foregoing, the Company shall establish such procedures as it deems necessary for a Participant to designate one or more beneficiaries to whom any payment the Committee determines to make would be payable in the event of the Participant's death. In the event no beneficiary has been properly designated, the payment shall be made to the Participant's surviving spouse or, if none, the Participant's estate.

9. Withholding for Taxes. Notwithstanding any other provisions of this Plan, the Company shall have the authority to withhold from any payment made by it under the Plan such amount or amounts as may be required for purposes of complying with any Federal, state and local tax or withholding requirements.

10. No Right to Continued Employment or to Participate. Nothing contained in the Plan or in any Award shall confer upon any recipient of an Award any right with respect to the continuation of his or her employment with the Company (or any Affiliate), or interfere in any way with the right of the Company, subject to the terms of any separate employment or consulting agreement or provision of law or corporate articles or by-laws to the contrary, at any time to terminate such employment or consulting agreement or to increase or decrease, or otherwise adjust, the other terms and conditions of the recipient's employment with the Company and its Affiliates.

11. Non-Exclusivity of Plan. Neither the adoption of the Plan by the Board nor the submission of the Plan to the stockholders of the Company shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including without limitation, the granting of stock options and restricted stock other than under the Plan, and such arrangements may be either applicable generally or only in specific cases

12. Change of Control. Notwithstanding anything to the contrary provided elsewhere herein, in the event of a "Change of Control" of the Company then the Company shall as promptly as practicable following the effective date of the Change of Control pay any incentive Awards payable to Participants. The payment to each Participant shall be an amount not less than the target Award as originally approved for the Performance Period, notwithstanding actual results or any changes or modifications occurring after any such Change of Control.

13. Adjustment of Awards. Notwithstanding anything herein to the contrary, the Committee may not make any such adjustment to any Qualified Performance-Based Award if such adjustment would cause compensation pursuant to such award to cease to be performance-based compensation under Section 162(m) of the Code. In the event the Company shall assume outstanding employee benefit awards or the right or obligation to make future such awards in connection with the acquisition of another corporation or business entity, the Committee may, in its discretion, make such adjustments in the terms of Awards under the Plan as it shall deem appropriate.

14. Impact of Restatement of Financial Statements upon Previous Awards. If any of the Company's financial statements are restated as a result of errors, omissions, or fraud, the Committee may (in its sole discretion, but acting in good faith) direct that the Company recover all or a portion of any such Award or payment made to any, all or any class of Participants with respect to any Performance Period the financial results of which are negatively affected by such restatement. The amount to be recovered from any Participant shall be the amount by which the affected Award or payment exceeded the amount that would have been payable to such Participant had the financial statements been initially filed as restated, or any greater or lesser amount (including, but not limited to, the entire Award) that the Committee shall determine. The Committee may determine to recover different amounts from different Participants or different classes of Participants on such basis as it shall deem appropriate. In no event shall the amount to be recovered by the Company from a Participant be less than the amount required to be repaid or recovered as a matter of law.

The Committee shall determine whether the Company shall effect any such recovery (i) by seeking repayment from the Participant, (ii) by reducing (subject to applicable law and the terms and conditions of the applicable plan, program or arrangement) the amount that would otherwise be payable to the Participant under any compensatory plan, program or arrangement maintained by the Company, a Subsidiary or any of its Affiliates, (iii) by withholding payment of future increases in compensation (including the payment of any discretionary bonus amount) or grants of compensatory awards that would otherwise have been made in accordance with the Company's otherwise applicable compensation practices, or (iv) by any combination of the foregoing or otherwise.

15. Amendment or Termination. The Board may at any time terminate the Plan or make such modifications of the Plan as it shall deem advisable. Unless the Board otherwise expressly provides, no amendment of the Plan shall affect the terms of any Award outstanding on the date of such amendment. The Committee may amend the terms of any Award theretofore granted, prospectively or retroactively, provided that the Award as amended is consistent with the terms of the Plan.

16. Application of Code Section 409A. This Plan is intended to be administered and interpreted in a manner such that it is exempt from the requirements of Section 409A of the Code pursuant to the "short term deferral rule." Notwithstanding the foregoing, no particular tax result with respect to any income recognized by a Participant in connection with the Plan is guaranteed and each Participant shall be responsible for any taxes imposed on him in connection with the Plan.

17. Governing Law and Interpretation. The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Delaware, without regard to the conflict of law principles thereof. Unless otherwise indicated, all "Section" references are to sections of the Plan. References to any law, rule or regulation shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing, or interpreting such law, rule or regulation.

18. Severability. If any one or more of the provisions contained in this Plan shall be invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

19. Effective Date. This Plan shall become effective immediately upon stockholder approval and shall remain effective until five (5) years from the date of said stockholder approval, subject to any further shareholder approvals (or reapprovals) mandated for performance-based compensation under Section 162(m) of the Code, and subject to the right of the Board to terminate the Plan, on a prospective basis only, at any time.

CREDIT AGREEMENT

Dated as of June 30, 2008

among

HARRIS STRATEX NETWORKS, INC.
HARRIS STRATEX NETWORKS OPERATING CORPORATION,
HARRIS STRATEX NETWORKS (S) PTE. LTD.
as the Borrowers,

BANK OF AMERICA, N.A.,
as Administrative Agent, Swing Line Lender
and
L/C Issuer,

SILICON VALLEY BANK,
as Lender and L/C Issuer,

BANC OF AMERICA SECURITIES ASIA LIMITED,
as Singapore Loan Agent

and

The Other Lenders Party Hereto

BANC OF AMERICA SECURITIES LLC and
SILICON VALLEY BANK,

as

Joint Lead Arrangers and Book Managers

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Exhibit I	Form of Designated Borrower Notice

CREDIT AGREEMENT

This CREDIT AGREEMENT ("Agreement") is entered into as of June 30, 2008, among HARRIS STRATEX NETWORKS, INC. a Delaware corporation (the "Parent"), HARRIS STRATEX NETWORKS OPERATING CORPORATION, a Delaware corporation ("Opco"), HARRIS STRATEX NETWORKS (S) PTE LTD. (Company Registration Number: 199901592C), a limited liability company organized under the laws of Singapore ("Harris Singapore"), certain subsidiaries of Parent party hereto pursuant to Section 2.15 (each, a "Designated Borrower" and, together with Parent, Opco and Harris Singapore, the "Borrowers", and each, a "Borrower"), each lender from time to time party hereto (collectively, the "Lenders" and individually, a "Lender"), SILICON VALLEY BANK, as a Swing Line Lender and an L/C Issuer, BANK OF AMERICA, N.A., as Administrative Agent, a Swing Line Lender and an L/C Issuer, and BANC OF AMERICA SECURITIES ASIA LIMITED, as Singapore Loan Agent.

The Borrowers have requested that the Lenders provide a revolving credit facility, and the Lenders are willing to do so on the terms and conditions set forth herein.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I. DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

"Accounts" means all present and future "accounts" as defined in the Uniform Commercial Code in effect in New York on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all trade accounts receivable.

"Administrative Agent" means Bank of America in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

"Administrative Agent's Office" means the Administrative Agent's address and, as appropriate, account as set forth on Schedule 10.02, or such other address or account as the Administrative Agent may from time to time notify to the Borrowers and the Lenders.

"Administrative Questionnaire" means an Administrative Questionnaire in substantially the form of Exhibit E-2 or any other form approved by the Administrative Agent.

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agent" means either of the Administrative Agent or Singapore Loan Agent, and "Agents" means both of them.

"Aggregate Commitments" means the Commitments of all the Lenders.

“Agreement” means this Credit Agreement.

“Alternative Currency” means the Euro, British Pound Sterling, Thai Baht, New Zealand Dollar, Indian Rupee, Malaysian Ringgit, Philippine Peso, Polish Zloty, and each other currency (other than Dollars) that is approved in accordance with Section 1.06.

“Alternative Currency Equivalent” means, at any time, with respect to any amount denominated in Dollars, the equivalent amount thereof in the applicable Alternative Currency as determined by the Administrative Agent or the L/C Issuer, as the case may be, at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of such Alternative Currency with Dollars.

“Applicable Margin” means the following percentages per annum, based upon the Consolidated Leverage Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to Section 6.02(b):

Applicable Margin

Pricing Level	Consolidated Leverage Ratio	Commitment Fee	Eurodollar Rate	
			Loans Letters of Credit	Base Rate Loans
1	£1.00:1	.250%	1.25%	0.00%
2	>1.00:1 but £2.00:1	.250%	1.50%	0.00%
3	>2.00:1 but £2.75:1	.375%	1.75%	0.00%
4	>2.75:1	.500%	2.00%	0.00%

Any increase or decrease in the Applicable Margin resulting from a change in the Consolidated Leverage Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 6.02(b); provided, however, that if a Compliance Certificate is not delivered when due in accordance with such Section, then, upon the request of the Required Lenders, Pricing Level 4 shall apply as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and shall remain in effect until the date on which such Compliance Certificate is delivered. The Applicable Margin in effect from the Closing Date through the date of receipt of Parent’s consolidated financial statements for the fiscal quarter ending March 28, 2008, shall be determined based upon Pricing Level 1.

Notwithstanding anything to the contrary contained in this definition, the determination of the Applicable Margin for any period shall be subject to the provisions of Section 2.10(b).

“Applicable Percentage” means with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of the Aggregate Commitments, or Singapore Sublimit, as applicable, represented by such Lender’s Commitment at such time. If the commitment of each Lender to make Loans and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 8.02 or if the Aggregate Commitments have expired, then the Applicable Percentage of each Lender shall be determined based on the Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

“Applicable Time” means, with respect to any borrowings and payments in any Alternative Currency, the local time in the place of settlement for such Alternative Currency as may be determined by the Administrative Agent or the L/C Issuer, as the case may be, to be necessary for timely settlement on the relevant date in accordance with normal banking procedures in the place of payment.

“Approved Fund” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Arranger” means Banc of America Securities LLC and Silicon Valley Bank, in their capacities as lead arrangers and book managers.

“Assignee Group” means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.06(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit E-1 or any other form approved by the Administrative Agent.

“Attributable Indebtedness” means, on any date, (a) in respect of any capital lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a capital lease.

“Audited Financial Statements” means the audited consolidated balance sheet of the Parent and its Subsidiaries for the fiscal year ended June 29, 2007, and the related consolidated statements of income or operations, shareholders’ equity and cash flows for such fiscal year of the Parent and its Subsidiaries, including the notes thereto.

“Availability Period” means the period from and including the Closing Date to the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Commitments pursuant to Section 2.06, and (c) the date of termination of the commitment of each Lender to

make Loans and of the obligation of the L/C Issuer to make L/C Credit Extensions pursuant to [Section 8.02](#).

“[Bank of America](#)” means Bank of America, N.A. and its successors.

“[Base Rate](#)” means for any day a fluctuating rate per annum equal to the higher of (a) the Federal Funds Rate plus 1/2 of 1% and (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its “prime rate.” The “prime rate” is a rate set by Bank of America based upon various factors including Bank of America’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

“[Base Rate Committed Loan](#)” means a Committed Loan that is a Base Rate Loan.

“[Base Rate Loan](#)” means a Loan that bears interest based on the Base Rate.

“[Borrower](#)” and “[Borrowers](#)” have the meaning specified in the introductory paragraph hereto.

“[Borrower Materials](#)” has the meaning specified in [Section 6.02](#).

“[Borrowing](#)” means a Committed Borrowing or a Swing Line Borrowing, as the context may require.

“[Business Day](#),” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent’s Office is located and, if such day relates to any Eurodollar Rate Loan, means any such day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market, and if such day relates to any Singapore Loan, means additionally any day other than a day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, Singapore or Hong Kong.

“[Cash Collateralize](#)” has the meaning specified in [Section 2.03\(g\)](#).

“[Change in Law](#)” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority.

“[Change of Control](#)” means an event or series of events by which:

- (a) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the “beneficial

owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an “option right”), directly or indirectly, of 25% or more of the equity securities of Parent entitled to vote for members of the board of directors or equivalent governing body of Parent on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right);

(b) during any period of 24 consecutive months, a majority of the members of the board of directors or other equivalent governing body of Parent cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body (excluding, in the case of both clause (ii) and clause (iii), any individual whose initial nomination for, or assumption of office as, a member of that board or equivalent governing body occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the board of directors); or

(c) any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation thereof, will result in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence over the management or policies of Parent, or control over the equity securities of Parent entitled to vote for members of the board of directors or equivalent governing body of Parent on a fully-diluted basis (and taking into account all such securities that such Person or group has the right to acquire pursuant to any option right) representing 25% or more of the combined voting power of such securities.

“Closing Date” means the first date all the conditions precedent in Section 4.01 are satisfied or waived in accordance with Section 10.01.

“Code” means the Internal Revenue Code of 1986.

“Commitment” means, as to each Lender, its obligation to (a) make Committed Loans to the Borrowers pursuant to Section 2.01, (b) purchase participations in L/C Obligations, and (c) purchase participations in Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

“Committed Borrowing” means a borrowing consisting of simultaneous Committed Loans of the same Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by each of the relevant Lenders pursuant to Section 2.01.

“Committed Loan” has the meaning specified in Section 2.01.

“Committed Loan Notice” means a notice of (a) a Committed Borrowing, (b) a conversion of Committed Loans from one Type to the other, or (c) a continuation of Eurodollar Rate Loans, pursuant to Section 2.02(a), which, if in writing, shall be substantially in the form of Exhibit A.

“Compliance Certificate” means a certificate substantially in the form of Exhibit D.

“Consolidated EBITDA” means, for any period, for the Parent and its Subsidiaries on a consolidated basis, an amount equal to Consolidated Net Income for such period plus (a) the following to the extent deducted in calculating such Consolidated Net Income: (i) Consolidated Interest Charges for such period, (ii) the provision for Federal, state, local and foreign income taxes payable by the Parent and its Subsidiaries for such period, (iii) depreciation and amortization expense, (iv) non-cash restructuring charges, and such other cash restructuring charges as agreed by the Administrative Agent in writing, (v) non-cash stock-based compensation expense, and (vi) other non-recurring expenses of the Parent and its Subsidiaries reducing such Consolidated Net Income which do not represent a cash item in such period or any future period and minus (b) the following to the extent included in calculating such Consolidated Net Income: (i) Federal, state, local and foreign income tax credits of the Parent and its Subsidiaries for such period and (ii) all non-cash items increasing Consolidated Net Income for such period.

“Consolidated Funded Indebtedness” means, as of any date of determination, for the Parent and its Subsidiaries on a consolidated basis, the sum of (a) the outstanding principal amount of all obligations, whether current or long-term, for borrowed money (including borrowings hereunder) and all debt obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments, (b) all purchase money Indebtedness, (c) all direct, non-contingent obligations arising under drawn letters of credit (including standby and commercial), bankers’ acceptances, bank guarantees, surety bonds and similar instruments, (d) all obligations in respect of the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business), (e) Attributable Indebtedness in respect of capital leases and Synthetic Lease Obligations, and (f) all Indebtedness of the types referred to in clauses (a) through (e) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which a Borrower or a Subsidiary is a general partner or joint venturer, unless such Indebtedness is expressly made non-recourse to such Borrower or such Subsidiary; in each case minus any cash collateral posted for any of the foregoing.

“Consolidated Interest Charges” means, for any period, for the Parent and its Subsidiaries on a consolidated basis, the sum of (a) all interest, premium payments, debt discount, fees, charges and related expenses of the Parent and its Subsidiaries in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets,

in each case to the extent treated as interest in accordance with GAAP, and (b) the portion of rent expense of the Parent and its Subsidiaries with respect to such period under capital leases that is treated as interest in accordance with GAAP.

“Consolidated Leverage Ratio” means, as of any date of determination, the ratio of (a) Consolidated Funded Indebtedness as of such date to (b) Consolidated EBITDA for the period of the four fiscal quarters most recently ended.

“Consolidated Net Income” means, for any period, for the Parent and its Subsidiaries on a consolidated basis, the net income of the Parent and its Subsidiaries (excluding extraordinary gains and extraordinary losses) for that period.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Credit Extension” means each of the following: (a) a Borrowing and (b) an L/C Credit Extension.

“Debtor Relief Laws” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, judicial management or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“Default” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“Default Rate” means (a) when used with respect to Obligations other than Letter of Credit Fees, an interest rate equal to (i) the Base Rate plus (ii) the Applicable Margin, if any, applicable to Base Rate Loans plus (iii) 2% per annum; provided, however, that with respect to a Eurodollar Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Margin) otherwise applicable to such Loan plus 2% per annum, and (b) when used with respect to Letter of Credit Fees, a rate equal to the Applicable Margin plus 2% per annum, each effective as of the date of an Event of Default.

“Defaulting Lender” means any Lender that (a) has failed to fund any portion of the Committed Loans, participations in L/C Obligations or participations in Swing Line Loans required to be funded by it hereunder within one Business Day of the date required to be funded by it hereunder unless such failure has been cured, (b) has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within one Business Day of the date when due, unless the subject of a good faith dispute or

unless such failure has been cured, or (c) has been deemed insolvent or become the subject of a bankruptcy or insolvency proceeding.

“Designated Borrower” has the meaning specified in the introductory paragraph hereto.

“Disposition” or “Dispose” means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction) of any property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

“Dollar” and “\$” mean lawful money of the United States.

“Dollar Equivalent” means, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in any Alternative Currency, the equivalent amount thereof in Dollars as determined by the Administrative Agent or the L/C Issuer, as the case may be, at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of Dollars with such Alternative Currency.

“Domestic Subsidiary” means any Subsidiary that is organized under the laws of any political subdivision of the United States.

“Eligible Assignee” means any Person that meets the requirements to be an assignee under Section 10.06(b)(iii), (v) and (vi) (subject to such consents, if any, as may be required under Section 10.06(b)(iii)).

“Environmental Laws” means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrowers, any other Loan Party or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Equity Interests” means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests),

and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with the Borrowers within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by any Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by any Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Borrower or any ERISA Affiliate.

“Eurodollar Rate” means, for any Interest Period with respect to a Eurodollar Rate Loan, the rate per annum equal to the British Bankers Association LIBOR Rate (“BBA LIBOR”), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by either Agent from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period. If such rate is not available at such time for any reason, then the “Eurodollar Rate” for such Interest Period shall be the rate per annum determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Eurodollar Rate Loan being made, continued or converted by Bank of America and with a term equivalent to such Interest Period would be offered by Bank of America’s London Branch to major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period.

“Eurodollar Rate Loan” means a Committed Loan that bears interest at a rate based on the Eurodollar Rate.

“Event of Default” has the meaning specified in [Section 8.01](#).

“Excluded Taxes” means, with respect to the Administrative Agent, any Lender, the L/C Issuer or any other recipient of any payment to be made by or on account of any obligation of the

Borrowers hereunder, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable Lending Office is located, (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which a Borrower is located, (c) any backup withholding tax that is required by the Code to be withheld from amounts payable to a Lender that has failed to comply with clause (A) of Section 3.01(e)(ii), and (d) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrowers under Section 10.13), any United States withholding tax that (i) is required to be imposed on amounts payable to such Foreign Lender pursuant to the Laws in force at the time such Foreign Lender becomes a party hereto (or designates a new Lending Office) or (ii) is attributable to such Foreign Lender's failure or inability (other than as a result of a Change in Law) to comply with clause (B) of Section 3.01(e)(ii), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new Lending Office (or assignment), to receive additional amounts from the Borrowers with respect to such withholding tax pursuant to Section 3.01(a)(ii) or (iii). Notwithstanding anything to the contrary contained in this definition, "Excluded Taxes" shall not include any withholding tax imposed at any time on payments made by or on behalf of a Foreign Obligor to any Lender hereunder or under any other Loan Document, provided that such Lender shall have complied with Section 3.01(e)(i).

"Existing Credit Agreement" means that certain Amended and Restated Loan and Security Agreement dated as of January 21, 2004, between Opco and Silicon Valley Bank.

"Existing Letter[s] of Credit" means those letters of credit issued by Silicon Valley Bank on behalf of Borrowers and listed on Schedule 2.02 hereto.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

"Fee Letter" means the letter agreement, dated February 25, 2008, as amended and restated by letter agreement dated May 23, 2008, among the Parent, the Administrative Agent and the Arrangers.

"Foreign Lender" means any Lender that is organized under the Laws of a jurisdiction other than that in which a Borrower is resident for tax purposes (including such a Lender when acting in the capacity of the L/C Issuer). For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“Foreign Obligor” means a Loan Party that not a Domestic Subsidiary.

“FRB” means the Board of Governors of the Federal Reserve System of the United States.

“Fund” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

“Governmental Authority” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Guarantee” means, as to any Person, any (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“Guarantors” means, collectively, all existing and future direct and indirect Material Subsidiaries of the Borrowers (other than the Borrowers).

“Guaranty” means the Guaranty made by the Guarantors in favor of the Administrative Agent and the Lenders, substantially in the form of Exhibit F.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Indebtedness” means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

- (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar debt instruments;
- (b) all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers’ acceptances, bank guaranties, surety bonds and similar instruments;
- (c) net obligations of such Person under any Swap Contract;
- (d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business);
- (e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;
- (f) capital leases and Synthetic Lease Obligations;
- (g) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interest in such Person or any other Person, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends; and
- (h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of any capital lease or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date.

“Indemnified Taxes” means Taxes other than Excluded Taxes.

“Indemnitees” has the meaning specified in Section 10.04(b).

“Information” has the meaning specified in Section 10.07.

“Interest Payment Date” means, (a) as to any Loan other than a Base Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date; provided, however, that if any Interest Period for a Eurodollar Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan (including a Swing Line Loan), (i) the fifth (5th) Business Day following the last Business Day of each March, June, September and December, and (ii) the Maturity Date.

“Interest Period” means, as to each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one, two, three, six or twelve months thereafter, as selected by the relevant Borrower(s) in its Committed Loan Notice; provided that:

(i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period shall extend beyond the Maturity Date.

“Investment” means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of capital stock or other securities of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor Guarantees Indebtedness of such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

“IP Rights” has the meaning specified in Section 5.18.

“IRS” means the United States Internal Revenue Service.

“ISP” means, with respect to any Letter of Credit, the “International Standby Practices 1998” published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

“Issuer Documents” means with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by the L/C Issuer and any Borrower (or any Subsidiary) or in favor of the L/C Issuer and relating to such Letter of Credit.

“Laws” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“L/C Advance” means, with respect to each Lender, such Lender’s funding of its participation in any L/C Borrowing in accordance with its Applicable Percentage.

“L/C Borrowing” means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Committed Borrowing.

“L/C Credit Extension” means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

“L/C Issuer” means Bank of America or Silicon Valley Bank, in each case in its capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder.

“L/C Obligations” means, as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including all L/C Borrowings. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.05 and Section 1.09, provided, that up to \$2,000,000 of Letters of Credit that have expired by their terms, but have not yet been canceled or returned to the issuer, and any amount may still be drawn thereunder in accordance with any applicable law, may be excluded from such computation. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“Lender” has the meaning specified in the introductory paragraph hereto and, as the context requires, includes the Swing Line Lender.

“Lending Office” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrower and the Administrative Agent.

“Letter of Credit” means any letter of credit issued hereunder. A Letter of Credit may be a commercial letter of credit or a standby letter of credit. Letters of Credit may be issued in Dollars or in an Alternative Currency.

“Letter of Credit Application” means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the L/C Issuer.

“Letter of Credit Expiration Date” means the day that is seven days prior to the Maturity Date then in effect (or, if such day is not a Business Day, the next preceding Business Day).

“Letter of Credit Fee” has the meaning specified in Section 2.03(i).

“Letter of Credit Sublimit” means an amount equal to \$50,000,000. The Letter of Credit Sublimit is part of, and not in addition to, the Aggregate Commitments.

“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“Liquidity Coverage Ratio” means, as of any date, calculated for the Parent and its Subsidiaries on a consolidated basis, (a) the sum of (i) unrestricted cash and cash equivalents plus (ii) short-term and long-term marketable securities plus (iii) fifty percent (50%) of Accounts, divided by (b) the aggregate amount of the outstanding Loans and L/C Obligations.

“Loan” means an extension of credit by a Lender to a Borrower under Article II in the form of a Committed Loan or a Swing Line Loan.

“Loan Documents” means this Agreement, each Note, each Issuer Document, the Fee Letter, and the Guaranty.

“Loan Parties” means, collectively, each Borrower and each Guarantor.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Borrowers and their Subsidiaries taken as a whole; (b) a material impairment of the rights and remedies of the Administrative Agent or any Lender under any Loan Document; (c) a material impairment of the ability of any Loan Party to perform its obligations under any Loan Document to which it is a party; or (d) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document to which it is a party.

“Material Subsidiary” means any Domestic Subsidiary having at any time on a stand-alone basis assets in excess of 10% of the Parent’s consolidated assets or 10% of the Parent’s consolidated gross revenues.

“Maturity Date” means June 29, 2011; provided, however, that if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day.

“Multiemployer Plan” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

“Note” means a promissory note made by any Borrower in favor of a Lender evidencing Loans made by such Lender, substantially in the form of Exhibit C.

“Obligations” means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan or Letter of Credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

“Organization Documents” means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

“Other Taxes” means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

“Outstanding Amount” means (i) with respect to Committed Loans and Swing Line Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Committed Loans and Swing Line Loans, as the case may be, occurring on such date; and (ii) with respect to any L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, net of any reimbursements by any Borrower of Unreimbursed Amounts.

“Participant” has the meaning specified in Section 10.06(d).

“PBGC” means the Pension Benefit Guaranty Corporation.

“**Pension Plan**” means any “employee pension benefit plan” (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by any Borrower or any ERISA Affiliate or to which any Borrower or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five plan years.

“**Person**” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“**Plan**” means any “employee benefit plan” (as such term is defined in Section 3(3) of ERISA) established by any Borrower or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, any ERISA Affiliate.

“**Platform**” has the meaning specified in [Section 6.02](#).

“**Public Lender**” has the meaning specified in [Section 6.02](#).

“**Register**” has the meaning specified in [Section 10.06\(c\)](#).

“**Related Parties**” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees and advisors of such Person and of such Person’s Affiliates.

“**Reportable Event**” means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

“**Request for Credit Extension**” means (a) with respect to a Borrowing, conversion or continuation of Committed Loans, a Committed Loan Notice, (b) with respect to an L/C Credit Extension, a Letter of Credit Application, and (c) with respect to a Swing Line Loan, a Swing Line Loan Notice.

“**Required Lenders**” means, as of any date of determination, Lenders having at least 51% of the Aggregate Commitments or, if the commitment of each Lender to make Loans and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to [Section 8.02](#), Lenders holding in the aggregate at least 51% of the Total Outstandings (with the aggregate amount of each Lender’s risk participation and funded participation in L/C Obligations and Swing Line Loans being deemed “held” by such Lender for purposes of this definition); provided that the Commitment of, and the portion of the Total Outstandings held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

“**Responsible Officer**” means the chief executive officer, president, chief financial officer, treasurer, assistant treasurer or controller of a Loan Party and, solely for purposes of notices given pursuant to Article II, any other officer or employee of the applicable Loan Party so designated by any of the foregoing officers in a notice to the Administrative Agent. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or

other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock or other Equity Interest of the Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such capital stock or other Equity Interest, or on account of any return of capital to a Borrower’s stockholders, partners or members (or the equivalent Person thereof).

“Revaluation Date” means with respect to any Letter of Credit, each of the following: (i) each date of issuance of a Letter of Credit denominated in an Alternative Currency, (ii) each date of an amendment of any such Letter of Credit having the effect of increasing the amount thereof (solely with respect to the increased amount), (iii) each date of any payment by the L/C Issuer under any Letter of Credit denominated in an Alternative Currency, and (iv) such additional dates as the Administrative Agent or the L/C Issuer shall determine or the Required Lenders shall require.

“SEC” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“Silicon Valley Bank” means Silicon Valley Bank and its successors.

“Singapore Lender” means the Lenders designated as Singapore Lenders on Schedule 2.01 hereto.

“Singapore Loan Agent” means Banc of America Securities Asia Limited, and its successors.

“Singapore Loan Agent’s Office” means the Singapore Loan Agent’s address and, as appropriate, account as set forth on Schedule 10.02, or such other address or account as the Singapore Loan Agent may from time to time notify to the Borrowers and the Lenders.

“Singapore Loans” means Committed Loans made to Harris Singapore under the Singapore Sublimit.

“Singapore Sublimit” means an amount equal to the lesser of the Aggregate Commitments and \$25,000,000. The Singapore Sublimit is part of, and not in addition to, the Aggregate Commitments.

“Spot Rate” for a currency means the rate determined by the Administrative Agent or the L/C Issuer, as applicable, to be the rate quoted by the Person acting in such capacity as the spot rate for the purchase by such Person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two Business Days prior to the date as of which the foreign exchange computation is made; provided that the Administrative Agent or the L/C Issuer may obtain such spot rate from another financial institution designated by the Administrative Agent or the L/C Issuer if the Person acting in such

capacity does not have as of the date of determination a spot buying rate for any such currency; and provided further that the L/C Issuer may use such spot rate quoted on the date as of which the foreign exchange computation is made in the case of any Letter of Credit denominated in an Alternative Currency.

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Parent.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

“Swing Line Borrowing” means a borrowing of a Swing Line Loan pursuant to Section 2.04.

“Swing Line Lender” means Bank of America, in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

“Swing Line Loan” has the meaning specified in Section 2.04(a).

“Swing Line Loan Notice” means a notice of a Swing Line Borrowing pursuant to Section 2.04(b), which, if in writing, shall be substantially in the form of Exhibit B.

“Swing Line Sublimit” means an amount equal to the lesser of (a) \$5,000,000 and (b) the Aggregate Commitments. The Swing Line Sublimit is part of, and not in addition to, the Aggregate Commitments.

“Synthetic Lease Obligation” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Threshold Amount” means \$5,000,000.

“Total Outstandings” means the aggregate Outstanding Amount of all Loans and all L/C Obligations.

“Type” means, with respect to a Committed Loan, its character as a Base Rate Loan or a Eurodollar Rate Loan.

“Unfunded Pension Liability” means the excess of a Pension Plan’s benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan’s assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

“United States” and “U.S.” mean the United States of America.

“U.S. Borrower” means a Borrower domiciled in the United States.

“U.S. Lenders” means the Lenders other than the Singapore Lenders.

“U.S. Loan” means a Loan made to a U.S. Borrower.

“Unreimbursed Amount” has the meaning specified in Section 2.03(c)(i).

1.02 Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context

requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein," "hereof" and "hereunder," and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.03 Accounting Terms.

(a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein.

(b) Changes in GAAP. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrowers or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrowers shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrowers shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

1.04 Rounding. Any financial ratios required to be maintained by the Borrowers pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05 Exchange Rates; Currency Equivalents.

(a) The Administrative Agent or the L/C Issuer, as applicable, shall determine the Spot Rates as of each Revaluation Date to be used for calculating Dollar Equivalent amounts of Credit Extensions and Outstanding Amounts denominated in Alternative Currencies. Such Spot Rates shall become effective as of such Revaluation Date and shall be the Spot Rates employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur. Except for purposes of financial statements delivered by Loan Parties hereunder or calculating financial covenants hereunder or except as otherwise provided herein, the applicable amount of any currency (other than Dollars) for purposes of the Loan Documents shall be such Dollar Equivalent amount as so determined by the Administrative Agent or the L/C Issuer, as applicable.

(b) Wherever in this Agreement in connection with the issuance, amendment or extension of a Letter of Credit, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Letter of Credit is denominated in an Alternative Currency, such amount shall be the relevant Alternative Currency Equivalent of such Dollar amount (rounded to the nearest unit of such Alternative Currency, with 0.5 of a unit being rounded upward), as determined by the L/C Issuer.

1.06 Additional Alternative Currencies.

(a) The Parent may from time to time request that Letters of Credit be issued in a currency other than those specifically listed in the definition of "Alternative Currency;" provided that such requested currency is a lawful currency (other than Dollars) that is readily available and freely transferable and convertible into Dollars. In the case of any such request with respect to the issuance of Letters of Credit, such request shall be subject to the approval of the Administrative Agent and the applicable L/C Issuer.

(b) Any such request shall be made to the Administrative Agent not later than 11:00 a.m., five (5) Business Days prior to the date of the desired Credit Extension (or such other time or date as may be agreed by the Administrative Agent and the L/C Issuer, in their sole discretion). In the case of any such request pertaining to Letters of Credit, the Administrative Agent shall promptly notify the L/C Issuer thereof. The L/C Issuer (in the case of a request pertaining to Letters of Credit) shall notify the Administrative Agent, not later than 11:00 a.m., two Business Days after receipt of such request whether, in its sole discretion, it consents to, or declines, the issuance of Letters of Credit in such requested currency.

(c) If the Administrative Agent and an L/C Issuer consent to the issuance of Letters of Credit in such requested currency, the Administrative Agent shall so notify the Parent and such currency shall thereupon be deemed for all purposes to be an Alternative Currency

hereunder for purposes of any Letter of Credit issuances. If the Administrative Agent shall fail to obtain consent to any request for an additional currency under this Section 1.06, the Administrative Agent shall promptly so notify the Parent.

1.07 Change of Currency.

(a) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect the adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro.

(b) Each provision of this Agreement also shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect a change in currency of any other country and any relevant market conventions or practices relating to the change in currency.

1.08 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Pacific time (daylight or standard, as applicable).

1.09 Letter of Credit Amounts. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such unexpired Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

**ARTICLE II.
THE COMMITMENTS AND CREDIT EXTENSIONS**

2.01 Committed Loans. Subject to the terms and conditions set forth herein, each Lender severally agrees to make loans (each such loan, a "Committed Loan") as follows: (a) each U.S. Lender severally agrees to make loans to the Parent and each other U.S. Borrower from time to time, on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of such Lender's Commitment, and (b) each Singapore Lender agrees to make loans to Harris Singapore from time to time in an aggregate amount not to exceed at any time outstanding the Singapore Sublimit; provided, however, that after giving effect to any Committed Borrowing, (i) the Total Outstandings shall not exceed the Aggregate Commitments, (ii) the aggregate Outstanding Amount of the Committed Loans of any Lender, plus such Lender's Applicable Percentage of the Outstanding Amount of all L/C Obligations, plus such Lender's Applicable Percentage of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Commitment, and (iii) the Singapore Loans shall not exceed the Singapore Sublimit. Within the limits of each Lender's Commitment, and subject to the other terms and conditions hereof, the Borrowers may borrow under this Section 2.01, prepay under Section 2.05, and reborrow under this Section 2.01. Committed Loans may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein.

2.02 Borrowings, Conversions and Continuations of Committed Loans.

(a) Each Committed Borrowing, each conversion of Committed Loans from one Type to the other, and each continuation of Eurodollar Rate Loans shall be made upon the Parent's irrevocable notice to the Administrative Agent, which may be given by telephone. Singapore Loans may be requested not more often than once per calendar quarter. Each such notice must be received by the Administrative Agent not later than 10:00 a.m. (i) three Business Days prior to the requested date of any Borrowing of, conversion to or continuation of Eurodollar Rate Loans (other than Singapore Loans) or of any conversion of Eurodollar Rate Loans to Base Rate Committed Loans, (ii) on the requested date of any Borrowing of Base Rate Committed Loans (other than Singapore Loans), and (iii) five (5) Business Days prior to the requested date of any Borrowing of, conversion or continuation of Singapore Loans; provided, however, that if the Borrowers wish to request Eurodollar Rate Loans (other than Singapore Loans) having an Interest Period other than one, two, three or six months in duration as provided in the definition of "Interest Period," the applicable notice must be received by the Administrative Agent not later than 10:00 a.m. four Business Days prior to the requested date of such Borrowing, conversion or continuation (and five (5) Business Days in the case of Singapore Loans), whereupon the Administrative Agent shall give prompt notice to the Lenders of such request and determine whether the requested Interest Period is acceptable to all of them. Not later than 10:00 a.m., three Business Days before the requested date of such Borrowing, conversion or continuation, the Administrative Agent shall notify the Parent (which notice may be by telephone) whether or not the requested Interest Period has been consented to by all the Lenders. Each telephonic notice by the Parent pursuant to this Section 2.02(a) must be confirmed promptly by delivery to the Administrative Agent of a written Committed Loan Notice, appropriately completed and signed by a Responsible Officer of the Parent. Each Borrowing of, conversion to or continuation of Eurodollar Rate Loans shall be in a principal amount of \$1,000,000 or a whole multiple of \$1,000,000 in excess thereof. Except as provided in Sections 2.03(c) and 2.04(c), each Borrowing of or conversion to Base Rate Committed Loans shall be in a minimum principal amount of \$1,000,000 or a whole multiple of \$1,000,000 in excess thereof. Each Committed Loan Notice (whether telephonic or written) shall specify (i) whether the Borrower is requesting a Committed Borrowing, a conversion of Committed Loans from one Type to the other, or a continuation of Eurodollar Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Committed Loans to be borrowed, converted or continued, (iv) the Type of Committed Loans to be borrowed or to which existing Committed Loans are to be converted, (v) whether the Borrower is requesting a Singapore Loan, and (vi) if applicable, the duration of the Interest Period with respect thereto. If the Parent fails to specify a Type of Committed Loan in a Committed Loan Notice or if the Parent fails to give a timely notice requesting a conversion or continuation, then the applicable Committed Loans shall be made as, or converted to, Base Rate Loans, except in the case of Singapore Loans, which shall be Eurodollar Rate Loans having an Interest Period of one month's duration. Any such automatic conversion to Base Rate Loans (or Eurodollar Rate Loans in the case of Singapore Loans) shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If the Parent requests a Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a Committed Loan Notice, the Administrative Agent shall promptly notify each Lender of the amount of its Applicable Percentage of the applicable Committed Loans, and if no timely notice of a conversion or continuation is provided by the Borrower, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans described in the preceding subsection. In the case of a Committed Borrowing, each Lender (or each Singapore Lender, in the case of a Singapore Loan) shall make the amount of its Committed Loan available to the Administrative Agent (or Singapore Loan Agent, in the case of a Singapore Loan) in immediately available funds at the Administrative Agent's Office (or Singapore Loan Agent's Office, as applicable) not later than 1:00 p.m. (or, in the case of Singapore Loans, 10:30 a.m. Hong Kong time) on the Business Day specified in the applicable Committed Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if such Borrowing is the initial Credit Extension, Section 4.01), the Administrative Agent shall make all funds so received available to the Parent or other applicable Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of such Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Parent; provided, however, that if, on the date the Committed Loan Notice with respect to such Borrowing is given by the Parent, there are L/C Borrowings outstanding, then the proceeds of such Borrowing, first, shall be applied to the payment in full of any such L/C Borrowings, and second, shall be made available to such Borrower as provided above.

(c) Except as otherwise provided herein, a Eurodollar Rate Loan may be continued or converted only on the last day of an Interest Period for such Eurodollar Rate Loan. During the existence of a Default, no Loans may be requested as, converted to or continued as Eurodollar Rate Loans without the consent of the Required Lenders.

(d) The Administrative Agent shall promptly notify the Parent and the Lenders of the interest rate applicable to any Interest Period for Eurodollar Rate Loans upon determination of such interest rate. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the Parent and the Lenders of any change in Bank of America's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(e) After giving effect to all Committed Borrowings, all conversions of Committed Loans from one Type to the other, and all continuations of Committed Loans as the same Type, there shall not be more than seven different Interest Periods in effect at any time with respect to Eurodollar Rate Loans.

(f) To the extent that the sum of Loans made to U.S. Borrowers ("U.S. Loans") and Singapore Loans of any Singapore Lender would exceed its Commitment, the non-Singapore Lenders will purchase U.S. Loans from such Singapore Lender up to the lesser of (a) the amount of such excess, and (b) with respect to each such Lender, its own Commitment.

(g) Upon each request for a Borrowing which is a Singapore Loan, and at all times while Singapore Loans are outstanding, the Singapore Lenders and the non-Singapore Lenders shall purchase and sell U.S. Loans among themselves to the extent necessary to maintain their Applicable Percentage with respect to the Loans, taken as a whole, subject however, to the

Singapore Lenders being the sole Lenders to make Singapore Loans, and recognizing that the total amount of all Singapore Loans outstanding may exceed the total amount of U.S. Loans outstanding at any date of determination.

2.03 Letters of Credit.

(a) The Letter of Credit Commitment.

(i) Subject to the terms and conditions set forth herein, (A) each L/C Issuer severally and not jointly agrees, in reliance upon the agreements of the Lenders set forth in this Section 2.03, (1) from time to time on any Business Day during the period from the Closing Date until the Letter of Credit Expiration Date, to issue Letters of Credit for the account of the Borrowers or any of their Subsidiaries, and to amend or extend Letters of Credit previously issued by it, in accordance with subsection (b) below, and (2) to honor drawings under the Letters of Credit; and (B) the Lenders severally agree to participate in Letters of Credit issued for the account of the Borrowers and their Subsidiaries and any drawings thereunder; provided that after giving effect to any L/C Credit Extension with respect to any Letter of Credit, (x) the Total Outstandings shall not exceed the Aggregate Commitments, (y) the aggregate Outstanding Amount of the Committed Loans of any Lender, plus such Lender's Applicable Percentage of the Outstanding Amount of all L/C Obligations, plus such Lender's Applicable Percentage of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Commitment, and (z) the Outstanding Amount of the L/C Obligations shall not exceed the Letter of Credit Sublimit. Each request by a U.S. Borrower for the issuance or amendment of a Letter of Credit shall be deemed to be a representation by such Borrowers that the L/C Credit Extension so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, the U.S. Borrowers' ability to obtain Letters of Credit shall be fully revolving, and accordingly the U.S. Borrowers may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed.

(ii) The L/C Issuer shall not issue any Letter of Credit, if:

(A) subject to Section 2.03(b)(iii), the expiry date of such requested Letter of Credit would occur more than eighteen months after the date of issuance or last extension, unless the Required Lenders have approved such expiry date; or

(B) the expiry date of such requested Letter of Credit would occur more than six months after the Letter of Credit Expiration Date, unless all the Lenders have approved such expiry date.

(iii) The L/C Issuer shall not be under any obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the L/C Issuer from issuing such Letter of Credit, or any Law applicable to the L/C Issuer or any

request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the L/C Issuer shall prohibit, or request that the L/C Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the L/C Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon the L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which the L/C Issuer in good faith deems material to it;

(B) the issuance of such Letter of Credit would violate one or more policies of the L/C Issuer applicable to letters of credit generally;

(C) such Letter of Credit is to be denominated in a currency other than Dollars or an Alternative Currency;

(D) the L/C Issuer does not as of the issuance date of such requested Letter of Credit issue Letters of Credit in the requested currency; or

(E) a default of any Lender's obligations to fund under Section 2.03(c) exists or any Lender is at such time a Defaulting Lender hereunder, unless the L/C Issuer has entered into satisfactory arrangements with the Borrower or such Lender to eliminate the L/C Issuer's risk with respect to such Lender.

(iv) The L/C Issuer shall be under no obligation to amend any Letter of Credit if (A) the L/C Issuer would not be permitted or otherwise have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(v) Each L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the L/C Issuer shall have all of the benefits and immunities (A) provided to the Administrative Agent in Article IX with respect to any acts taken or omissions suffered by the L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in Article IX included the L/C Issuer with respect to such acts or omissions, and (B) as additionally provided herein with respect to the L/C Issuer.

(b) Procedures for Issuance and Amendment of Letters of Credit; Auto-Extension Letters of Credit.

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of a U.S. Borrower delivered to its requested L/C Issuer (with a copy to the Administrative Agent) in the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of such Borrower. Such Letter of Credit Application must be received by the requested L/C Issuer and the Administrative Agent not later than 10:00 a.m. at least two Business Days (or such later date and time as the

Administrative Agent and such L/C Issuer may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; (G) the purpose and nature of the requested Letter of Credit; and (H) such other matters as the L/C Issuer may require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the L/C Issuer (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as the L/C Issuer may require. Additionally, the Borrowers shall furnish to the L/C Issuer and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as the L/C Issuer or the Administrative Agent may require.

(ii) Promptly after receipt of any Letter of Credit Application, the L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from the applicable U.S. Borrower and, if not, the L/C Issuer will provide the Administrative Agent with a copy thereof. Unless the L/C Issuer has received written notice from any Lender, the Administrative Agent or any Loan Party, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Article IV shall not then be satisfied, then, subject to the terms and conditions hereof, the L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of the applicable Borrower or Subsidiary or enter into the applicable amendment, as the case may be, in each case in accordance with the L/C Issuer's usual and customary business practices. Immediately upon the issuance of each Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the L/C Issuer a risk participation in such Letter of Credit in an amount equal to the product of such Lender's Applicable Percentage times the amount of such Letter of Credit.

(iii) If a U.S. Borrower so requests in any applicable Letter of Credit Application, the L/C Issuer may, in its sole and absolute discretion, agree to issue a Letter of Credit that has automatic extension provisions (each, an "Auto-Extension Letter of Credit"); provided that any such Auto-Extension Letter of Credit must permit the L/C Issuer to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Non-Extension Notice Date") in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the L/C Issuer, the applicable Borrower shall not be required to make a specific request to the L/C Issuer for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Lenders shall be deemed to have

authorized (but may not require) the L/C Issuer to permit the extension of such Letter of Credit at any time to an expiry date not later than the Letter of Credit Expiration Date; provided, however, that the L/C Issuer shall not permit any such extension if (A) the L/C Issuer has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof (by reason of the provisions of clause (ii) or (iii) of Section 2.03(a) or otherwise), or (B) it has received notice (which may be by telephone or in writing) on or before the day that is seven Business Days before the Non-Extension Notice Date (1) from the Administrative Agent that the Required Lenders have elected not to permit such extension or (2) from the Administrative Agent, any Lender or any Borrower that one or more of the applicable conditions specified in Section 4.02 is not then satisfied, and in each such case directing the L/C Issuer not to permit such extension.

(iv) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the L/C Issuer will also deliver to the applicable Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) Drawings and Reimbursements; Funding of Participations.

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the L/C Issuer shall notify the Parent and applicable Borrower and the Administrative Agent thereof. In the case of a Letter of Credit denominated in an Alternative Currency, the Parent or applicable Borrower shall reimburse the L/C Issuer in such Alternative Currency, unless (A) the L/C Issuer (at its option) shall have specified in such notice that it will require reimbursement in Dollars, or (B) in the absence of any such requirement for reimbursement in Dollars, the Parent or applicable Borrower shall have notified the L/C Issuer promptly following receipt of the notice of drawing that the Parent or applicable Borrower will reimburse the L/C Issuer in Dollars. In the case of any such reimbursement in Dollars of a drawing under a Letter of Credit denominated in an Alternative Currency, the L/C Issuer shall notify the Parent and the applicable Borrower of the Dollar Equivalent of the amount of the drawing promptly following the determination thereof. Not later than 11:00 a.m. on the date of any payment by the L/C Issuer under a Letter of Credit (each such date, an "Honor Date"), the Parent or the applicable Borrowers shall reimburse the L/C Issuer in an amount equal to the amount of such drawing. If the L/C Issuer is not reimbursed by such time, the applicable L/C Issuer shall promptly notify the Administrative Agent and the Administrative Agent shall promptly notify each Lender of the Honor Date, the amount of the unreimbursed drawing (the "Unreimbursed Amount"), and the amount of such Lender's Applicable Percentage thereof. In such event, the U.S. Borrowers shall be deemed to have requested a Committed Borrowing of Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.02 for the principal amount of Base Rate Loans, but subject to the amount of the unutilized portion of the Aggregate Commitments and the conditions set forth in Section 4.02 (other than the delivery of a Committed Loan Notice). Any notice given by the L/C Issuer or the Administrative Agent pursuant to this Section 2.03(c)(i) may be given by telephone if immediately confirmed in writing; provided that

the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Lender shall upon any notice pursuant to Section 2.03(c)(i), make funds available to the Administrative Agent for the account of the L/C Issuer at the Administrative Agent's Office in an amount equal to its Applicable Percentage of the Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.03(c)(iii), each Lender that so makes funds available shall be deemed to have made a Base Rate Committed Loan to the U.S. Borrowers in such amount. The Administrative Agent shall remit the funds so received to the L/C Issuer.

(iii) With respect to any Unreimbursed Amount that is not fully refinanced by a Committed Borrowing of Base Rate Loans because the conditions set forth in Section 4.02 cannot be satisfied or for any other reason, the U.S. Borrowers shall be deemed to have incurred from the L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Lender's payment to the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.03(c)(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this Section 2.03.

(iv) Until each relevant Lender funds its Committed Loan or L/C Advance pursuant to this Section 2.03(c), to reimburse the L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender's Applicable Percentage of such amount shall be solely for the account of the L/C Issuer.

(v) Each Lender's obligation to make Committed Loans or L/C Advances to reimburse the L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this Section 2.03(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the L/C Issuer, the Borrowers or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Lender's obligation to make Committed Loans pursuant to this Section 2.03(c) is subject to the conditions set forth in Section 4.02 (other than delivery by the Parent of a Committed Loan Notice). No such making of an L/C Advance shall relieve or otherwise impair the obligation of the U.S. Borrowers to reimburse the L/C Issuer for the amount of any payment made by the L/C Issuer under any Letter of Credit, together with interest as provided herein.

(vi) If any Lender fails to make available to the Administrative Agent for the account of the L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.03(c) by the time specified in Section 2.03(c)(ii), the L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from

the date such payment is required to the date on which such payment is immediately available to the L/C Issuer at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the L/C Issuer in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the L/C Issuer in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Committed Loan included in the relevant Committed Borrowing or L/C Advance in respect of the relevant L/C Borrowing, as the case may be. A certificate of the L/C Issuer submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vi) shall be conclusive absent manifest error.

(d) Repayment of Participations.

(i) At any time after the L/C Issuer has made a payment under any Letter of Credit and has received from any Lender such Lender's L/C Advance in respect of such payment in accordance with Section 2.03(c), if the Administrative Agent receives for the account of the L/C Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from the Borrowers or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its Applicable Percentage thereof in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.03(c)(i) is required to be returned under any of the circumstances described in Section 10.05 (including pursuant to any settlement entered into by the L/C Issuer in its discretion), each Lender shall pay to the Administrative Agent for the account of the L/C Issuer its Applicable Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Obligations Absolute. The obligation of the U.S. Borrowers to reimburse the L/C Issuer on behalf of the applicable Borrower for each drawing under each Letter of Credit and to repay each L/C Borrowing shall be joint and several, absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other Loan Document;

(ii) the existence of any claim, counterclaim, setoff, defense or other right that the Borrowers may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any payment by the L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by the L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Borrower.

The applicable Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with such Borrower's instructions or other irregularity, the applicable Borrower will immediately notify the L/C Issuer. The Borrowers shall be conclusively deemed to have waived any such claim against the L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) Role of L/C Issuer. Each Lender and Borrower agrees that, in paying any drawing under a Letter of Credit, the L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuer, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the L/C Issuer shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. The Borrowers hereby assume all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude a Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the L/C Issuer, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the L/C Issuer shall be liable or responsible for any of the matters described in clauses (i) through (v) of Section 2.03(e); provided, however, that anything in such clauses to the contrary notwithstanding, the Borrowers may have a claim against the L/C Issuer, and the L/C Issuer may be liable to the Borrowers, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrowers which the Borrowers prove were caused by the L/C Issuer's willful misconduct or gross negligence or the L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a

sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(g) Cash Collateral. Upon the request of the Administrative Agent, (i) if the L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing, or (ii) if, as of the Letter of Credit Expiration Date, any L/C Obligation for any reason remains outstanding, the U.S. Borrowers shall, in each case, immediately Cash Collateralize the then Outstanding Amount of all L/C Obligations. Sections 2.05 and 8.02(c) set forth certain additional requirements to deliver Cash Collateral hereunder. For purposes of this Section 2.03, Section 2.05 and Section 8.02(c), “Cash Collateralize” means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the L/C Issuer and the Lenders, as collateral for the L/C Obligations, cash or deposit account balances pursuant to documentation in form and substance satisfactory to the Administrative Agent and the L/C Issuer (which documents are hereby consented to by the Lenders). Derivatives of such term have corresponding meanings. The U.S. Borrowers hereby grant to the Administrative Agent, for the benefit of the L/C Issuer and the Lenders, a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Cash Collateral shall be maintained in blocked, non-interest bearing deposit accounts at Bank of America.

(h) Applicability of ISP and UCP. Unless otherwise expressly agreed by the L/C Issuer and the Borrower when a Letter of Credit is issued, (i) the rules of the ISP shall apply to each Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance shall apply to each commercial Letter of Credit.

(i) Letter of Credit Fees. The U.S. Borrowers shall pay to the Administrative Agent for the account of each Lender in accordance with its Applicable Percentage a Letter of Credit fee (the “Letter of Credit Fee”) for each Letter of Credit equal to the Applicable Margin times the daily amount available to be drawn under such Letter of Credit. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. Letter of Credit Fees shall be (i) due and payable on the first Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand and (ii) computed on a quarterly basis in arrears. If there is any change in the Applicable Margin during any quarter, the daily amount available to be drawn under each Letter of Credit shall be computed and multiplied by the Applicable Margin separately for each period during such quarter that such Applicable Margin was in effect. Notwithstanding anything to the contrary contained herein, upon the request of the Required Lenders, while any Event of Default exists, all Letter of Credit Fees shall accrue at the Default Rate.

(j) Fronting Fee and Processing Charges Payable to L/C Issuer. The U.S. Borrowers shall pay directly to the L/C Issuer for its own account a fronting fee (i) with respect to each commercial Letter of Credit, at the rate specified in the Fee Letter, computed on the Dollar Equivalent of the amount of such Letter of Credit, and payable upon the issuance thereof, (ii) with respect to any amendment of a commercial Letter of Credit increasing the amount of such Letter of Credit, at a rate separately agreed between the Parent and the L/C Issuer, computed on the Dollar Equivalent of the amount of such increase, and payable upon the effectiveness of such amendment, and (iii) with respect to each standby Letter of Credit, at the rate per annum specified in the Fee Letter, computed on the face amount available to be drawn under such Letter of Credit. Such fronting fee shall be due and payable on the issuance of such Letter of Credit. In addition, the U.S. Borrowers shall pay directly to the L/C Issuer, in Dollars, for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the L/C Issuer relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(k) Conflict with Issuer Documents. In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

(l) Letters of Credit Issued for Subsidiaries. Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Subsidiary, the Parent and other U.S. Borrowers shall be obligated to reimburse the L/C Issuer hereunder for any and all drawings under such Letter of Credit. The U.S. Borrowers hereby acknowledge that the issuance of Letters of Credit for the account of Subsidiaries inures to the benefit of the Parent and U.S. Borrowers, and that the businesses of the U.S. Borrowers derive substantial benefits from the businesses of such Subsidiaries.

2.04 Swing Line Loans.

(a) The Swing Line. Subject to the terms and conditions set forth herein, the Swing Line Lender agrees, in reliance upon the agreements of the other Lenders set forth in this Section 2.04, to make loans (each such loan, a "Swing Line Loan") to Parent and each other U.S. Borrower from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit, notwithstanding the fact that such Swing Line Loans, when aggregated with the Applicable Percentage of the Outstanding Amount of Committed Loans and L/C Obligations of the Lender acting as Swing Line Lender, may exceed the amount of such Lender's Commitment; provided, however, that after giving effect to any Swing Line Loan, (i) the Total Outstandings shall not exceed the Aggregate Commitments, and (ii) the aggregate Outstanding Amount of the Committed Loans of any Lender, plus such Lender's Applicable Percentage of the Outstanding Amount of all L/C Obligations, plus such Lender's Applicable Percentage of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Commitment, and provided, further, that the Borrowers shall not use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.04, prepay under Section 2.05, and reborrow under this Section 2.04. Each Swing Line Loan shall be a Base Rate Loan. Immediately upon the making of a Swing Line Loan, each Lender shall be deemed to, and

hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender's Applicable Percentage times the amount of such Swing Line Loan.

(b) Borrowing Procedures. Each Swing Line Borrowing shall be made upon the Parent's irrevocable notice to the Swing Line Lender and the Administrative Agent, which may be given by telephone. Each such notice must be received by the Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum of \$1,000,000, and (ii) the requested borrowing date, which shall be a Business Day. Each such telephonic notice must be confirmed promptly by delivery to the Swing Line Lender and the Administrative Agent of a written Swing Line Loan Notice, appropriately completed and signed by a Responsible Officer of the Parent. Promptly after receipt by the Swing Line Lender of any telephonic Swing Line Loan Notice, the Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swing Line Loan Notice and, if not, the Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Lender) prior to 2:00 p.m. on the date of the proposed Swing Line Borrowing (A) directing the Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the first proviso to the first sentence of Section 2.04(a), or (B) that one or more of the applicable conditions specified in Article IV is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender will, not later than 3:00 p.m. on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to the appropriate Borrower either by (i) crediting the account of the Borrower on the books of the Swing Line Lender in immediately available funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Parent.

(c) Refinancing of Swing Line Loans.

(i) The Swing Line Lender at any time in its sole and absolute discretion may request, on behalf of the U.S. Borrowers (which hereby irrevocably authorize the Swing Line Lender to so request on its behalf), that each Lender make a U.S. Loan consisting of a Base Rate Committed Loan in an amount equal to such Lender's Applicable Percentage of the amount of Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a Committed Loan Notice for purposes hereof) and in accordance with the requirements of Section 2.02, without regard to the minimum and multiples specified therein for the principal amount of Base Rate Loans, but subject to the unutilized portion of the Aggregate Commitments and the conditions set forth in Section 4.02. The Swing Line Lender shall furnish the Parent with a copy of the applicable Committed Loan Notice promptly after delivering such notice to the Administrative Agent. Each Lender shall make an amount equal to its Applicable Percentage of the amount specified in such Committed Loan Notice available to the Administrative Agent in immediately available funds for the account of the Swing Line Lender at the Administrative Agent's Office not later than 1:00 p.m. on the day specified in such Committed Loan Notice, whereupon, subject to Section 2.04(c)(ii), each Lender that so makes funds available shall be deemed to have made a Base Rate Committed

Loan to the Borrowers in such amount. The Administrative Agent shall remit the funds so received to the Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by such a Committed Borrowing in accordance with Section 2.04(c)(i), the request for Base Rate Committed Loans submitted by the Swing Line Lender as set forth herein shall be deemed to be a request by the Swing Line Lender that each of the Lenders fund its risk participation in the relevant Swing Line Loan and each Lender's payment to the Administrative Agent for the account of the Swing Line Lender pursuant to Section 2.04(c)(i) shall be deemed payment in respect of such participation.

(iii) If any Lender fails to make available to the Administrative Agent for the account of the Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.04(c) by the time specified in Section 2.04(c)(i), the Swing Line Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swing Line Lender at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the Swing Line Lender in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Swing Line Lender in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Committed Loan included in the relevant Committed Borrowing or funded participation in the relevant Swing Line Loan, as the case may be. A certificate of the Swing Line Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (iii) shall be conclusive absent manifest error.

(iv) Each Lender's obligation to make Committed Loans or to purchase and fund risk participations in Swing Line Loans pursuant to this Section 2.04(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the Swing Line Lender, the U.S. Borrowers or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Lender's obligation to make Committed Loans pursuant to this Section 2.04(c) is subject to the conditions set forth in Section 4.02. No such funding of risk participations shall relieve or otherwise impair the obligation of the U.S. Borrowers to repay Swing Line Loans, together with interest as provided herein.

(d) Repayment of Participations.

(i) At any time after any Lender has purchased and funded a risk participation in a Swing Line Loan, if the Swing Line Lender receives any payment on account of such Swing Line Loan, the Swing Line Lender will distribute to such Lender its Applicable Percentage thereof in the same funds as those received by the Swing Line Lender.

(ii) If any payment received by the Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Lender under any of the circumstances described in Section 10.05 (including pursuant to any settlement entered into by the Swing Line Lender in its discretion), each Lender shall pay to the Swing Line Lender its Applicable Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate. The Administrative Agent will make such demand upon the request of the Swing Line Lender. The obligations of the Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Interest for Account of Swing Line Lender. The Swing Line Lender shall be responsible for invoicing the U.S. Borrowers for interest on the Swing Line Loans. Until each Lender funds its Base Rate Committed Loan or risk participation pursuant to this Section 2.04 to refinance such Lender's Applicable Percentage of any Swing Line Loan, interest in respect of such Applicable Percentage shall be solely for the account of the Swing Line Lender.

(f) Payments Directly to Swing Line Lender. The U.S. Borrowers shall make all payments of principal and interest in respect of the Swing Line Loans directly to the Swing Line Lender.

2.05 Prepayments.

(a) The Borrowers may, upon notice to the Administrative Agent, at any time or from time to time voluntarily prepay Committed Loans in whole or in part without premium or penalty; provided that (i) such notice must be received by the Administrative Agent not later than 10:00 a.m. (A) three Business Days prior to any date of prepayment of Eurodollar Rate Loans and (B) on the date of prepayment of Base Rate Committed Loans; (ii) any prepayment of Eurodollar Rate Loans shall be in a principal amount of \$1,000,000 or a whole multiple of \$1,000,000 in excess thereof; and (iii) any prepayment of Base Rate Committed Loans shall be in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof or, in each case, if less, the entire principal amount thereof then outstanding, and provided further, that Singapore Loans may be prepaid no more often than once per calendar quarter. Each such notice shall specify the date and amount of such prepayment and the Type(s) of Committed Loans to be prepaid and, if Eurodollar Rate Loans are to be prepaid, the Interest Period(s) of such Loans. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's Applicable Percentage of such prepayment. If such notice is given by the Borrowers, the Borrowers shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Eurodollar Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05. Each such prepayment shall be applied to the Committed Loans of the Lenders in accordance with their respective Applicable Percentages.

(b) The Borrowers may, upon notice to the Swing Line Lender (with a copy to the Administrative Agent), at any time or from time to time, voluntarily prepay Swing Line Loans in whole or in part without premium or penalty; provided that (i) such notice must be received by

the Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the date of the prepayment, and (ii) any such prepayment shall be in a minimum principal amount of \$100,000. Each such notice shall specify the date and amount of such prepayment. If such notice is given by the Borrowers, the Borrowers shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

(c) If for any reason the Total Outstandings at any time exceed the Aggregate Commitments then in effect, the Borrowers shall immediately prepay Loans and/or Cash Collateralize the L/C Obligations in an aggregate amount equal to such excess; provided, however, that (i) the Borrowers shall not be required to Cash Collateralize the L/C Obligations pursuant to this Section 2.05(c) unless after the prepayment in full of the Loans the Total Outstandings exceed the Aggregate Commitments then in effect; (ii) Harris Singapore shall not be required to prepay or Cash Collateralize U.S. Loans; and (iii) if the Total Outstandings would not have exceeded the Aggregate Commitments then in effect other than as a result of a revaluation of Alternative Currency obligations, the Borrowers shall not be required to Cash Collateralize the L/C Obligations or prepay Loans unless such excess amount is greater than \$100,000.

(d) Upon each prepayment of a Singapore Loan, each Singapore Lender will purchase U.S. Loans from each non-Singapore Lender equal to such Singapore Lender's Applicable Percentage of the non-Singapore Loans to the extent necessary to maintain each Lender's Applicable Percentage with respect to the Loans, taken as a whole, subject however, to the Singapore Lenders being the sole Lenders to make Singapore Loans.

2.06 Termination or Reduction of Commitments. The Borrowers may, upon notice to the Administrative Agent, terminate the Aggregate Commitments, or from time to time permanently reduce the Aggregate Commitments; provided that (i) any such notice shall be received by the Administrative Agent not later than 10:00 a.m. five Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of \$10,000,000 or any whole multiple of \$1,000,000 in excess thereof, (iii) the Borrowers shall not terminate or reduce the Aggregate Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, the Total Outstandings would exceed the Aggregate Commitments, and (iv) if, after giving effect to any reduction of the Aggregate Commitments, the Singapore Sublimit, the Letter of Credit Sublimit or the Swing Line Sublimit exceeds the amount of the Aggregate Commitments, such Sublimit shall be automatically reduced by the amount of such excess. The Administrative Agent will promptly notify the Lenders of any such notice of termination or reduction of the Aggregate Commitments. Any reduction of the Aggregate Commitments shall be applied to the Commitment of each Lender according to its Applicable Percentage. All fees accrued until the effective date of any termination of the Aggregate Commitments shall be paid on the effective date of such termination.

2.07 Repayment of Loans.

(a) The Borrowers (other than Harris Singapore) shall repay to the Lenders on the Maturity Date the aggregate principal amount of Committed Loans outstanding on such date, and Harris Singapore shall repay the aggregate amount of Committed Loans that are Singapore Loans outstanding on such date.

(b) The U.S. Borrowers shall repay each Swing Line Loan on the earlier to occur of (i) the date ten Business Days after such Loan is made and (ii) the Maturity Date.

2.08 Interest.

(a) Subject to the provisions of subsection (b) below, (i) each Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Eurodollar Rate for such Interest Period plus the Applicable Margin; (ii) each Base Rate Committed Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Margin; and (iii) each Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Margin.

(b) (i) If any amount of principal of any Loan is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(ii) If any amount (other than principal of any Loan) payable by the Borrowers under any Loan Document is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, then upon the request of the Required Lenders, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(iii) Upon the request of the Required Lenders, while any Event of Default exists, the Borrowers shall pay interest on the principal amount of all outstanding Obligations hereunder at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(iv) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

2.09 Fees. In addition to certain fees described in subsections (i) and (j) of Section 2.03:

(a) Commitment Fee. The Borrowers shall pay to the Administrative Agent for the account of each Lender in accordance with its Applicable Percentage, a commitment fee equal to the Applicable Margin times the actual daily amount by which the Aggregate Commitments exceed the sum of (i) the Outstanding Amount of Committed Loans and (ii) the Outstanding Amount of L/C Obligations. The commitment fee shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in Article

IV is not met, and shall be due and payable quarterly in arrears on the fifth Business Day following the end of each March, June, September and December, commencing with the first such date to occur after the Closing Date, and on the last day of the Availability Period. The commitment fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Margin during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Margin separately for each period during such quarter that such Applicable Margin was in effect.

(b) Upfront Fee. The Borrowers shall pay to the Administrative Agent for the account of each Lender in accordance with its Applicable Percentage, an upfront fee equal to .50% of such Lender's Commitment, which shall be due and payable on the Closing Date.

(c) Other Fees. (i) The Borrowers shall pay to the Arranger and the Administrative Agent for their own respective accounts fees in the amounts and at the times specified in the Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

(ii) The Borrowers shall pay to the Lenders such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

2.10 Computation of Interest and Fees; Retroactive Adjustments of Applicable Margin.

(a) All computations of interest for Base Rate Loans when the Base Rate is determined by Bank of America's "prime rate" shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All computations of interest for Eurodollar Rate Loans shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). All other computations of fees and interest shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed; provided however, that if a Lender is unable to, or would incur additional expense, in computing fees and interest on such basis, the Borrowers agree to work with the Lenders to reasonably accommodate such limitations. Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.12(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(b) If, as a result of any restatement of or other adjustment to the financial statements of the Borrowers or for any other reason, the Borrowers or the Lenders determine that (i) the Consolidated Leverage Ratio as calculated by the Borrowers as of any applicable date was inaccurate and (ii) a proper calculation of the Consolidated Leverage Ratio would have resulted in higher pricing for such period, the Borrowers shall immediately and retroactively be obligated to pay to the Administrative Agent for the account of the applicable Lenders or the L/C Issuer, as the case may be, promptly on demand by the Administrative Agent (or, after the occurrence of an actual or deemed entry of an order for relief with respect to the Borrowers under the Bankruptcy

Code of the United States, automatically and without further action by the Administrative Agent, any Lender or the L/C Issuer), an amount equal to the excess of the amount of interest and fees that should have been paid for such period over the amount of interest and fees actually paid for such period. This paragraph shall not limit the rights of the Administrative Agent, any Lender or the L/C Issuer, as the case may be, under Section 2.03(c)(iii), 2.03(i) or 2.08(b) or under Article VIII. The Borrowers' obligations under this paragraph shall survive the termination of the Aggregate Commitments and the repayment of all other Obligations hereunder.

2.11 Evidence of Debt.

(a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Agents in the ordinary course of business. The accounts or records maintained by the Agents and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrowers and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Agents in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrowers shall execute and deliver to such Lender (through the Administrative Agent) a Note, which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

(b) In addition to the accounts and records referred to in subsection (a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit and Swing Line Loans. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

2.12 Payments Generally; Administrative Agent's Clawback.

(a) General. All payments to be made by the Borrowers shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrowers hereunder shall be made to the Administrative Agent or Singapore Loan Agent, as applicable, for the account of the respective Lenders to which such payment is owed, at such Agent's Office in Dollars and in immediately available funds not later than 11:00 a.m. on the date specified herein. The Agents will promptly distribute to each Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by an Agent after 11:00 a.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Borrowers shall come due on a day other than a Business Day, payment shall be

made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) (i) Funding by Lenders; Presumption by Agents. Unless the applicable Agent shall have received notice from a Lender prior to the proposed date of any Committed Borrowing of Eurodollar Rate Loans (or, in the case of any Committed Borrowing of Base Rate Loans, prior to 9:00 a.m. on the date of such Committed Borrowing) that such Lender will not make available to such Agent such Lender's share of such Committed Borrowing, such Agent may assume that such Lender has made such share available on such date in accordance with Section 2.02 (or, in the case of a Committed Borrowing of Base Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.02) and may, in reliance upon such assumption, make available to the Borrowers a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Committed Borrowing available to the applicable Agent, then the applicable Lender and the Borrowers severally agree to pay to such Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the Borrowers to but excluding the date of payment to such Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the applicable Agent in connection with the foregoing, and (B) in the case of a payment to be made by the Borrowers, the interest rate applicable to Base Rate Loans. If the Borrowers and such Lender shall pay such interest to the applicable Agent for the same or an overlapping period, such Agent shall promptly remit to the Borrowers the amount of such interest paid by the Borrowers for such period. If such Lender pays its share of the applicable Committed Borrowing to the applicable Agent, then the amount so paid shall constitute such Lender's Committed Loan included in such Committed Borrowing. Any payment by the Borrowers shall be without prejudice to any claim the Borrowers may have against a Lender that shall have failed to make such payment to the applicable Agent.

(ii) Payments by Borrowers; Presumptions by Agents. Unless the applicable Agent shall have received notice from the Parent prior to the date on which any payment is due to such Agent for the account of the Lenders or the L/C Issuer hereunder that the Borrowers will not make such payment, the applicable Agent may assume that the Borrowers have made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the L/C Issuer, as the case may be, the amount due. In such event, if the Borrowers have not in fact made such payment, then each of the Lenders or the L/C Issuer, as the case may be, severally agrees to repay to the applicable Agent forthwith on demand the amount so distributed to such Lender or the L/C Issuer, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to such Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of either Agent to any Lender or the Borrowers with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to an Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrowers by such Agent because the conditions to the applicable Credit Extension set forth in Article IV are not satisfied or waived in accordance with the terms hereof, such Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Committed Loans, to fund participations in Letters of Credit and Swing Line Loans and to make payments pursuant to Section 10.04(c) are several and not joint. The failure of any Lender to make any Committed Loan, to fund any such participation or to make any payment under Section 10.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Committed Loan, to purchase its participation or to make its payment under Section 10.04(c).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.13 Sharing of Payments by Lenders. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Committed Loans made by it, or the participations in L/C Obligations or in Swing Line Loans held by it resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Committed Loans or participations and accrued interest thereon greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Committed Loans and subparticipations in L/C Obligations and Swing Line Loans of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Committed Loans and other amounts owing them, in all cases subject to Section 2.15(b) hereof, and provided that:

(i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section shall not be construed to apply to (x) any payment made by the Borrowers pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Committed Loans or subparticipations in L/C Obligations or Swing Line Loans to any assignee or participant, other than to the Borrowers or any Subsidiary thereof (as to which the provisions of this Section shall apply).

The Borrowers consent to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrowers rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation.

2.14 Increase in Commitments.

(a) Request for Increase. Provided there exists no Default, upon notice to the Administrative Agent (which shall promptly notify the Lenders), the Parent may on a one-time basis, request an increase in the Aggregate Commitments in the form of revolving advances by an amount not exceeding \$50,000,000; provided that any such request for an increase shall be in a minimum amount of \$5,000,000. At the time of sending such notice, the Parent (in consultation with the Administrative Agent) shall specify the time period within which each Lender is requested to respond (which shall in no event be less than ten Business Days from the date of delivery of such notice to the Lenders).

(b) Lender Elections to Increase. Each Lender shall notify the Administrative Agent within such time period whether or not it agrees to increase its Commitment and, if so, whether by an amount equal to, greater than, or less than its Applicable Percentage of such requested increase. Any Lender not responding within such time period shall be deemed to have declined to increase its Commitment.

(c) Notification by Administrative Agent; Additional Lenders. The Administrative Agent shall notify the Parent and each Lender of the Lenders' responses to each request made hereunder. To achieve the full amount of a requested increase and subject to the approval of the Administrative Agent, the L/C Issuer and the Swing Line Lender, and the Singapore Loan Agent in the case of a Singapore Lender (which approvals shall not be unreasonably withheld), the Parent may also invite additional Eligible Assignees to become Lenders pursuant to a joinder agreement in form and substance satisfactory to the Administrative Agent and its counsel. The Applicable Margin for the new Commitments shall be determined by Parent and the applicable new Lenders; provided, however, that the Applicable Margin for the new Commitments shall not be greater than the Applicable Margin for the existing Commitments (and the Applicable Margin applicable to the existing Commitments shall be increased to the extent necessary to achieve the foregoing).

(d) Effective Date and Allocations. If the Aggregate Commitments are increased in accordance with this Section, the Administrative Agent and the Parent shall determine the effective date (the "Increase Effective Date") and the final allocation of such increase, including any increases in the Letter of Credit Sublimit, the Singapore Sublimit or the Swing Line Sublimit. The Administrative Agent shall promptly notify the Borrowers and the Lenders of the final allocation of such increase and the Increase Effective Date.

(e) Conditions to Effectiveness of Increase. As a condition precedent to such increase, the Borrowers shall deliver to the Administrative Agent a certificate of each Loan Party dated as of the Increase Effective Date (in sufficient copies for each Lender) signed by a Responsible Officer of such Loan Party (i) certifying and attaching the resolutions adopted by

such Loan Party (if applicable) approving or consenting to such increase, and (ii) in the case of the Borrowers, certifying that, before and after giving effect to such increase, (A) the representations and warranties contained in Article V and the other Loan Documents are true and correct on and as of the Increase Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Section 2.15, the representations and warranties contained in subsections (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01, and (B) no Default exists. The U.S. Borrowers shall prepay any Committed Loans which are U.S. Loans, and Harris Singapore shall prepay any Committed Loans which are Singapore Loans, outstanding on the Increase Effective Date (and pay any additional amounts required pursuant to Section 3.05) to the extent necessary to keep the outstanding Committed Loans ratable with any revised Applicable Percentages arising from any nonratable increase in the Commitments under this Section.

(f) Conflicting Provisions. This Section shall supersede any provisions in Section 2.13 or 10.01 to the contrary.

2.15 Designated Borrowers; Relationship Among Borrowers. (a) Effective as of the date hereof each of Opco and Harris Singapore shall be a “Designated Borrower” hereunder and may receive Loans for its account on the terms and conditions set forth in this Agreement. The Parent may at any time, upon not less than 15 Business Days’ notice to the Administrative Agent (or such shorter period as may be agreed by the Administrative Agent in its sole discretion), designate any additional Subsidiary of the Parent (an “Applicant Borrower”) as a Designated Borrower to receive Loans and request Letters of Credit hereunder by delivering to the Administrative Agent (which shall promptly deliver counterparts thereof to each Lender) a duly executed notice and agreement in substantially the form of Exhibit H (a “Designated Borrower Request and Assumption Agreement”). The parties hereto acknowledge and agree that prior to any Applicant Borrower becoming entitled to utilize the credit facilities provided for herein the Administrative Agent, Singapore Loan Agent (as applicable) and the Lenders shall have received such supporting resolutions, incumbency certificates, opinions of counsel and other documents or information, in form, content and scope reasonably satisfactory to the Administrative Agent, as may be required by the Administrative Agent, Singapore Loan Agent or the Required Lenders in their sole discretion, and Notes signed by such new Borrowers to the extent any Lenders so require. If the Administrative Agent and the Required Lenders agree that an Applicant Borrower shall be entitled to receive Loans and request Letters of Credit hereunder, then promptly following receipt of all such requested resolutions, incumbency certificates, opinions of counsel and other documents or information, the Administrative Agent shall send a notice in substantially the form of Exhibit I (a “Designated Borrower Notice”) to the Parent, Singapore Loan Agent (if applicable) and the Lenders specifying the effective date upon which the Applicant Borrower shall constitute a Designated Borrower for purposes hereof, whereupon each of the Lenders agrees to permit such Designated Borrower to receive Loans hereunder, on the terms and conditions set forth herein, and each of the parties agrees that such Designated Borrower otherwise shall be a Borrower for all purposes of this Agreement; provided that no Committed Loan Notice or Letter of Credit Application may be submitted by or on behalf of such Designated Borrower until the date five Business Days after such effective date.

(b) The Obligations of the Parent and each Designated Borrower that is a Domestic Subsidiary shall be joint and several in nature. The Obligations of all Designated Borrowers that are Foreign Subsidiaries shall be several in nature.

(c) Each Subsidiary of the Parent that is a "Designated Borrower" pursuant to this [Section 2.15](#) hereby irrevocably appoints the Parent as its agent for all purposes relevant to this Agreement and each of the other Loan Documents, including (i) the giving and receipt of notices, (ii) the execution and delivery of all documents, instruments and certificates contemplated herein and all modifications hereto, and (iii) the receipt of the proceeds of any Loans made by the Lenders to any such Designated Borrower hereunder. Any acknowledgment, consent, direction, certification or other action which might otherwise be valid or effective only if given or taken by all Borrowers, or by each Borrower acting singly, shall be valid and effective if given or taken only by the Parent, whether or not any such other Borrower joins therein. Any notice, demand, consent, acknowledgement, direction, certification or other communication delivered to the Parent in accordance with the terms of this Agreement shall be deemed to have been delivered to each Designated Borrower.

2.16 Joint and Several Liability of Borrowers.

Subject to [Section 2.15\(b\)](#), and with the understanding that Harris Singapore will not be construed as a "Borrower" for purposes of assessing liability for any Obligation of a U.S. Borrower hereunder:

(a) Each Borrower is accepting joint and several liability hereunder and under the other Loan Documents in consideration of the financial accommodations to be provided by the Lenders under this Agreement, for the mutual benefit, directly and indirectly, of each Borrower and in consideration of the undertakings of the other Borrowers to accept joint and several liability for the Obligations.

(b) Each Borrower, jointly and severally, hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Borrowers, with respect to the payment and performance of all of the Obligations (including, without limitation, any Obligations arising under this [Section 2.16](#)), it being the intention of the parties hereto that all the Obligations shall be the joint and several obligations of each Borrower without preferences or distinction among them.

(c) If and to the extent that any Borrower shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event the other Borrowers will make such payment with respect to, or perform, such Obligation.

(d) The Obligations of each Borrower under the provisions of this [Section 2.16](#) constitute the absolute and unconditional, full recourse Obligations of each Borrower enforceable against each Borrower to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of this Agreement or any other circumstances whatsoever.

(e) Except as otherwise expressly provided in this Agreement, each Borrower hereby waives notice of acceptance of its joint and several liability, notice of any Loan or Letter of

Credit issued under or pursuant to this Agreement, notice of the occurrence of any Default, Event of Default, or of any demand for any payment under this Agreement, notice of any action at any time taken or omitted by the Administrative Agent or Lenders under or in respect of any of the Obligations, any requirement of diligence or to mitigate damages and, generally, to the extent permitted by applicable law, all demands, notices and other formalities of every kind in connection with this Agreement (except as otherwise provided in this Agreement). Each Borrower hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Obligations, the acceptance of any payment of any of the Obligations, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by the Administrative Agent or Lenders at any time or times in respect of any default by any Borrower in the performance or satisfaction of any term, covenant, condition or provision of this Agreement, any and all other indulgences whatsoever by the Administrative Agent or Lenders in respect of any of the Obligations, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of the Obligations or the addition, substitution or release, in whole or in part, of any Borrower. Without limiting the generality of the foregoing, each Borrower assents to any other action or delay in acting or failure to act on the part of Administrative Agent or any Lender with respect to the failure by any Borrower to comply with any of its respective Obligations, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with applicable laws or regulations thereunder, which might, but for the provisions of this Section 2.16 afford grounds for terminating, discharging or relieving any Borrower, in whole or in part, from any of its Obligations under this Section 2.16, it being the intention of each Borrower that, so long as any of the Obligations hereunder remain unsatisfied, the Obligations of each Borrower under this Section 2.16 shall not be discharged except by performance and then only to the extent of such performance. The Obligations of each Borrower under this Section 2.16 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, examination, reconstruction or similar proceeding with respect to any Borrower or the Administrative Agent or any Lender.

(f) Each Borrower represents and warrants to the Administrative Agent and Lenders that such Borrower is currently informed of the financial condition of Borrowers and of all other circumstances which a diligent inquiry would reveal and which bear upon the risk of nonpayment of the Obligations. Each Borrower further represents and warrants to the Administrative Agent and Lenders that such Borrower has read and understands the terms and conditions of the Loan Documents. Each Borrower hereby covenants that such Borrower will continue to keep informed of Borrowers' financial condition, the financial condition of other guarantors, if any, and of all other circumstances which bear upon the risk of nonpayment or nonperformance of the Obligations.

(g) The provisions of this Section 2.16 are made for the benefit of the Administrative Agent, Lenders and their respective successors and assigns, and may be enforced by it or them from time to time against any or all Borrowers as often as occasion therefor may arise and without requirement on the part of any such Administrative Agent, Lender, successor or assign first to marshal any of its or their claims or to exercise any of its or their rights against any Borrower or to exhaust any remedies available to it or them against any Borrower or to resort to any other source or means of obtaining payment of any of the Obligations hereunder or to elect any other remedy. The provisions of this Section 2.16 shall remain in effect until all of the

Obligations shall have been paid in full or otherwise fully satisfied. If at any time, any payment, or any part thereof, made in respect of any of the Obligations, is rescinded or must otherwise be restored or returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy or reorganization of any Borrower, or otherwise, the provisions of this Section 2.16 will forthwith be reinstated in effect, as though such payment had not been made.

(h) Each Borrower hereby agrees that it will not enforce any of its rights of contribution or subrogation against any other Borrower with respect to any liability incurred by it hereunder or under any of the other Loan Documents, any payments made by it to the Administrative Agent or Lenders with respect to any of the Obligations or any collateral security therefor until such time as all of the Obligations have been paid in full in cash. Any claim which any Borrower may have against any other Borrower with respect to any payments to the Administrative Agent or Lenders hereunder or under any other Loan Documents are hereby expressly made subordinate and junior in right of payment, without limitation as to any increases in the Obligations arising hereunder or thereunder, to the prior payment in full in cash of the Obligations and, in the event of any insolvency, bankruptcy, receivership, liquidation, examination, reorganization or other similar proceeding under the laws of any jurisdiction relating to any Borrower, its debts or its assets, whether voluntary or involuntary, all such Obligations shall be paid in full in cash before any payment or distribution of any character, whether in cash, securities or other property, shall be made to any other Borrower therefor.

(i) Each Borrower hereby agrees that, after the occurrence and during the continuance of any Default or Event of Default, the payment of any amounts due with respect to the indebtedness owing by any Borrower to any other Borrower is hereby subordinated to the prior payment in full in cash of the Obligations. Each Borrower hereby agrees that after the occurrence and during the continuance of any Default or Event of Default, such Borrower will not demand, sue for or otherwise attempt to collect any indebtedness of any other Borrower owing to such Borrower until the Obligations shall have been paid in full in cash. If, notwithstanding the foregoing sentence, such Borrower shall collect, enforce or receive any amounts in respect of such indebtedness, such amounts shall be collected, enforced and received by such Borrower as trustee for the Administrative Agent, and such Borrower shall deliver any such amounts to the Administrative Agent for application to the Obligations in accordance with this Agreement.

ARTICLE III. TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

(a) ~~Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.~~ (i) Any and all payments by or on account of any obligation of the respective Borrowers hereunder or under any other Loan Document shall to the extent permitted by applicable Laws be made free and clear of and without reduction or withholding for any Taxes. If, however, applicable Laws require any Borrower or any Agent to withhold or deduct any Tax, such Tax shall be withheld or deducted in accordance with such Laws as determined by such Borrower or such Agent, as the case may be, upon the basis of the information and documentation to be delivered pursuant to subsection (e) below.

(ii) If any Borrower or Agent shall be required by the Code or tax law of any other jurisdiction to withhold or deduct any Taxes, including both United States Federal backup withholding and withholding taxes, from any payment, then (A) the applicable Agent shall withhold or make such deductions as are determined by such Agent to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) the applicable Agent shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with the Code, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes or Other Taxes, the sum payable by the Borrowers shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, Singapore Loan Agent, Lender or L/C Issuer, as the case may be, receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) Payment of Other Taxes by the Borrowers. Without limiting the provisions of subsection (a) above, each Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Laws.

(c) Tax Indemnifications. (i) Without limiting the provisions of subsection (a) or (b) above, the Borrowers shall, and each does hereby, indemnify the Administrative Agent, the Singapore Loan Agent, each Lender and the L/C Issuer, and shall make payment in respect thereof within 10 days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) withheld or deducted by the Borrowers or the Administrative Agent or paid by the Administrative Agent, Singapore Loan Agent, such Lender or the L/C Issuer, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. The Borrowers shall also, and do hereby, indemnify the Agents, and shall make payment in respect thereof within 10 days after demand therefor, for any amount which a Lender or the L/C Issuer for any reason fails to pay indefeasibly to either Agent as required by clause (ii) of this subsection. A certificate as to the amount of any such payment or liability delivered to the Parent by a Lender or the L/C Issuer (with a copy to the Administrative Agent), or by the Administrative Agent or Singapore Loan Agent on its own behalf or on behalf of a Lender or the L/C Issuer, shall be conclusive absent manifest error.

(ii) Without limiting the provisions of subsection (a) or (b) above, each Lender and the L/C Issuer shall, and does hereby, indemnify the Borrowers and the Agents, and shall make payment in respect thereof within 10 days after demand therefor, against any and all Taxes and any and all related losses, claims, liabilities, penalties, interest and expenses (including the fees, charges and disbursements of any counsel for the Borrowers or the Agents) incurred by or asserted against the Borrowers or any Agent by any Governmental Authority as a result of the failure by such Lender or the L/C Issuer, as the case may be, to deliver, or as a result of the inaccuracy, inadequacy or deficiency of, any documentation required to be delivered by such Lender or the L/C Issuer, as the case may be, to the Borrowers or the applicable Agent pursuant to

subsection (e). Each Lender and the L/C Issuer hereby authorizes the applicable Agent to set off and apply any and all amounts at any time owing to such Lender or the L/C Issuer, as the case may be, under this Agreement or any other Loan Document against any amount due to the applicable Agent under this clause (ii). The agreements in this clause (ii) shall survive the resignation and/or replacement of the Administrative Agent or Singapore Loan Agent, any assignment of rights by, or the replacement of, a Lender or the L/C Issuer, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all other Obligations.

(d) Evidence of Payments. Upon request by the Borrowers or the Administrative Agent, as the case may be, after any payment of Taxes by the Borrowers or by an Agent to a Governmental Authority as provided in this Section 3.01, the Borrowers shall deliver to the Administrative Agent or the Administrative Agent shall deliver to the Borrowers, as the case may be, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to the Borrowers or the applicable Agent, as the case may be.

(e) Status of Lenders; Tax Documentation. (i) Each Lender shall deliver to the Borrowers and to the Administrative Agent, at the time or times prescribed by applicable Laws or when reasonably requested by the Borrowers or the Administrative Agent, such properly completed and executed documentation prescribed by applicable Laws or by the taxing authorities of any jurisdiction and such other reasonably requested information as will permit the Borrowers or the Administrative Agent, as the case may be, to determine (A) whether or not payments made hereunder or under any other Loan Document are subject to Taxes, (B) if applicable, the required rate of withholding or deduction, and (C) such Lender's entitlement to any available exemption from, or reduction of, applicable Taxes in respect of all payments to be made to such Lender by the Borrowers pursuant to this Agreement or otherwise to establish such Lender's status for withholding tax purposes in the applicable jurisdiction.

(ii) Without limiting the generality of the foregoing, if any Borrower is resident for tax purposes in the United States,

(A) any Lender that is a "United States person" within the meaning of Section 7701(a)(30) of the Code shall deliver to such Borrower and the Administrative Agent executed originals of Internal Revenue Service Form W-9 or such other documentation or information prescribed by applicable Laws or reasonably requested by the Borrowers or the Administrative Agent as will enable the Borrowers or the Administrative Agent, as the case may be, to determine whether or not such Lender is subject to backup withholding or information reporting requirements; and

(B) each Foreign Lender that is entitled under the Code or any applicable treaty to an exemption from or reduction of withholding tax with respect to payments hereunder or under any other Loan Document shall deliver to the Borrowers and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender

becomes a Lender under this Agreement (and from time to time thereafter upon the request of the Borrowers or the Administrative Agent, but only if such Foreign Lender is legally entitled to do so), whichever of the following is applicable:

(I) executed originals of Internal Revenue Service Form W-8BEN claiming eligibility for benefits of an income tax treaty to which the United States is a party,

(II) executed originals of Internal Revenue Service Form W-8ECI,

(III) executed originals of Internal Revenue Service Form W-8IMY and all required supporting documentation,

(IV) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not (A) a "bank" within the meaning of section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of the Borrower within the meaning of section 881(c)(3)(B) of the Code, or (C) a "controlled foreign corporation" described in section 881(c)(3)(C) of the Code and (y) executed originals of Internal Revenue Service Form W-8BEN, or

(V) executed originals of any other form prescribed by applicable Laws as a basis for claiming exemption from or a reduction in United States Federal withholding tax together with such supplementary documentation as may be prescribed by applicable Laws to permit the Borrowers or the Administrative Agent to determine the withholding or deduction required to be made.

(iii) Each Lender shall promptly (A) notify the Parent and the Administrative Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction, and (B) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender, and as may be reasonably necessary (including the re-designation of its Lending Office) to avoid any requirement of applicable Laws of any jurisdiction that any Borrower or the Administrative Agent make any withholding or deduction for taxes from amounts payable to such Lender.

(f) Treatment of Certain Refunds. Unless required by applicable Laws, at no time shall either Agent have any obligation to file for or otherwise pursue on behalf of a Lender or the L/C Issuer, or have any obligation to pay to any Lender or the L/C Issuer, any refund of Taxes withheld or deducted from funds paid for the account of such Lender or the L/C Issuer, as the case may be. If any Agent, any Lender or the L/C Issuer determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrowers or with respect to which the Borrowers have paid additional amounts pursuant to this Section, it shall pay to the Borrowers an amount equal to such refund (but only to the extent of

indemnity payments made, or additional amounts paid, by the Borrowers under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses incurred by such Agent, such Lender or the L/C Issuer, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Borrowers, upon the request of the applicable Agent, such Lender or the L/C Issuer, agree to repay the amount paid over to the Borrowers (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to such Agent, such Lender or the L/C Issuer in the event the Administrative Agent, such Lender or the L/C Issuer is required to repay such refund to such Governmental Authority. This subsection shall not be construed to require any Agent, any Lender or the L/C Issuer to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrowers or any other Person.

(g) Goods and Services Tax. Each Borrower shall also pay to each of the Administrative Agent, the Singapore Loan Agent, each Lender and the L/C Issuer, as the case may be, on demand, in addition to any amount payable by the Borrower to such Agent, Lender or L/C Issuer, as the case may be, under a Loan Document, any goods and services, value added or similar Tax payable in respect of that amount (and references in that Loan Document to that amount shall be deemed to include any such Taxes payable in addition to it).

3.02 Illegality. If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Eurodollar Rate Loans, or to determine or charge interest rates based upon the Eurodollar Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Parent through the Administrative Agent, any obligation of such Lender to make or continue Eurodollar Rate Loans or to convert Base Rate Committed Loans to Eurodollar Rate Loans shall be suspended until such Lender notifies the Administrative Agent and the Parent that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrowers shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Rate Loans of such Lender to Base Rate Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans. Upon any such prepayment or conversion, the Borrowers shall also pay accrued interest on the amount so prepaid or converted.

3.03 Inability to Determine Rates. If the Required Lenders determine that for any reason in connection with any request for a Eurodollar Rate Loan or a conversion to or continuation thereof that (a) Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such Eurodollar Rate Loan, (b) adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan, or (c) the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Parent and each Lender. Thereafter, the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon

receipt of such notice, the Borrowers may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans or, failing that, will be deemed to have converted such request into a request for a Committed Borrowing of Base Rate Loans in the amount specified therein.

3.04 Increased Costs; Reserves on Eurodollar Rate Loans.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement contemplated by Section 3.04(e)) or the L/C Issuer;

(ii) subject any Lender or the L/C Issuer to any tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any participation in a Letter of Credit or any Eurodollar Rate Loan made by it, or change the basis of taxation of payments to such Lender or the L/C Issuer in respect thereof (except for Indemnified Taxes or Other Taxes covered by Section 3.01 and the imposition of, or any change in the rate of, any Excluded Tax payable by such Lender or the L/C Issuer); or

(iii) impose on any Lender or the L/C Issuer or the London interbank market any other condition, cost or expense affecting this Agreement or Eurodollar Rate Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Rate Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or the L/C Issuer of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or the L/C Issuer hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or the L/C Issuer, the Borrowers will pay to such Lender or the L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or the L/C Issuer, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender or the L/C Issuer determines that any Change in Law affecting such Lender or the L/C Issuer or any Lending Office of such Lender or such Lender's or the L/C Issuer's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or the L/C Issuer's capital or on the capital of such Lender's or the L/C Issuer's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the L/C Issuer, to a level below that which such Lender or the L/C Issuer or such Lender's or the L/C Issuer's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the L/C Issuer's policies and the policies of such Lender's or the L/C Issuer's holding company with respect to capital adequacy), then from time to time the Borrowers (subject to Section 2.15(b)) will pay to such Lender or the L/C Issuer, as the case may be, such

additional amount or amounts as will compensate such Lender or the L/C Issuer or such Lender's or the L/C Issuer's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender or the L/C Issuer setting forth the amount or amounts necessary to compensate such Lender or the L/C Issuer or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Parent shall be conclusive absent manifest error. The Borrowers (subject to Section 2.15(b)) shall pay such Lender or the L/C Issuer, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender or the L/C Issuer to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's or the L/C Issuer's right to demand such compensation, provided that the Borrowers shall not be required to compensate a Lender or the L/C Issuer pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender or the L/C Issuer, as the case may be, notifies the Borrowers of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the L/C Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) Reserves on Eurodollar Rate Loans. The Borrowers shall pay to each Lender, as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as "Eurocurrency liabilities"), additional interest on the unpaid principal amount of each Eurodollar Rate Loan equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which shall be due and payable on each date on which interest is payable on such Loan, provided the Parent shall have received at least 10 days' prior notice (with a copy to the Administrative Agent) of such additional interest from such Lender. If a Lender fails to give notice 10 days prior to the relevant Interest Payment Date, such additional interest shall be due and payable 10 days from receipt of such notice.

3.05 Compensation for Losses. Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrowers shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by the Borrowers (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by the Borrowers; or

(c) any assignment of a Eurodollar Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Borrower pursuant to Section 10.13;

including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. The Borrowers shall also pay any customary administrative fees charged by such Lender in connection with the foregoing. Notwithstanding anything contained in this Section 3.05 to the contrary, Harris Singapore shall have no obligation with respect to any loss, cost or expense to the extent attributable to U.S. Loans.

For purposes of calculating amounts payable by the Borrowers to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded.

3.06 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.04, or the Borrowers are required to pay any additional amount to any Lender, the L/C Issuer, or any Governmental Authority for the account of any Lender or the L/C Issuer pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then such Lender or the L/C Issuer shall, as applicable, use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender or the L/C Issuer, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender or the L/C Issuer, as the case may be, to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender or the L/C Issuer, as the case may be. The Borrowers hereby agree to pay all reasonable costs and expenses incurred by any Lender or the L/C Issuer in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if the Borrowers are required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, the Borrowers may replace such Lender in accordance with Section 10.13.

3.07 Survival. All of the Borrowers' obligations under this Article III shall survive termination of the Aggregate Commitments, repayment of all other Obligations hereunder, and resignation of the Administrative Agent.

**ARTICLE IV.
CONDITIONS PRECEDENT TO CREDIT EXTENSIONS**

4.01 Conditions of Initial Credit Extension. The obligation of the L/C Issuer and each Lender to make its initial Credit Extension hereunder is subject to satisfaction of the following conditions precedent:

(a) The Administrative Agent's receipt of the following, each of which shall be originals or telecopies (followed promptly by originals) unless otherwise specified, each properly executed by a Responsible Officer of the signing Loan Party, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date) and each in form and substance satisfactory to the Administrative Agent and each of the Lenders:

(i) executed counterparts of this Agreement and the Guaranty, sufficient in number for distribution to the Administrative Agent, each Lender and the Parent;

(ii) a Note executed by the Borrowers in favor of each Lender requesting a Note;

(iii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may require, approving the terms of, and the transactions contemplated by, this Agreement and the other Loan Documents to which such Loan Party is a party, and evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party;

(iv) such documents and certifications as the Administrative Agent may reasonably require to evidence that each Loan Party is duly organized or formed, and that each of the Borrowers and Guarantors is validly existing, in good standing and qualified to engage in business in each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect;

(v) a favorable opinion, addressed to the Administrative Agent, Singapore Loan Agent and each Lender, of (A) in-house counsel to the U.S. Borrowers and Guarantors as to the matters set forth in Sections 5.01(a), (b) and (c) hereof, (B) Morrison & Foerster LLP, outside counsel to the Loan Parties as to the other matters set forth in Exhibit G and such other matters concerning the Loan Parties and the Loan Documents as the Required Lenders may reasonably request, and (C) Arfat Selvam Alliance, LLC, Singapore counsel to Harris Singapore as to the matters set forth in Exhibit G applicable to Harris Singapore and such other matters of Singapore law as the Required Lenders may reasonably request;

(vi) a certificate of a Responsible Officer of each Loan Party either (A) attaching copies of all consents, licenses and approvals required in connection with the execution, delivery and performance by such Loan Party and the validity against such Loan Party of the Loan Documents to which it is a party, and such consents, licenses and approvals shall be in full force and effect, or (B) stating that no such consents, licenses or approvals are so required;

(vii) a certificate signed by a Responsible Officer of each Borrower certifying (A) that the conditions specified in Sections 4.02(a) and (b) have been satisfied, and (B) that there has been no event or circumstance since the date of the Audited Financial

Statements that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect;

(viii) a duly completed Compliance Certificate as of the last day of the fiscal quarter of the Parent ended on March 28, 2008, signed by a Responsible Officer of the Parent;

(ix) evidence that all insurance required to be maintained pursuant to the Loan Documents has been obtained and is in effect;

(x) evidence that the Existing Credit Agreement has been or concurrently with the Closing Date is being terminated and all Liens securing obligations under the Existing Credit Agreement have been or concurrently with the Closing Date are being released, and the Existing Letters of Credit have been made subject to a separate reimbursement agreement with Silicon Valley Bank; and

(xi) such other assurances, certificates, documents, consents or opinions as the Administrative Agent, the L/C Issuer, the Swing Line Lender or the Required Lenders reasonably may require.

(b) Any fees required to be paid on or before the Closing Date shall have been paid.

(c) Unless waived by the Administrative Agent, the Borrowers shall have paid all fees, charges and disbursements of counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent) to the extent invoiced prior to or on the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrowers and the Administrative Agent).

(d) The Closing Date shall have occurred on or before June 30, 2008.

Without limiting the generality of the provisions of the last paragraph of [Section 9.03](#), for purposes of determining compliance with the conditions specified in this [Section 4.01](#), each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

4.02 Conditions to all Credit Extensions. The obligation of each Lender to honor any Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Committed Loans to the other Type, or a continuation of Eurodollar Rate Loans) is subject to the following conditions precedent:

(a) The representations and warranties of the Borrowers contained in [Article V](#) or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct on and as of the date of such Credit

Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, and except that for purposes of this Section 4.02, the representations and warranties contained in subsections (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01.

(b) No Default shall exist, or would result from such proposed Credit Extension or from the application of the proceeds thereof.

(c) The Administrative Agent and, if applicable, the L/C Issuer or the Swing Line Lender shall have received a Request for Credit Extension in accordance with the requirements hereof.

Each Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Committed Loans to the other Type or a continuation of Eurodollar Rate Loans) submitted by the Parent shall be deemed to be a representation and warranty that the conditions specified in Sections 4.02(a) and (b) have been satisfied on and as of the date of the applicable Credit Extension.

ARTICLE V. REPRESENTATIONS AND WARRANTIES

Each Borrower represents and warrants to the Administrative Agent and the Lenders that:

5.01 Existence, Qualification and Power. Each Loan Party and each Material Subsidiary thereof (a) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.02 Authorization; No Contravention. The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is party, have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any Law.

5.03 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental

Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document, except such as have been obtained.

5.04 Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Loan Party that is party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is party thereto in accordance with its terms, except as the same may be limited by Laws applicable to creditors' rights generally and principles of equity.

5.05 Financial Statements; No Material Adverse Effect.

(a) The Audited Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (ii) fairly present the financial condition of the Parent and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (iii) show all material indebtedness and other liabilities, direct or contingent, of the Parent and its Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Indebtedness.

(b) The unaudited consolidated balance sheet of the Parent and its Subsidiaries dated March 28, 2008, and the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal quarter ended on that date (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and (ii) fairly present the financial condition of the Parent and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments. Schedule 5.05 sets forth all material indebtedness and other liabilities, direct or contingent, of the Parent and its consolidated Subsidiaries as of the date of such financial statements, not already shown on such financial statements or the footnotes thereto, including liabilities for taxes, material commitments and Indebtedness.

(c) Since the date of the Audited Financial Statements, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

5.06 Litigation. There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Borrowers after due and diligent investigation, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against the Borrowers or any of their Subsidiaries or against any of their properties or revenues that (a) purport to affect or pertain to this Agreement or any other Loan Document, or (b) except as specifically disclosed in Schedule 5.06, either individually or in the aggregate, if determined adversely, could reasonably be expected to have a Material Adverse Effect.

5.07 No Default. Neither any Loan Party nor any Subsidiary thereof is in default under or with respect to any Contractual Obligation that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

5.08 Ownership of Property; Liens. Each Borrower and each of its Material Subsidiaries has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The property of the Borrowers and their Subsidiaries is subject to no Liens, other than Liens permitted by Section 7.01.

5.09 Environmental Compliance. The Borrowers and their Subsidiaries are not aware of, nor do they expect, any circumstances whereby a violation of any existing Environmental Laws has occurred, or may occur, nor are there any claims alleging potential liability or responsibility for violation of any Environmental Law on their respective businesses, operations and properties, except as specifically disclosed in Schedule 5.09, and that such Environmental Laws and claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.10 Insurance. The properties of the Borrowers and their Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Borrowers, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or the applicable Subsidiary operates.

5.11 Taxes. The Borrowers and their Subsidiaries have filed all Federal, state and other material tax returns and reports required to be filed, and have paid all Federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against any Borrower or any Subsidiary that would, if made, have a Material Adverse Effect. Neither any Loan Party nor any Subsidiary thereof is party to any tax sharing agreement other than the Tax Sharing Agreement dated January 26, 2007, between Parent and Harris Corporation.

5.12 ERISA Compliance.

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other Federal or state Laws. Each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and, to the best knowledge of the Borrowers, nothing has occurred which would prevent, or cause the loss of, such qualification. The Borrowers and each ERISA Affiliate have made all required contributions to each Plan subject to Section 412 of the Code, and no application for a funding

waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or, to the best knowledge of the Borrowers, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; (iii) neither the Borrowers nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither the Borrowers nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) neither the Borrowers nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

5.13 Subsidiaries; Equity Interests. The Parent has no Subsidiaries other than those specifically disclosed in Part (a) of [Schedule 5.13](#), and all of the outstanding Equity Interests in such Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by a Loan Party in the amounts specified on Part (a) of [Schedule 5.13](#) free and clear of all Liens. The Borrowers have no equity investments in any other corporation or entity other than those specifically disclosed in Part(b) of [Schedule 5.13](#), or as may be included in general investments in mutual funds and other securities considered to be equity investments. All of the outstanding Equity Interests in the Borrowers have been validly issued, and are fully paid and nonassessable.

5.14 Margin Regulations; Investment Company Act.

(a) The Borrowers are not engaged and will not engage, principally or as one of their important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock.

(b) None of the Borrowers, any Person Controlling the Borrowers, or any Subsidiary is or is required to be registered as an “investment company” under the Investment Company Act of 1940.

5.15 Disclosure. The Borrowers have disclosed to the Administrative Agent and the Lenders all agreements, instruments and corporate or other restrictions to which they or any of their Subsidiaries is subject, and all other matters known to them, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. No report, financial statement, certificate or other information furnished (whether in writing or orally) by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (in each case, as modified or supplemented by other

information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Borrowers represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

5.16 Compliance with Laws. Each Loan Party and each Subsidiary thereof is in compliance in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

5.17 Taxpayer Identification Number. Each U.S. Borrower's true and correct U.S. taxpayer identification number is set forth on Schedule 5.17. The true and correct company registration number for Harris Singapore is set forth in the preamble hereto.

5.18 Intellectual Property; Licenses, Etc. The Parent and its Subsidiaries own, or possess the right to use, all of the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses and other intellectual property rights (collectively, "IP Rights") that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person. To the best knowledge of the Borrowers, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Borrowers or any Subsidiary infringes upon any rights held by any other Person, which infringement could have a Material Adverse Effect. Except as specifically disclosed in Schedule 5.18, no claim or litigation regarding any of the foregoing is pending or, to the best knowledge of the Borrowers, threatened, which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

ARTICLE VI AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, the Parent shall (in the case of the covenants set forth in Sections 6.01 and 6.02(a), (b), (c) and (d)), and the Borrowers shall (in the case of the other covenants set forth in this Article VI), and shall (except in the case of the covenants set forth in Sections 6.01, 6.02, and 6.03) cause each Material Subsidiary to:

6.01 Financial Statements. Deliver to the Administrative Agent and each Lender, in form and detail satisfactory to the Administrative Agent and the Required Lenders:

(a) as soon as available, but in any event within 90 days after the end of each fiscal year of the Parent (commencing with the fiscal year ended June 28, 2008), a consolidated balance sheet of the Parent and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of income or operations, changes in shareholders' equity, and cash flows

for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing reasonably acceptable to the Required Lenders, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit;

(b) as soon as available, but in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Parent (commencing with the fiscal quarter ended March 28, 2008), a consolidated balance sheet of the Parent and its Subsidiaries as at the end of such fiscal quarter, the related consolidated statements of income or operations for such fiscal quarter and for the portion of the Parent's fiscal year then ended, and the related consolidated statements of changes in shareholders' equity, and cash flows for the portion of the Parent's fiscal year then ended, in each case setting forth in comparative form, as applicable, the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail, certified by the chief executive officer, chief financial officer, treasurer or controller of the Parent as fairly presenting the financial condition, results of operations, shareholders' equity and cash flows of the Parent and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes; and

(c) as soon as available, but in any event at least 45 days after the end of each fiscal year of the Parent, forecasts prepared by management of the Parent, in form satisfactory to the Administrative Agent and the Required Lenders, of consolidated balance sheets and statements of income or operations and cash flows of the Parent and its Subsidiaries on a quarterly basis for the immediately following fiscal year (including the fiscal year in which the Maturity Date occurs).

6.02 Certificates; Other Information. Deliver to the Administrative Agent and each Lender, in form and detail satisfactory to the Administrative Agent and the Required Lenders:

(a) concurrently with the delivery of the financial statements referred to in Sections 6.01(a) and (b), a duly completed Compliance Certificate signed by the chief executive officer, chief financial officer, treasurer or controller of the Parent;

(b) promptly after any request by the Administrative Agent or any Lender, copies of any detailed audit reports, management letters or recommendations submitted to the board of directors (or the audit committee of the board of directors) of the Parent by independent accountants in connection with the accounts or books of the Parent or any Material Subsidiary;

(c) promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of the Parent, and copies of all annual, regular, periodic and special reports and registration statements which the Parent may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934, and not otherwise required to be delivered to the Administrative Agent pursuant hereto;

(d) promptly, and in any event within five Business Days after receipt thereof by any Loan Party or any Material Subsidiary thereof, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other inquiry by such agency regarding financial or other operational results of any Loan Party or any Material Subsidiary thereof; and

(e) promptly, such additional information regarding the business, financial or corporate affairs of the Borrowers or any Material Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender may from time to time reasonably request.

Documents required to be delivered pursuant to Section 6.01(a) or (b) or Section 6.02(c) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Parent posts such documents, or provides a link thereto on the Parent's website on the Internet at the website address listed on Schedule 10.02; or (ii) on which such documents are posted on the Borrowers' behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (i) the Parent shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests the Parent to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (ii) the Parent shall notify the Administrative Agent and each Lender (by telecopier or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Notwithstanding anything contained herein, in every instance the Borrowers shall be required to provide paper copies of the Compliance Certificates required by Section 6.02(a) to the Administrative Agent. Except for such Compliance Certificates, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Parent with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

The Borrowers hereby acknowledge that (a) the Administrative Agent and/or the Arranger will make available to the Lenders and the L/C Issuer materials and/or information provided by or on behalf of the Borrowers hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on IntraLinks or another similar electronic system (the "Platform") and (b) certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to the Borrowers or their Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Borrowers hereby agree that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," the Borrowers shall be deemed to have authorized the Administrative Agent, the Arranger, the L/C Issuer and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Borrowers or their securities for purposes of United States Federal and state securities laws (provided).

however, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 10.07; (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information;" and (z) the Administrative Agent and the Arranger shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform that is not designated "Public Side Information."

6.03 Notices. Promptly notify the Administrative Agent and each Lender:

- (a) of the occurrence of any Default;
- (b) of any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect;
- (c) of the occurrence of any ERISA Event; and
- (d) of any material change in accounting policies or financial reporting practices by the Borrowers or any Subsidiary, including any determination by the Borrowers referred to in Section 2.10(b).

Each notice pursuant to this Section 6.03 shall be accompanied by a statement of a Responsible Officer of the Borrowers setting forth details of the occurrence referred to therein and stating what action the Borrowers have taken and propose to take with respect thereto. Each notice pursuant to Section 6.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached.

6.04 Payment of Obligations. Pay and discharge as the same shall become due and payable, all its obligations and liabilities, including (a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by such Borrower or such Subsidiary; (b) all lawful claims which, if unpaid, would by law become a Lien upon its property unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves with respect thereto are maintained on the books of the applicable Person; and (c) all Indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness.

6.05 Preservation of Existence, Etc. (a) Preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 7.04 or 7.05; (b) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

6.06 Maintenance of Properties. (a) Maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and

condition, ordinary wear and tear excepted; and (b) make all necessary repairs thereto and renewals and replacements thereof except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.07 Maintenance of Insurance. Maintain with financially sound and reputable insurance companies not Affiliates of the Borrower, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance compatible with the following standards) as are customarily carried under similar circumstances by such other Persons.

6.08 Compliance with Laws. Comply in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

6.09 Books and Records. Maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP (or international accounting principles as applicable) consistently applied shall be made of all financial transactions and matters involving the assets and business of the Borrowers or such Subsidiary, as the case may be.

6.10 Inspection Rights. Permit representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the expense of the Borrowers and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Borrowers but not more often than twice in any calendar year (only the first of which shall be at the Borrowers' expense); provided, however, that when an Event of Default exists the Administrative Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of the Borrowers at any time during normal business hours and without advance notice, and without regard to the number of such inspections already conducted.

6.11 Use of Proceeds. Use the proceeds of the Credit Extensions for general corporate purposes not in contravention of any Law or of any Loan Document.

6.12 Additional Guarantors. Notify the Administrative Agent at the time that any Person becomes a Material Subsidiary, and promptly thereafter (and in any event within 30 days), cause such Person to (a) become a Guarantor by executing and delivering to the Administrative Agent a counterpart of the Guaranty or such other document as the Administrative Agent shall deem appropriate for such purpose, unless such Person is also a Designated Borrower, and (b) deliver to the Administrative Agent documents of the types referred to in clauses (iii) and (iv) of Section 4.01(a) and favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and

enforceability of the documentation referred to in clause (a)), all in form, content and scope reasonably satisfactory to the Administrative Agent.

**ARTICLE VII.
NEGATIVE COVENANTS**

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, no Borrower shall, nor shall it permit any Subsidiary to, directly or indirectly:

7.01 Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

- (a) Liens pursuant to any Loan Document;
- (b) Liens existing on the date hereof and, in the case of consensual Liens of Borrowers, listed on Schedule 7.01, and any renewals or extensions thereof, provided that (i) the property covered thereby is not changed, (ii) the amount secured or benefited thereby is not increased except as contemplated by Section 7.03(b), (iii) the direct or any contingent obligor with respect thereto is not changed, and (iv) any renewal or extension of the obligations secured or benefited thereby is permitted by Section 7.03(b);
- (c) Liens for taxes not yet due or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;
- (d) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 30 days or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person;
- (e) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA;
- (f) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business, but not in excess of \$10,000,000 in the aggregate at any time;
- (g) easements, rights-of-way, restrictions and other similar encumbrances affecting real property which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

(h) Liens securing judgments for the payment of money not constituting an Event of Default under Section 8.01(b);

(i) Liens securing Indebtedness permitted under Section 7.03(e); provided that (i) such Liens do not at any time encumber any property other than the property financed by such Indebtedness and (ii) the Indebtedness secured thereby does not exceed the cost or fair market value, whichever is lower, of the property being acquired on the date of acquisition; and

(j) Other Liens securing Indebtedness in an aggregate amount not to exceed \$7,500,000.

7.02 Investments. Make any Investments, except:

(a) Investments held by such Borrower or such Subsidiary in the form of cash equivalents and short-term marketable debt securities;

(b) advances to officers, directors and employees of the Borrowers and Subsidiaries in an aggregate amount not to exceed \$1,500,000 at any time outstanding, for travel, entertainment, relocation, tax equalization payments and analogous ordinary business purposes;

(c) (i) Investments of the Borrowers in any Guarantor or other Borrowers provided that such Guarantor or other Borrower is a domestic (U.S.) entity, and (ii) additional Investments of the Borrowers or any Guarantor in any other Subsidiary, including foreign (non-U.S.) Guarantors or Borrowers, not in excess of \$10,000,000 per annum in the aggregate, provided that unused amounts may be carried forward to the next subsequent fiscal year, and (iii) Investments of any Subsidiary in the Borrowers;

(d) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(e) Guarantees permitted by Section 7.03;

(f) acquisitions of the stock of domestic (U.S.) entities or assets located in the U.S. not in excess of \$15,000,000 in any single transaction or series of related transactions, and \$30,000,000 in the aggregate; and

(g) other Investments not exceeding \$5,000,000 in the aggregate in any fiscal year of the Borrowers.

7.03 Indebtedness. Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness outstanding on the date hereof, which in the case of Indebtedness of Borrowers in excess of \$250,000 is listed on Schedule 7.03, and any refinancings, refundings, renewals or extensions thereof; provided that (i) the amount of such Indebtedness is not

increased at the time of such refinancing, refunding, renewal or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder and (ii) the terms relating to principal amount, amortization, maturity, collateral (if any) and subordination (if any), and other material terms taken as a whole, of any such refinancing, refunding, renewing or extending Indebtedness, and of any agreement entered into and of any instrument issued in connection therewith, are no less favorable in any material respect to the Loan Parties or the Lenders than the terms of any agreement or instrument governing the Indebtedness being refinanced, refunded, renewed or extended and the interest rate applicable to any such refinancing, refunding, renewing or extending Indebtedness does not exceed the then applicable market interest rate;

(c) Guarantees of the Borrowers or any Guarantor in respect of Indebtedness otherwise permitted hereunder, and guarantees of any other Subsidiary in respect of Indebtedness of any other Subsidiary;

(d) obligations (contingent or otherwise) of the Borrowers or any Subsidiary existing or arising under any Swap Contract, provided that (i) such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating risks associated with anticipated cash flows, liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person, or changes in the value of securities issued by such Person, and not for purposes of speculation or taking a "market view;" and (ii) such Swap Contract does not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party;

(e) Indebtedness in respect of capital leases, Synthetic Lease Obligations and purchase money obligations for fixed or capital assets within the limitations set forth in Section 7.01(j); provided, however, that the aggregate amount of all such Indebtedness at any one time outstanding shall not exceed \$7,500,000;

(f) Indebtedness assumed or incurred in conjunction with acquisitions of assets or another Person permitted pursuant to Section 7.02;

(g) obligations (contingent or otherwise) of the Borrowers or any Subsidiary existing or arising under any bankers' acceptance, provided that such obligations are (or were) entered into by such Person in the ordinary course of business and not for purposes of speculation or investment;

(h) contingent obligations of the Borrowers or any Subsidiary in respect of any standby letters of credit or surety bonds issued in the ordinary course of business for the purpose of guaranteeing the performance of the Borrowers and its Subsidiaries under tenders and contracts related to the sale of equipment and services to customers;

(i) other unsecured Indebtedness not to exceed \$5,000,000 at any time outstanding; and

(j) the Existing Letters of Credit.

7.04 Fundamental Changes. Merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default exists or would result therefrom:

(a) any Subsidiary may merge with (i) a Borrower, provided that a Borrower shall be the continuing or surviving Person, or (ii) any one or more other Subsidiaries, provided that when any Guarantor is merging with another Subsidiary, the Guarantor shall be the continuing or surviving Person unless the Subsidiary becomes a Guarantor hereunder;

(b) any Borrower may merge with any Person not a Subsidiary, provided that (i) the Borrower shall be the continuing or surviving Person, (ii) the Investment is permitted pursuant to Section 7.02 hereof, and (iii) Parent provides evidence of pro forma compliance with the financial covenants contained in Section 7.11 hereof after giving effect to such merger; and

(c) any Subsidiary may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to a Borrower or to another Subsidiary; provided that if the transferor in such a transaction is a Guarantor, then the transferee must either be a Borrower or a Guarantor or a Person who becomes a Guarantor hereunder at the time of the transfer.

7.05 Dispositions. Make any Disposition or enter into any agreement to make any Disposition, except:

(a) Dispositions of obsolete or worn out property, whether now owned or hereafter acquired, in the ordinary course of business;

(b) Dispositions of inventory in the ordinary course of business;

(c) Dispositions of equipment or real property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are reasonably promptly applied to the purchase price of such replacement property;

(d) Dispositions of property by any Subsidiary to a Borrower or to a wholly-owned Subsidiary; provided that if the transferor of such property is a Guarantor, the transferee thereof must either be a Borrower or a Guarantor or a Person who becomes a Guarantor hereunder at the time of the Disposition;

(e) Dispositions permitted by Section 7.04;

(f) licenses of IP Rights so long as not in perpetuity without the right to receive royalty or license payments or fees and to the extent not constituting a transfer of title to the underlying IP Rights;

(g) sales of trade accounts receivable and discounting of customer letters of credit, in each case on a non-recourse basis; and

(h) Dispositions by any Borrower and its Subsidiaries not otherwise permitted under this Section 7.05; provided that (i) at the time of such Disposition, no Default shall exist or would result from such Disposition and (ii) the aggregate book value of all property Disposed of in reliance on this clause (h) in any fiscal year shall not exceed \$2,000,000;

provided, however, that any Disposition pursuant to clauses (a) through (h) shall be for fair market value.

7.06 Restricted Payments. Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so unless the Consolidated Leverage Ratio is less than 2.0:1, and no Default shall have occurred and be continuing at the time of any action described below or would result therefrom. At all times that the Consolidated Leverage Ratio is 2.0:1 or more and no Default shall have occurred and be continuing at the time of any action described below or would result therefrom:

(a) each Subsidiary may make Restricted Payments to the Borrowers, the Guarantors and any other Person that owns an Equity Interest in such Subsidiary, ratably according to their respective holdings of the type of Equity Interest in respect of which such Restricted Payment is being made;

(b) the Borrowers and each Subsidiary may declare and make dividend payments or other distributions payable solely in the common stock or other common Equity Interests of such Person;

(c) the Borrowers and each Subsidiary may purchase, redeem or otherwise acquire Equity Interests issued by it with the proceeds received from the substantially concurrent issue of new shares of its common stock or other common Equity Interests; and

(d) any Subsidiary may make Restricted Payments to the Parent.

7.07 Change in Nature of Business. Engage in any material line of business substantially different from those lines of business conducted by the Borrowers and their Subsidiaries on the date hereof or any business substantially related or incidental thereto.

7.08 Transactions with Affiliates. Enter into any transaction of any kind with any Affiliate of the Borrowers, whether or not in the ordinary course of business, other than on fair and reasonable terms substantially as favorable to the Borrowers or such Subsidiary as would be obtainable by such Borrower or such Subsidiary at the time in a comparable arm's length transaction with a Person other than an Affiliate, provided that the foregoing restriction shall not apply to transactions between or among any Loan Party and Harris Corporation pursuant to the Transition Services Agreement and Tax Sharing Agreement between Parent and Harris Corporation, each dated January 26, 2007.

7.09 Burdensome Agreements. Enter into any Contractual Obligation (other than this Agreement or any other Loan Document) that (a) limits the ability (i) of any Subsidiary to make Restricted Payments to the Borrowers or any Guarantor or to otherwise transfer property to the Borrowers or any Guarantor, (ii) of any Subsidiary to Guarantee the Indebtedness of the Borrowers or (iii) of the Borrowers or any Subsidiary to create, incur, assume or suffer to exist

Liens on property of such Person; provided, however, that this clause (iii) shall not prohibit any negative pledge incurred or provided in favor of any (x) holder of Indebtedness permitted under Section 7.03(e) solely to the extent any such negative pledge relates to the property financed by or the subject of such Indebtedness, or (y) licensor of intellectual property solely to the extent any such negative pledge relates to the intellectual property subject to such license; or (b) requires the grant of a Lien to secure an obligation of such Person if a Lien is granted to secure another obligation of such Person.

7.10 Use of Proceeds. Use the proceeds of any Credit Extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

7.11 Financial Covenants.

(a) Liquidity Coverage Ratio. Permit the Liquidity Coverage Ratio as of the end of any fiscal quarter of the Parent to be less than 1.75:1.

(b) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio at any time during any period of four consecutive fiscal quarters of the Parent, commencing with the fiscal quarter ending June 27, 2008, to be greater than 3.00:1.

7.12 Existing Letters of Credit.

Renew, or have subject to automatic renewal, beyond their expiry date as of the Closing Date, Existing Letters of Credit having a face amount of greater than \$2,500,000 in the aggregate.

**ARTICLE VIII.
EVENTS OF DEFAULT AND REMEDIES**

8.01 Events of Default. Any of the following shall constitute an Event of Default:

(a) Non-Payment. The Borrowers or any other Loan Party fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan or any L/C Obligation, or (ii) within three Business Days after the same becomes due, any interest on any Loan or on any L/C Obligation, or any fee due hereunder, or (iii) within five Business Days after the same becomes due, any other amount payable hereunder or under any other Loan Document; or

(b) Specific Covenants. The Borrowers fail to perform or observe any term, covenant or agreement contained in any of Section 6.01, 6.02, 6.03, 6.05, 6.10, 6.11 or 6.12 or Article VII; or

(c) Other Defaults. Any Loan Party fails to perform or observe any other covenant or agreement (not specified in subsection (a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for 30 days; or

(d) Representations and Warranties. Any representation, warranty, certification or statement of fact (each, a "statement") made or deemed made by or on behalf of the Borrowers or any other Loan Party herein, in any other Loan Document, or in any document delivered in connection herewith or therewith shall be, individually or when taken together with all such statements, incorrect or misleading in any material respect when made or deemed made; or

(e) Cross-Default. (i) Any Borrower or any Subsidiary (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness or Guarantee (other than Indebtedness hereunder and Indebtedness under Swap Contracts) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount, or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness or Guarantee or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness or the beneficiary or beneficiaries of such Guarantee (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such Guarantee to become payable or cash collateral in respect thereof to be demanded; or (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which a Borrower or any Subsidiary is the Defaulting Party (as defined in such Swap Contract) or (B) any Termination Event (as so defined) under such Swap Contract as to which a Borrower or any Subsidiary is an Affected Party (as so defined) and, in either event, the Swap Termination Value owed by a Borrower or such Subsidiary as a result thereof is greater than the Threshold Amount; or

(f) Insolvency Proceedings, Etc. Any Loan Party or any of its Subsidiaries institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator, judicial manager or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator, judicial manager or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for 60 calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for 60 calendar days, or an order for relief is entered in any such proceeding; or

(g) Inability to Pay Debts: Attachment. (i) Any Borrower or any Subsidiary becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or

(ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within 30 days after its issue or levy; or

(h) **Judgments.** There is entered against a Borrower or any Subsidiary (i) one or more final judgments or orders for the payment of money in an aggregate amount (as to all such judgments or orders) exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage), or (ii) any one or more non-monetary final judgments that have, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of 30 consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(i) **ERISA.** (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Borrowers under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of the Threshold Amount, or (ii) any Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of the Threshold Amount; or

(j) **Invalidity of Loan Documents.** Any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the Obligations, ceases to be in full force and effect in any material respect; or any Loan Party or any other Person contests in any manner the validity or enforceability of any provision of any Loan Document; or any Loan Party denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any provision of any Loan Document; or

(k) **Change of Control.** There occurs any Change of Control; or

(l) **Declared Company.** Any Loan Party is declared by the Minister of Finance of Singapore to be a company to which Part IX of the Companies Act, Chapter 50 of Singapore applies.

8.02 Remedies Upon Event of Default. If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(a) declare the commitment of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrowers;

(c) require that the Borrowers Cash Collateralize the L/C Obligations (in an amount equal to the then Outstanding Amount thereof); and

(d) exercise on behalf of itself, the Lenders and the L/C Issuer all rights and remedies available to it, the Lenders and the L/C Issuer under the Loan Documents;

provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to any Borrower under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of the Borrowers to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any Lender.

8.03 Application of Funds. After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable and the L/C Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to Section 8.02), any amounts received on account of the Obligations shall be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest and Letter of Credit Fees) payable to the Lenders and the L/C Issuer (including fees, charges and disbursements of counsel to the respective Lenders and the L/C Issuer (including fees and time charges for attorneys who may be employees of any Lender or the L/C Issuer) and amounts payable under Article III), ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit Fees and interest on the Loans, L/C Borrowings and other Obligations, ratably among the Lenders and the L/C Issuer in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans and L/C Borrowings, ratably among the Lenders and the L/C Issuer in proportion to the respective amounts described in this clause Fourth held by them;

Fifth, to the Administrative Agent for the account of the L/C Issuer, to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrowers or as otherwise required by Law.

To the extent amounts received on account of the Obligations are applied solely to Singapore Loans due to the operation of Section 2.15(b) hereof, each Singapore Lender will purchase U.S. Loans from each non-Singapore Lender equal to such Singapore Lender's Applicable Percentage of the non-Singapore Loans to the extent necessary to maintain each Lender's Applicable Percentage with respect to the Loans, taken as a whole. Subject to Section 2.03(c), amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fifth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

ARTICLE IX. ADMINISTRATIVE AGENT

9.01 Appointment and Authority. Each of the Lenders and the L/C Issuer hereby irrevocably appoints Bank of America to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. Each of the Singapore Lenders hereby irrevocably appoints Banc of America Securities Asia Limited to act on its behalf as the Singapore Loan Agent hereunder and under the other Loan Documents and authorizes the Singapore Loan Agent to take such actions on its behalf and to exercise such powers as are delegated to the Singapore Loan Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Singapore Loan Agent, the Lenders and the L/C Issuers, and the Borrowers shall not have rights as a third party beneficiary of any of such provisions. For purposes of this Article IX, the Administrative Agent and the Singapore Loan Agent may be referred to individually as an "Agent" and together as "Agents."

9.02 Rights as a Lender. If the Person serving as the Administrative Agent or the Singapore Loan Agent hereunder is also a Lender under this Agreement, such Person shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent or Singapore Loan Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent or Singapore Loan Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent or Singapore Loan Agent hereunder and without any duty to account therefor to the Lenders.

9.03 Exculpatory Provisions. Neither the Administrative Agent nor the Singapore Loan Agent shall have any duties or obligations except those expressly set forth herein and in the

other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent and the Singapore Loan Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that such Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that neither the Administrative Agent nor the Singapore Loan Agent shall be required to take any action that, in its opinion or the opinion of its counsel, may expose it to liability or that is contrary to any Loan Document or applicable law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrowers or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent, Singapore Loan Agent or any of their Affiliates in any capacity.

Neither Agent shall be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as such Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 10.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct. No Agent shall be deemed to have knowledge of any Default unless and until notice describing such Default is given to such Agent by the Borrowers, a Lender or the L/C Issuer.

No Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent or Singapore Loan Agent, as applicable.

9.04 Reliance by Agent. The Agents shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Agents also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder

to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the L/C Issuer, the Administrative Agent or Singapore Loan Agent, as applicable, may presume that such condition is satisfactory to such Lender or the L/C Issuer unless such Agent shall have received notice to the contrary from such Lender or the L/C Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Agents may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

9.05 Delegation of Duties. An Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by such Agent. The Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent or Singapore Loan Agent, as applicable.

9.06 Resignation of Administrative Agent. The Administrative Agent may at any time give notice of its resignation to the Lenders, the L/C Issuer and the Borrowers. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrowers, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders and the L/C Issuer, appoint a successor Administrative Agent meeting the qualifications set forth above; provided that if the Administrative Agent shall notify the Borrowers and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders or the L/C Issuer under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and the L/C Issuer directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed among the Borrowers and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 10.04 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties

in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

Any resignation by Bank of America as Administrative Agent pursuant to this Section shall also constitute its resignation as Singapore Loan Agent, L/C Issuer and Swing Line Lender. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Singapore Loan Agent, L/C Issuer and Swing Line Lender, (b) the retiring Singapore Loan Agent, L/C Issuer and Swing Line Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (c) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring L/C Issuer to effectively assume the obligations of the retiring L/C Issuer with respect to such Letters of Credit.

9.07 Non-Reliance on Agent and Other Lenders. Each Lender and the L/C Issuer acknowledges that it has, independently and without reliance upon the Administrative Agent, Singapore Loan Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and the L/C Issuer also acknowledges that it will, independently and without reliance upon the Administrative Agent, Singapore Loan Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

9.08 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the Book Managers or Arrangers listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or L/C Issuer hereunder.

9.09 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrowers) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the L/C Issuer and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the L/C Issuer and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the L/C Issuer and the Administrative Agent under Sections 2.03(i) and (j), 2.09 and 10.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and the L/C Issuer to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the L/C Issuer, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.09 and 10.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or the L/C Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or the L/C Issuer to authorize the Administrative Agent to vote in respect of the claim of any Lender or the L/C Issuer in any such proceeding. The Administrative Agent shall not credit bid any Obligation held by any Lender or L/C Issuer in any proceeding under a Debtor Relief Law without the prior written consent of such Lender or L/C Issuer, as applicable.

9.10 Guaranty Matters. The Lenders and the L/C Issuer irrevocably authorize the Administrative Agent, at its option and in its discretion,

(a) to release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (i) upon termination of the Aggregate Commitments and payment in full of all Obligations (other than contingent indemnification obligations) and the expiration or termination of all Letters of Credit (other than Letters of Credit as to which other arrangements satisfactory to the Administrative Agent and the L/C Issuer shall have been made), (ii) that is sold or to be sold as part of or in connection with any sale permitted hereunder or under any other Loan Document, or (iii) subject to Section 10.01, if approved, authorized or ratified in writing by the Required Lenders;

(b) to subordinate any Lien on any property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Section 7.01(i); and

(c) to release any Guarantor from its obligations under the Guaranty if such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the Guaranty pursuant to this Section 9.10.

**ARTICLE X.
MISCELLANEOUS**

10.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrowers or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrowers or the applicable Loan Party, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(a) waive any condition set forth in Section 4.01(a) without the written consent of each Lender;

(b) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.02) without the written consent of such Lender;

(c) postpone any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;

(d) reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing, or (subject to clause (iv) of the second proviso to this Section 10.01) any fees or other amounts payable hereunder or under any other Loan Document, or change the manner of computation of any financial ratio (including any change in any applicable defined term) used in determining the Applicable Margin that would result in a reduction of any interest rate on any Loan or any fee payable hereunder without the written consent of each Lender directly affected thereby; provided, however, that only the consent of the Required Lenders shall be necessary (i) to amend the definition of "Default Rate" or to waive any obligation of the Borrowers to pay interest or Letter of Credit Fees at the Default Rate or (ii) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest on any Loan or L/C Borrowing or to reduce any fee payable hereunder;

(e) change Section 2.13 or Section 8.03 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender;

(f) change any provision of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder without the written consent of each Lender; or

(g) release the Guarantor from the Guaranty without the written consent of each Lender, except to the extent the release of any Guarantor is permitted pursuant to Section 9.10 (in which case such release may be made by the Administrative Agent acting alone);

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the L/C Issuer in addition to the Lenders required above, affect the rights or duties of

the L/C Issuer under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Lender in addition to the Lenders required above, affect the rights or duties of the Swing Line Lender under this Agreement; (iii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; (iv) no amendment, waiver or consent shall, unless in writing and signed by the Singapore Loan Agent in addition to the Lenders required above, affect the rights or duties of the Singapore Loan Agent under this Agreement or any other Loan Document; and (v) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Commitment of such Lender may not be increased or extended without the consent of such Lender.

10.02 Notices; Effectiveness; Electronic Communication.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Borrowers, the Administrative Agent, the L/C Issuer or the Swing Line Lender, to the address, telecopier number, electronic mail address or telephone number specified for such Person on Schedule 10.02; and

(ii) if to any other Lender, to the address, telecopier number, electronic mail address or telephone number specified in its Administrative Questionnaire.

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the L/C Issuer hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or the L/C Issuer pursuant to Article II if such Lender or the L/C Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrowers may, in their discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant

to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the Borrowers, any Lender, any L/C Issuer or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Borrowers' or the Administrative Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided, however, that in no event shall any Agent Party have any liability to the Borrowers, any Lender, the L/C Issuer or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) Change of Address, Etc. Each of the Borrowers, the Administrative Agent, each L/C Issuer and the Swing Line Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the Borrowers, the Administrative Agent, the L/C Issuers and the Swing Line Lender. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its

delegate, in accordance with such Public Lender's compliance procedures and applicable Law, including United States Federal and state securities Laws, to make reference to Borrower Materials that are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to the Borrowers or its securities for purposes of United States Federal or state securities laws.

(e) Reliance by Administrative Agent, Singapore Loan Agent, L/C Issuers and Lenders. The Administrative Agent, the Singapore Loan Agent, the L/C Issuers and the Lenders shall be entitled to rely and act upon any notices (including telephonic Committed Loan Notices and Swing Line Loan Notices) purportedly given by or on behalf of the Borrowers even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrowers shall indemnify the Administrative Agent, the Singapore Loan Agent, the L/C Issuers, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrowers. All telephonic notices to and other telephonic communications with the Administrative Agent or Singapore Loan Agent may be recorded by the Administrative Agent or Singapore Loan Agent as applicable, and each of the parties hereto hereby consents to such recording.

10.03 No Waiver; Cumulative Remedies; Enforcement. No failure by any Lender, the L/C Issuer or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.02 for the benefit of all the Lenders and the L/C Issuer; provided, however, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) the L/C Issuer or the Swing Line Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as L/C Issuer or Swing Line Lender, as the case may be) hereunder and under the other Loan Documents, (c) any Lender from exercising setoff rights in accordance with Section 10.08 (subject to the terms of Section 2.13), or (d) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.02 and (ii) in addition to the matters set forth in clauses (b), (c) and (d) of the preceding proviso and subject to Section 2.13, any Lender may,

with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

10.04 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrowers shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent, Singapore Loan Agent and their Affiliates (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent and Singapore Loan Agent), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the L/C Issuer in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, Singapore Loan Agent, any Lender or the L/C Issuers (including the fees, charges and disbursements of any counsel for the Administrative Agent, Singapore Loan Agent, any Lender or any L/C Issuer), and shall pay all fees and time charges for attorneys who may be employees of the Administrative Agent, any Lender or the L/C Issuer, in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by the Borrowers. The Borrowers shall indemnify the Administrative Agent (and Singapore Loan Agent and any sub-agent of either of them), each Lender and the L/C Issuer, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrowers or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent or Singapore Loan Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents (including in respect of any matters addressed in Section 3.01), (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrowers or any of their Subsidiaries, or any Environmental Liability related in any way to the Borrowers or any of their Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether

brought by a third party or by the Borrowers or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrowers or any other Loan Party against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if any Borrower or such other Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

(c) Reimbursement by Lenders. To the extent that the Borrowers for any reason fail to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), the L/C Issuer or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent and Singapore Loan Agent (or any such sub-agent), the L/C Issuer or such Related Party, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent or Singapore Loan Agent (or any such sub-agent) or any L/C Issuer in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) or L/C Issuer in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.12(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, the Borrowers shall not assert, and each hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) Payments. All amounts due under this Section shall be payable not later than ten Business Days after demand therefor.

(f) Survival. The agreements in this Section shall survive the resignation of the Administrative Agent, the L/C Issuer and the Swing Line Lender, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

10.05 Payments Set Aside. To the extent that any payment by or on behalf of the Borrowers is made to the Administrative Agent, any L/C Issuer or any Lender, or the Administrative Agent, the L/C Issuer or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent, such L/C Issuer or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and L/C Issuer severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders and the L/C Issuers under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

10.06 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrowers may not assign or otherwise transfer any of their rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, Singapore Loan Agent, the L/C Issuers and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this subsection (b), participations in L/C Obligations and in Swing Line Loans) at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrowers otherwise consent (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met.

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned, except that this clause (ii) shall not apply to the Swing Line Lender's rights and obligations in respect of Swing Line Loans;

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrowers (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required if such assignment is to a Person that is not a Lender, an Affiliate of such Lender or an Approved Fund with respect to such Lender;

(C) the consent of the L/C Issuer (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding); and

(D) the consent of the Swing Line Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of \$3,500; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and

recording fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Borrowers. No such assignment shall be made to a Borrower or any of the Borrowers' Affiliates or Subsidiaries.

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05, and 10.04 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, the Borrowers (at their expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrowers, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrowers, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrowers or the Administrative Agent, sell participations to any Person (other than a natural person or a Borrower or any of the Borrowers' Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in L/C Obligations and/or Swing Line Loans) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Administrative Agent, the Lenders and the L/C Issuer shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 10.01 that affects such Participant. Subject to subsection (e) of this Section, the Borrowers agree that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.13 as though it were a Lender.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.04 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrowers' prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.01 unless the Borrowers are notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrowers, to comply with Section 3.01(e) as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Resignation as L/C Issuer or Swing Line Lender after Assignment. Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Commitment and Loans pursuant to subsection (b) above, Bank of America may, (i) upon 30 days' notice to the Borrowers and the Lenders, resign as L/C Issuer and/or (ii) upon 30 days' notice to the Borrowers, resign as Swing Line Lender. In the event of any such resignation as L/C Issuer or Swing Line Lender, the Borrowers shall be entitled to appoint from among the Lenders a successor L/C Issuer or Swing Line Lender hereunder; provided, however, that no failure by the Borrowers to appoint any such successor shall affect the resignation of Bank of America as L/C Issuer or Swing Line Lender, as the case may be. If Bank of America resigns as L/C Issuer, it shall retain all the rights, powers, privileges and duties of the L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Lenders to make Base Rate Committed Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c)). If Bank of America resigns as Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Committed Loans or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.04(c). Upon the appointment of a successor L/C Issuer and/or Swing Line Lender, (a) such successor shall

succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer or Swing Line Lender, as the case may be, and (b) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to Bank of America to effectively assume the obligations of Bank of America with respect to such Letters of Credit.

10.07 Treatment of Certain Information; Confidentiality. Each of the Administrative Agent, the Singapore Loan Agent, the Lenders and the L/C Issuer agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, trustees, advisors and representatives to the extent reasonably deemed necessary by such Agent or Lender for purposes related to the administration of, or enforcement of remedies under, this Agreement (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or any Eligible Assignee invited to be a Lender pursuant to Section 2.14(c) or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrowers and their obligations, (g) with the consent of the Borrowers or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender, the L/C Issuer or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrowers and their Subsidiaries.

For purposes of this Section, "Information" means all information received from the Borrowers or any Subsidiary relating to the Borrowers or any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or the L/C Issuer on a nonconfidential basis prior to disclosure by the Borrowers or any Subsidiary, provided that, in the case of information received from the Borrowers or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent, the Singapore Loan Agent, the Lenders and the L/C Issuer acknowledges that (a) the Information may include material non-public information concerning a Borrower or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such

material non-public information in accordance with applicable Law, including United States Federal and state securities Laws.

10.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, the L/C Issuers and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, but subject to Section 2.15(b), to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, the L/C Issuer or any such Affiliate to or for the credit or the account of any Borrower against any and all of the obligations of such Borrower to such Lender or L/C Issuer now or hereafter existing under this Agreement or any other Loan Document to such Lender or L/C Issuer, irrespective of whether or not such Lender or L/C Issuer shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrowers may be contingent or unmatured or are owed to a branch or office of such Lender or L/C Issuer different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each Lender, each L/C Issuer and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the L/C Issuers or their respective Affiliates may have. Each Lender and L/C Issuer agrees to notify the Borrowers and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

10.09 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrowers. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

10.10 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement.

10.11 Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

10.12 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.13 Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender is a Defaulting Lender or if any other circumstance exists hereunder that gives the Borrowers the right to replace a Lender as a party hereto, then the Borrowers may, at their sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.06), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(a) the Borrowers shall have paid or caused to be paid, to the Administrative Agent the assignment fee specified in Section 10.06(b);

(b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and L/C Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter; and

(d) such assignment does not conflict with applicable Laws.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation cease to apply.

10.14 Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. EACH BORROWER IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, ANY LENDER OR THE L/C ISSUER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH BORROWER IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. SUBJECT TO PARAGRAPH (E) OF THIS SECTION, EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(e) PROCESS AGENT. WITHOUT PREJUDICE TO ANY OTHER MODE OF SERVICE ALLOWED UNDER ANY RELEVANT LAW, HARRIS SINGAPORE:

(i) IRREVOCABLY APPOINTS PARENT AS ITS AGENT FOR SERVICE OF PROCESS IN RELATION TO ANY PROCEEDINGS BEFORE ANY UNITED STATES COURTS IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT; AND

(ii) AGREES THAT FAILURE BY A PROCESS AGENT TO NOTIFY HARRIS SINGAPORE OF THE PROCESS WILL NOT INVALIDATE THE PROCEEDINGS CONCERNED.

10.15 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

10.16 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each Borrower acknowledges and agrees that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent and the Lead Arrangers are arm's-length commercial transactions between the Borrowers, each other Loan Party and their respective Affiliates, on the one hand, and the Administrative Agent and the Lead Arrangers, on the other hand, (B) each Borrower and other Loan Party has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) each Borrower and each other Loan Party is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) the Administrative Agent and Lead Arrangers each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower, any other Loan Party or any of their respective Affiliates, or any other Person and (B) neither the Administrative Agent nor any Lead Arranger has any obligation to the Borrowers, any other Loan Party or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent and the Lead Arrangers and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrowers, the other Loan Parties and their respective Affiliates, and

neither the Administrative Agent nor any Lead Arranger has any obligation to disclose any of such interests to the Borrowers, any other Loan Party or any of their respective Affiliates. To the fullest extent permitted by law, each of the Borrowers and the other Loan Parties hereby waives and releases any claims that it may have against the Administrative Agent and the other Lead Arrangers with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

10.17 Electronic Execution of Assignments and Certain Other Documents. The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Assumption or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

10.18 USA PATRIOT Act. Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrowers that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”), it is required to obtain, verify and record information that identifies each Borrower, which information includes the name and address of each Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify such Borrower in accordance with the Act. Each Borrower shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the Act.

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

HARRIS STRATEX NETWORKS, INC.

By: /s/ Carol A. Goudey

Name: Carol A. Goudey

Title: Treasurer and Assistant Secretary

HARRIS STRATEX NETWORKS OPERATING CORPORATION

By: /s/ Carol A. Goudey

Name: Carol A. Goudey

Title: Treasurer and Assistant Secretary

HARRIS STRATEX NETWORKS (S) PTE. LTD.

By: /s/ Sarah A. Dudash

Name: Sarah A. Dudash

Title: Vice President and Chief Financial Officer

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Signature page to Credit Agreement

**BANK OF AMERICA, N.A., as
Administrative Agent**

By: /s/ Kathleen M. Carry
Name: Kathleen M. Carry
Title: Vice President

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Signature page to Credit Agreement

BANK OF AMERICA, N.A., as a Lender, L/C
Issuer and Swing Line Lender

By: /s/ Christina Felsing

Name: Christina Felsing

Title: Vice President

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Signature page to Credit Agreement

SILICON VALLEY BANK, as a Lender and L/C
Issuer

By: /s/ Tom Smith

Name: Tom Smith

Title: Managing Director

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Signature page to Credit Agreement

BANC OF AMERICA SECURITIES ASIA LIMITED, as
Singapore Loan Agent

By: /s/ Susana Yen
Name: Susana Yen
Title: Vice President

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Signature page to Credit Agreement

**COMMITMENTS
AND APPLICABLE PERCENTAGES**

Lender	Commitment	Singapore Sublimit Commitment	Applicable Percentage
Bank of America, N.A.*	\$35,000,000	\$25,000,000	50.000000000%
Silicon Valley Bank	\$35,000,000		50.000000000%
Total	\$70,000,000		100.000000000%

* denotes a "Singapore Lender"

S-2.01-1

Commitments and Applicable Percentages

EXISTING LETTERS OF CREDIT

Refno	Applicant	Beneficiary	Issue Dt	Expiry Dt	Issuebank	Currency	Foreignamt	Curr Rate	Usdamt
SVBSP000369	HARRIS STRATEX NETWORKS OPERATING CORPORATION	THE BANK OF NOVA SCOTIA JAMAICA LTD	5/11/2007 0:00	6/30/2008 0:00		USD	291,568.80		291,568.80
SVBSF003191	STRATEX NETWORKS, INC.	SOJITZ CORPORATION	11/19/2004 0:00	12/30/2008 0:00		USD	140,900.82		140,900.82
SVBSF004853	HARRIS STRATEX NETWORKS OPERATING CORPORATION	ECOBANK BURKINA FASO	8/22/2007 0:00	7/7/2008 0:00	SOCIETE GENERALE, PARIS	XOF	2,000,000.00	423.19981	4,725.90
SVBSP000402	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	8/8/2007 0:00	7/21/2008 0:00		USD	22,000.00		22,000.00
SVBSP000375	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK (THAI) PCL,	6/22/2007 0:00	7/30/2008 0:00		USD	606,793.90		606,793.90
SVBSP000399	HARRIS STRATEX NETWORKS OPERATING CORPORATION	SOCIETE GENERALE	7/30/2007 0:00	7/31/2008 0:00		DZD	420,000.00	64.30415	6,531.46
SVBSP000400	HARRIS STRATEX NETWORKS OPERATING CORPORATION	SOCIETE GENERALE	7/30/2007 0:00	7/31/2008 0:00		DZD	330,000.00	64.30417	5,131.86
SVBSP000432	HARRIS STRATEX NETWORKS OPERATING CORPORATION	MARFIN POPULAR BANK PUBLIC CO. LTD.	1/3/2008 0:00	8/8/2008 0:00	AMERICAN EXPRESS BANK LTD., NY	EUR	427,500.00	0.64416	663,651.00
SVBSP000183	STRATEX NETWORKS, INC.	STANDARD CHARTERED BANK (THAI) PCL	9/2/2005 0:00	8/26/2008 0:00		THB	10,744,826.00	33.53000	320,454.10

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Existing Letters of Credit

Refno	Applicant	Beneficiary	Issue Dt	Expiry Dt	Issuebank	Currency	Foreignamt	Curr Rate	Usdamt
SVBSP000433	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	1/14/2008 0:00	8/28/2008 0:00		USD	235,653.41		235,653.41
SVBSP000401	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	7/30/2007 0:00	8/29/2008 0:00		PHP	1,148,548.81	44.45000	25,839.12
SVBSP000405	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	9/12/2007 0:00	8/29/2008 0:00		USD	50,000.00		50,000.00
SVBSP000370	HARRIS STRATEX NETWORKS OPERATING CORPORATION	SOCIETE GENERALE	5/9/2007 0:00	8/29/2008 0:00		USD	700,000.00		700,000.00
SVBSP000430	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK NEPAL LIMITED	12/28/2007 0:00	8/29/2008 0:00		USD	30,000.00		30,000.00
SVBSF002258	STRATEX NETWORKS INC	STANDARD CHARTERED BANK	6/16/2003 0:00	8/29/2008 0:00		USD	288,082.00		288,082.00
SVBSP000413	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	10/12/2007 0:00	8/31/2008 0:00		USD	238,844.00		238,844.00
SVBSP000438	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	2/11/2008 0:00	9/29/2008 0:00		USD	116,420.59		116,420.59
SVBSP000418	HARRIS STRATEX NETWORKS OPERATING CORPORATION	SOCIETE GENERALE	11/5/2007 0:00	9/30/2008 0:00		DZD	52,000,000.00	64.30420	808,656.36
SVBSP000419	HARRIS STRATEX NETWORKS OPERATING CORPORATION	SOCIETE GENERALE	11/5/2007 0:00	9/30/2008 0:00		DZD	27,000,000.00	64.30420	419,879.26
SVBSP000421	HARRIS STRATEX NETWORKS OPERATING CORPORATION	SOCIETE GENERALE	11/5/2007 0:00	10/10/2008 0:00		XOF	6,000,000.00	423.20011	14,177.69

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Existing Letters of Credit

Refno	Applicant	Beneficiary	Issue Dt	Expiry Dt	Issuebank	Currency	Foreignamt	Curr Rate	Usdamt
SVBSP000442	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	3/6/2008 0:00	10/15/2008 0:00		USD	23,110.74		23,110.74
SVBSP000362	HARRIS STRATEX NETWORKS OPERATING CORPORATION	SOCIETE GENERALE	6/7/2007 0:00	10/30/2008 0:00		USD	28,851.00		28,851.00
SVBSP000406	HARRIS STRATEX NETWORKS OPERATING CORPORATION	SOCIETE GENERALE	9/20/2007 0:00	10/31/2008 0:00		XOF	2,949,155.00	423.20017	6,968.70
SVBSP000407	HARRIS STRATEX NETWORKS OPERATING CORPORATION	SOCIETE GENERALE	9/20/2007 0:00	10/31/2008 0:00		XOF	4,878,322.00	423.19985	11,527.23
SVBSP000408	HARRIS STRATEX NETWORKS OPERATING CORPORATION	SOCIETE GENERALE	9/20/2007 0:00	10/31/2008 0:00		XOF	2,163,380.00	423.19971	5,111.96
SVBSP000460	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	6/4/2008 0:00	11/10/2008 0:00		USD	18,485.78		18,485.78
SVBSF005333	HARRIS STRATEX NETWORKS OPERATING CORPORATION	ABN AMRO BANK (ROMANIA) S.A.	6/16/2008 0:00	11/14/2008 0:00		EUR	234,000.00	0.64416	363,261.60
SVBSP000335	STRATEX NETWORKS, INC.	ARAB BANK PLC	2/5/2007 0:00	12/29/2008 0:00	AMERICAN EXPRESS BANK LTD., NY	USD	91,691.81		91,691.81
SVBSP000415	HARRIS STRATEX NETWORKS OPERATING CORPORATION	SOCIETE GENERALE	10/11/2007 0:00	12/31/2008 0:00		PLN	500,000.00	2.16860	230,563.50
SVBSP000434	HARRIS STRATEX NETWORKS OPERATING CORPORATION	THE NATIONAL BANK OF KUWAIT S.A.K.	1/14/2008 0:00	1/30/2009 0:00	AMERICAN EXPRESS BANK LTD., NY	USD	206,000.00		206,000.00
SVBSP000377	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	6/19/2007 0:00	2/25/2009 0:00		USD	5,734.00		5,734.00

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Existing Letters of Credit

Refno	Applicant	Beneficiary	Issue Dt	Expiry Dt	Issuebank	Currency	Foreignamt	Curr Rate	Usdamt
SVBSP000404	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	9/14/2007 0:00	2/28/2009 0:00		USD	1,101,782.20		1,101,782.20
SVBSF005339	HARRIS STRATEX NETWORKS OPERATING CORPORATION	SOCIETE GENERALE	6/20/2008 0:00	3/30/2009 0:00		USD	15,900.00		15,900.00
SVBSP000455	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	5/6/2008 0:00	4/16/2009 0:00		USD	55,360.00		55,360.00
SVBSP000332	STRATEX NETWORKS, INC.	STANDARD CHARTERED BANK	1/24/2007 0:00	4/24/2009 0:00		USD	8,779.23		8,779.23
SVBSP000359	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	4/16/2007 0:00	5/29/2009 0:00		USD	9,340.00		9,340.00
SVBSP000441	HARRIS STRATEX NETWORKS OPERATING CORPORATION	SOCIETE GENERALE	2/20/2008 0:00	8/31/2009 0:00		XOF	2,439,161.00	423.20022	5,763.61
SVBSP000440	HARRIS STRATEX NETWORKS OPERATING CORPORATION	SOCIETE GENERALE	2/20/2008 0:00	8/31/2009 0:00		XOF	1,474,578.00	423.20031	3,484.35
SVBSP000392	HARRIS STRATEX NETWORKS OPERATING CORPORATION	ARAB BANK PLC	7/3/2007 0:00	10/30/2009 0:00	AMERICAN EXPRESS BANK LTD., NY	USD	93,958.76		93,958.76
SVBSP000448	HARRIS STRATEX NETWORKS OPERATING CORPORATION	SOCIETE GENERALE	3/26/2008 0:00	10/30/2009 0:00		XOF	1,081,690.00	423.19971	2,555.98
SVBSP000443	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	3/10/2008 0:00	1/29/2010 0:00		USD	68,446.80		68,446.80
SVBSP000451	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	4/23/2008 0:00	5/28/2010 0:00		USD	6,428.00		6,428.00

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Existing Letters of Credit

Refno	Applicant	Beneficiary	Issue Dt	Expiry Dt	Issuebank	Currency	Foreignamt	Curr Rate	Usdamt
SVBSP000450	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	4/22/2008 0:00	5/28/2010 0:00		USD	281,086.76		281,086.76
SVBSP000457	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	5/8/2008 0:00	7/1/2010 0:00		USD	68,242.00		68,242.00
SVBSP000458	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	5/8/2008 0:00	7/1/2010 0:00		USD	900.00		900.00
SVBSF005162	HARRIS STRATEX NETWORKS OPERATING CORPORATION	HUAWEI TECHNOLOGIES CO., LTD.	3/14/2008 0:00	10/27/2010 0:00		USD	74,909.75		74,909.75
SVBSF005163	HARRIS STRATEX NETWORKS OPERATING CORPORATION	HUAWEI TECHNOLOGIES CO., LTD.	3/14/2008 0:00	11/6/2010 0:00		USD	118,558.02		118,558.02
SVBSP000456	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK NEPAL LIMITED	5/7/2008 0:00	12/30/2010 0:00		USD	480,000.00		480,000.00
SVBSF005164	HARRIS STRATEX NETWORKS OPERATING CORPORATION	HUAWEI TECHNOLOGIES CO., LTD.	3/14/2008 0:00	3/16/2011 0:00		USD	32,775.00		32,775.00
SVBSP000410	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	10/2/2007 0:00	4/1/2011 0:00		USD	78,605.00		78,605.00
SVBSP000420	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	11/5/2007 0:00	6/1/2011 0:00		USD	15,224.03		15,224.03
SVBSF005331	HARRIS STRATEX NETWORKS OPERATING CORPORATION	HUAWEI TECHNOLOGIES CO., LTD.	6/13/2008 0:00	7/16/2011 0:00		USD	17,951.67		17,951.67
SVBSP000466	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	6/26/08 0:00	4/30/09 0:00		USD	100,000.00		100,000.00

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Existing Letters of Credit

L/C EXPIRED BUT
NOT CLOSED

<u>Refno</u>	<u>Applicant</u>	<u>Beneficiary</u>	<u>Issue Dt</u>	<u>Expiry Dt</u>	<u>Issuebank</u>	<u>Currency</u>	<u>Foreignamt</u>	<u>Curr Rate</u>	<u>Usdamt</u>
SVBSP000270	STRATEX NETWORKS, INC.	STANDARD CHARTERED BANK	5/5/2006 0:00	11/13/2006 0:00		MUR	100,000.00	27.6500	3,616.64
SVBSP000283	STRATEX NETWORKS, INC.	STANDARD CHARTERED BANK, NEW YORK	7/5/2006 0:00	8/6/2007 0:00		USD	45,249.37		45,249.37
SVBSP000333	STRATEX NETWORKS, INC.	STANDARD CHARTERED BANK	1/25/2007 0:00	8/30/2007 0:00		USD	300,000.00		300,000.00
SVBSP000342	HARRIS STRATEX NETWORKS OPERATING CORPORATION	STANDARD CHARTERED BANK	2/14/2007 0:00	12/31/2007 0:00		USD	51,033.70		51,033.70
SVBSP000274	STRATEX NETWORKS INC	STANDARD CHARTERED BANK	5/23/2006 0:00	12/31/2007 0:00		USD	39,299.00		39,299.00
SVBSP000265	STRATEX NETWORKS INC	STANDARD CHARTERED BANK	4/19/2006 0:00	5/26/2008 0:00		USD	507,872.00		507,872.00

S-2.02-6

Existing Letters of Credit

SUPPLEMENT TO INTERIM FINANCIAL STATEMENTS

None

S-5.05-1

Supplement to Interim Financial Statements

LITIGATION

None

S-5.06-1

Litigation

ENVIRONMENTAL MATTERS

None

S-5.09-1

Environmental Matters

**SUBSIDIARIES, AND
OTHER EQUITY INVESTMENTS**

Part (a). Subsidiaries.

Name of Subsidiary	State or Other Jurisdiction of Incorporation	Capital Investment \$Thousands
BWA Technology, Inc.	Delaware	\$108,825
Digital Microwave (Mauritius) Private Limited	Mauritius	25
Harris Communication Argentina SA	Argentina	9
Harris Communication France SAS	France	4,489
Harris Communications International, Inc.	Delaware	787
Harris Communications International (Kenya) Ltd.	Kenya	0
Harris Communications (Shenzhen) Ltd.	The People's Republic of China	6,025
Harris Communications Systems (Nigeria) Ltd.	Nigeria	71
Harris do Brasil Limitada	Brazil	37,788
Harris Stratex Networks (Africa) (Proprietary) Ltd.	Republic of South Africa	Incl in MAS
Harris Stratex Networks (Australia) Pty. Ltd.	Australia	Incl in NZ
Harris Stratex Networks (Bangladesh) Limited	Bangladesh	0
Harris Stratex Networks Canada ULC	Canada	467
Harris Stratex Networks (Clark) Corporation	The Philippines	Incl in PH
Harris Stratex Networks (India) Private Limited	India	634
Harris Stratex Networks Malaysia Sdn. Bhd.	Malaysia	0
Harris Stratex Networks Mexico S.A. de C.V.	Mexico	11,143
Harris Stratex Networks (NZ) Limited	New Zealand	26,365
Harris Stratex Networks Operating Corporation	Delaware	317,616
Harris Stratex Networks (Philippines) Inc.	The Philippines	1,323
Harris Stratex Networks Polska Spolka. z.o.o.	Poland	0
Harris Stratex Networks (S) Pte. Ltd.	Republic of Singapore	252,144
Harris Stratex Networks (Thailand) Ltd.	Thailand	2,160
Harris Stratex Networks (UK) Limited	Scotland	17,600
MAS Technology Holdings (Proprietary) Limited	Republic of South Africa	36
Stratex Networks do Brasil Limitada	Brazil	0
Stratex Networks Nigeria Limited	Nigeria	0
Stratex Networks S.A.R.L.	France	0
TOTALS		\$787,509

Part (b). Other Equity Investments.

None.

S-5.13-1

Subsidiaries; Other Equity Investments

TAXPAYER IDENTIFICATION NUMBERS

Designated Borrower	Country/State of Incorporation	Taxpayer ID Number
Harris Stratex Networks, Inc.	Delaware, USA	20-5961564
Harris Stratex Networks Operating Corporation	Delaware, USA	77-0016028
Harris Stratex Networks (S) Pte Ltd	Singapore	199901592C

S-5.17-1

Taxpayer Identification Numbers

INTELLECTUAL PROPERTY MATTERS

None

S-5.18-1

Intellectual Property Matters

EXISTING LIENS

None.

S-7.01-1

Existing Liens

EXISTING INDEBTEDNESS
(With Estimated Balances as of June 30, 2008)

Capital Lease: Lessee Harris Stratex Networks Canada Lessor Harris Canada, Inc.	2,470,000(est.)
Standby Letters of Credit: Silicon Valley Bank	9,570,000(est.)
Other Banks	2,830,000(est.)
Surety Bonds: Travelers and Westchester Fire	38,000,000(est.)
Tax Bond: Harris Stratex Brazil (guaranteed by HSTX)	3,553,354
Swap Contracts: Banque National de Paris (nominal amount outstanding)	80,209,975

S-7.03-1

Existing Indebtedness

**ADMINISTRATIVE AGENT'S OFFICE;
CERTAIN ADDRESSES FOR NOTICES****BORROWERS:**

c/o HARRIS STRATEX NETWORKS, INC.:
120 Rose Orchard Way
San Jose, CA 95134
Attention: Carol A. Goudey, Treasurer
Telephone: (408) 944-1830
Telecopier: (408) 944-1133/1880
Electronic Mail: carol.goudey@hstx.com
Website Address: www.harrisstratex.com

ADMINISTRATIVE AGENT:

Administrative Agent's Office
(for payments and Requests for Credit Extensions):
Bank of America, N.A.
2001 Clayton Rd, Bldg. B
CA4-702-02-25
Concord, CA 94520-2405
Attention: Adam Stoner
Telephone: 925.675.8825
Telecopier: 888.206.6220
Electronic Mail: adam.j.stoner@bankofamerica.com

Other Notices as Administrative Agent:
Bank of America, N.A.
Agency Management
1455 Market Street
CA5-701-05-19
San Francisco, CA 94103
Attention: Kathleen Carry
Telephone: 415-436-4001
Telecopier: 415-503-5001
Electronic Mail: kathleen.carry@bankofamerica.com

S-10.02-1

Administrative Agent's Office; Certain Addresses for Notices

L/C ISSUER:

Bank of America, N.A.
Trade Operations
1000 W. Temple Street
CA9-705-07-05
Los Angeles, CA 90012-1514
Attention: Stella Rosales
Telephone: 213-481-7828
Telecopier: 213-457-8841
Electronic Mail: stella.rosales@bankofamerica.com

Silicon Valley Bank
3003 Tasman Drive
Santa Clara, CA 95054
Attention: Tom Smith
Telephone: (650) 320-1122
Telecopier: (650) 320-0016
Electronic Mail: tsmith@svb.com

SWING LINE LENDER:

Bank of America, N.A.
2001 Clayton Rd, Bldg. B
CA4-702-02-25
Concord, CA 94520-2405
Attention: Adam Stoner
Telephone: 925.675.8825
Telecopier: 888.206.6220
Electronic Mail: adam.j.stoner@bankofamerica.com

S-10.02-2

Administrative Agent's Office; Certain Addresses for Notices

FORM OF COMMITTED LOAN NOTICE

Date: _____, _____

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of June 30, 2008 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among Harris Stratex Networks, Inc., a Delaware corporation, and certain of its Subsidiaries (each, a "Designated Borrower"), the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent, L/C Issuer and Swing Line Lender.

The undersigned hereby requests (select one):

A Borrowing of Committed Loans, which are to Parent or a Domestic Subsidiary

Designated Borrower: _____

A Borrowing of Committed Loans, which are Singapore Loans to Harris Singapore

A conversion or continuation of Loans

- 1. On _____ (a Business Day).
- 2. In the amount of \$_____.
- 3. Comprised of Base Rate Loans _____ or Eurodollar Rate Loans _____.
- 4. For Eurodollar Rate Loans: with an Interest Period of _____ months.

The Committed Borrowing, if any, requested herein complies with the provisos to the first sentence of Section 2.01 of the Agreement.

HARRIS STRATEX NETWORKS, INC.

By: _____
Name: _____
Title: _____

FORM OF SWING LINE LOAN NOTICE

To: Bank of America, N.A., as Swing Line Lender
Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of June 30, 2008 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement:" the terms defined therein being used herein as therein defined), among Harris Stratex Networks, Inc., a Delaware corporation, and certain of its Subsidiaries (each, a "Designated Borrower"), the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The undersigned hereby requests a Swing Line Loan:

- 1. On _____ (a Business Day).
- 2. In the amount of \$_____.
- 3. Designated Borrower:_____

The Swing Line Borrowing requested herein complies with the requirements of the provisos to the first sentence of Section 2.04(a) of the Agreement.

HARRIS STRATEX NETWORKS, INC.

By: _____
Name: _____
Title: _____

FORM OF NOTE OF DOMESTIC BORROWERS

FOR VALUE RECEIVED, the undersigned (the "Borrowers") hereby jointly and severally promise to pay to _____ or registered assigns (the "Lender"), in accordance with the provisions of the Agreement (as hereinafter defined), the principal amount of each Loan from time to time made by the Lender to the Borrowers under that certain Credit Agreement, dated as of June 30, 2008 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement," the terms defined therein being used herein as therein defined), among the Borrowers, the Lenders from time to time party thereto, Silicon Valley Bank, as Lender and L/C Issuer, Bank of America, N.A., as Administrative Agent, L/C Issuer and Swing Line Lender, and Banc of America Securities Asia Limited, as Singapore Loan Agent.

The Borrowers jointly and severally promise to pay interest on the unpaid principal amount of each Loan from the date of such Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. Except as otherwise provided in Section 2.04(f) of the Agreement with respect to Swing Line Loans, all payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in Dollars in immediately available funds at the Administrative Agent's Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Note is one of the Notes referred to in the Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. This Note is also entitled to the benefits of the Guaranty. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

Each Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

HARRIS STRATEX NETWORKS, INC.

By: _____
Name: _____
Title: _____

HARRIS STRATEX NETWORKS OPERATING CORPORATION

By: _____
Name: _____
Title: _____

C-1-2
Form of Note

LOANS AND PAYMENTS WITH RESPECT THERETO

<u>Date</u>	<u>Type of Loan Made</u>	<u>Amount of Loan Made</u>	<u>End of Interest Period</u>	<u>Amount of Principal or Interest Paid This Date</u>	<u>Outstanding Principal Balance This Date</u>	<u>Notation Made By</u>
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C-1-3
Form of Note

FORM OF NOTE OF SINGAPORE BORROWER

FOR VALUE RECEIVED, the undersigned (the "Singapore Borrower") hereby jointly and severally promise to pay to _____ or registered assigns (the "Singapore Lender"), in accordance with the provisions of the Agreement (as hereinafter defined), the principal amount of each Singapore Loan from time to time made by the Singapore Lender to the Singapore Borrower under that certain Credit Agreement, dated as of June 30, 2008 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among the Borrowers named therein, the Lenders from time to time party thereto, Silicon Valley Bank, as Lender and L/C Issuer, Bank of America, N.A., as Administrative Agent, L/C Issuer and Swing Line Lender, and Banc of America Securities Asia Limited, as Singapore Loan Agent.

The Singapore Borrower promises to pay interest on the unpaid principal amount of each Singapore Loan from the date of such Singapore Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. All payments of principal and interest shall be made to the Singapore Loan Agent for the account of the Singapore Lender in Dollars in immediately available funds at the Singapore Loan Agent's Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Note is one of the Notes referred to in the Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. This Note is also entitled to the benefits of the Guaranty. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Loans made by the Singapore Lender shall be evidenced by one or more loan accounts or records maintained by the Singapore Lender in the ordinary course of business. The Singapore Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

The Singapore Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

HARRIS STRATEX NETWORKS (S) PTE. LTD.

By: _____
Name: _____
Title: _____

C-2-2
Form of Note

LOANS AND PAYMENTS WITH RESPECT THERETO

<u>Date</u>	<u>Type of Loan Made</u>	<u>Amount of Loan Made</u>	<u>End of Interest Period</u>	<u>Amount of Principal or Interest Paid This Date</u>	<u>Outstanding Principal Balance This Date</u>	<u>Notation Made By</u>
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C-2-3
Form of Note

FORM OF COMPLIANCE CERTIFICATE

Financial Statement Date: _____.

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of June 30, 2008 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among Harris Stratex Networks, Inc., a Delaware corporation ("Parent," and together with the Designated Borrowers, the "Borrowers"), the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The undersigned Responsible Officer hereby certifies as of the date hereof that he/she is the _____ of Parent, and that, as such, he/she is authorized to execute and deliver this Certificate to the Administrative Agent on the behalf of the Borrowers, and that:

[Use following paragraph 1 for fiscal year-end financial statements]

1. Parent has delivered the year-end audited financial statements required by Section 6.01(a) of the Agreement for the fiscal year of the Borrowers ended as of the above date, together with the report and opinion of an independent certified public accountant required by such section.

[Use following paragraph 1 for fiscal quarter-end financial statements]

1. Parent has delivered the unaudited financial statements required by Section 6.01(b) of the Agreement for the fiscal quarter of the Borrowers ended as of the above date. Such financial statements fairly present the financial condition, results of operations and cash flows of Parent and its Subsidiaries in accordance with GAAP as at such date and for such period, subject only to normal year-end audit adjustments and the absence of footnotes.

2. The undersigned has reviewed and is familiar with the terms of the Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and condition (financial or otherwise) of the Borrowers during the accounting period covered by such financial statements.

3. A review of the activities of the Borrowers during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period the Borrowers performed and observed all their Obligations under the Loan Documents, and

[select one:]

[to the best knowledge of the undersigned, during such fiscal period the Borrowers performed and observed each covenant and condition of the Loan Documents applicable to it, and no Default has occurred and is continuing.]

—or—

[to the best knowledge of the undersigned, during such fiscal period the following covenants or conditions have not been performed or observed and the following is a list of each such Default and its nature and status:]

4. The representations and warranties of the Borrowers contained in Article V of the Agreement, and any representations and warranties of any Loan Party that are contained in any document furnished at any time under or in connection with the Loan Documents, are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Compliance Certificate, the representations and warranties contained in subsections (a) and (b) of Section 5.05 of the Agreement shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01 of the Agreement, including the statements in connection with which this Compliance Certificate is delivered.

5. The financial covenant analyses and information set forth on Schedules 1 and 2 attached hereto are true and accurate on and as of the date of this Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of _____, _____.

HARRIS STRATEX NETWORKS, INC.

By: _____
Name: _____
Title: _____

SCHEDULE 1
to the Compliance Certificate
(\$ in 000's)

I.	Section 7.11 (a) — Liquidity Coverage Ratio.		
	A.	Unrestricted cash and cash equivalents at Statement Date:	\$ _____
	B.	Short-term and long-term marketable securities:	\$ _____
	C.	50% of Accounts	\$ _____
	D.	Sum of Lines I.A, I.B and I.C	\$ _____
	E.	Loans and L/C Obligations	\$ _____
	C.	Liquidity Coverage Ratio (Line I.D , Line I.E):	_____ to 1
		<i>Minimum permitted: 1.75:1</i>	

II.	Consolidated EBITDA.		
	A.	Consolidated EBITDA for four consecutive fiscal quarters ending on above date (“Subject Period”):	
	1.	Consolidated Net Income for Subject Period:	\$ _____
	2.	Consolidated Interest Charges for Subject Period:	\$ _____
	3.	Provision for income taxes for Subject Period:	\$ _____
	4.	Depreciation expenses for Subject Period:	\$ _____
	5.	Amortization expenses for Subject Period:	\$ _____
	6.	Non-recurring non-cash reductions of Consolidated Net Income for Subject Period:	\$ _____
	7.	Income tax credits for Subject Period:	\$ _____
	8.	Non-cash additions to Consolidated Net Income for Subject Period:	\$ _____
	9.	Consolidated EBITDA (Lines II.A.1 + 2 + 3 + 4 + 5 + 6 - 7 - 8):	\$ _____

III.	Section 7.11 (b) — Consolidated Leverage Ratio.		
	A.	Consolidated Funded Indebtedness at Statement Date:	\$ _____

B. Consolidated EBITDA for Subject Period (Line I.A.9 above):

\$ _____

C. Consolidated Leverage Ratio (Line III.A , Line III.B):

_____ to 1

Maximum permitted: 3.00:1

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Form of Compliance Certificate

SCHEDULE 2
to the Compliance Certificate
(\$ in 000's)

Consolidated EBITDA
(in accordance with the definition of Consolidated EBITDA
as set forth in the Agreement)

Consolidated EBITDA	<u>Quarter Ended</u>	<u>Quarter Ended</u>	<u>Quarter Ended</u>	<u>Quarter Ended</u>	<u>Twelve Months Ended</u>
Consolidated Net Income					
+ Consolidated Interest Charges					
+ provision for income taxes					
+ depreciation expense					
+ amortization expense					
+ non-recurring non-cash expenses					
- income tax credits					
- non-cash income					
= Consolidated EBITDA					

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (this “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between [the][each]¹ Assignor identified in item 1 below ([the] [each, an] “Assignor”) and [the][each]² Assignee identified in item 2 below ([the][each, an] “Assignee”). [It is understood and agreed that the rights and obligations of [the Assignors][the Assignees]³ hereunder are several and not joint.]⁴ Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the “Credit Agreement”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, [the][each] Assignor hereby irrevocably sells and assigns to [the Assignee][the respective Assignees], and [the][each] Assignee hereby irrevocably purchases and assumes from [the Assignor][the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of [the Assignor’s][the respective Assignors’] rights and obligations in [its capacity as a Lender][their respective capacities as Lenders] under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor][the respective Assignors] under the respective facilities identified below (including, without limitation, the Singapore Sublimit, the Letters of Credit and the Swing Line Loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)][the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by [the][any] Assignor to [the][any] Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as [the][an] “Assigned Interest”). Each such sale and assignment is without recourse to [the][any] Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by [the][any] Assignor.

¹ For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.

² For bracketed language here and elsewhere in this form relating to the Assignee(s), if the assignment is to a single Assignee, choose the first bracketed language. If the assignment is to multiple Assignees, choose the second bracketed language.

³ Select as appropriate.

⁴ Include bracketed language if there are either multiple Assignors or multiple Assignees.

1. Assignor(s): _____

2. Assignee(s): _____

[for each Assignee, indicate [Affiliate][Approved Fund] of [identify Lender]]

3. Borrower(s): Harris Stratex Networks, Inc., Harris Stratex Networks Operating Corporation, Harris Stratex Networks (S) PTE. Ltd.

4. Administrative Agent: Bank of America, N.A., as the administrative agent under the Credit Agreement

5. Credit Agreement: Credit Agreement, dated as of June 30, 2008, among Harris Stratex Networks, Inc. and certain Designated Borrowers, the Lenders from time to time party thereto, Silicon Valley Bank, as Lender and L/C Issuer, Bank of America, N.A., as Administrative Agent, L/C Issuer, and Swing Line Lender, and Banc of America Securities Asia Limited, as Singapore Loan Agent

6. Assigned Interest(s):

Assignor(s) ⁵	Assignee(s) ⁶	Facility Assigned	Aggregate Amount of Commitment for all Lenders ⁷	Amount of Commitment Assigned	Percentage Assigned of Commitment ⁸	CUSIP Number
		Revolving Credit Facility	\$ _____	\$ _____	_____ %	
			\$ _____	\$ _____	_____ %	
			\$ _____	\$ _____	_____ %	

[7. Trade Date: _____]⁹

Effective Date: _____, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

5 List each Assignor, as appropriate.

6 List each Assignee, as appropriate.

7 Amounts in this column and in the column immediately to the right to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

8 Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

9 To be completed if the Assignor and the Assignee intend that the minimum assignment amount is to be determined as of the Trade Date.

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Title:

Consented to and Accepted:

BANK OF AMERICA, N.A., as
Administrative Agent, Swing Line Lender and L/C Issuer

By: _____
Title:

Consented to:

SILICON VALLEY BANK, as L/C Issuer

By: _____
Title:

E-1-3

Form of Assignment and Assumption

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION1. Representations and Warranties.

1.1. Assignor. [The][Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the][the relevant] Assigned Interest, (ii) [the][such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. [The][Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 10.06(b)(iii), (v) and (vi) of the Credit Agreement (subject to such consents, if any, as may be required under Section 10.06(b)(iii) of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of [the][the relevant] Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by [the][such] Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire [the][such] Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 6.01 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, and (vii) if it is a Foreign Lender, attached hereto is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by [the][such] Assignee; and (b) agrees that (i) it will, independently and without reliance upon the Administrative Agent, [the][any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of [the][each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the][the relevant] Assignor for amounts which have accrued to but excluding the Effective Date and to [the][the relevant] Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

FORM OF ADMINISTRATIVE QUESTIONNAIRE

FAX TO: Kathy Carry @ 415-503-5001

I. Borrower Name: Harris Stratex Networks, Inc., Harris Stratex Networks Operating Corporation, Harris Stratex Networks (S) Pte. Ltd.

\$70 million Credit Agreement

II. Legal Name of Lender of Record for Signature Page:

- Signing Credit Agreement ____ YES ____ NO
- Coming in via Assignment ____ YES ____ NO

III. Type of Lender: _____

(Bank, Asset Manager, Broker/Dealer, CLO/CDO, Finance Company, Hedge Fund, Insurance, Mutual Fund, Pension Fund, Other Regulated Investment Fund, Special Purpose Vehicle, Other — please specify)

IV. Domestic Address:

V. Eurodollar Address:

VI. Contact Information:

Syndicate level information (which may contain material non-public information about the Borrower and its related parties or their respective securities will be made available to the Credit Contact(s). The Credit Contacts identified must be able to receive such information in accordance with his/her institution's compliance procedures and applicable laws, including Federal and State securities laws.

Primary Credit Contact	Primary Operations Contact	Primary Operations Contact
Name: _____	_____	_____

Title:			
Address:			
Telephone:			
Facsimile:			
E-Mail Address:			
Does Secondary Operations Contact need copy of notices? <input type="checkbox"/> YES <input type="checkbox"/> NO			
Letter of Credit	Draft		
Documentation	Contact	Contact	Legal Counsel
Name:			
Title:			
Address:			
Telephone:			
Facsimile:			
E-Mail Address:			

PLEASE CHECK IF YOU CAN FUND USD LOANS FOR THIS TRANSACTION LISTED BELOW:

SINGAPORE BORROWER

VII. Lender's SWIFT Payment Instructions for Singapore Loans:

Pay to: _____

(Bank Name)

(SWIFT)

(Country)

(Account #)

(Account Name)

(FFC Account #)

(FFC Account Name)

REF: Harris Stratex Networks (S) Pte Ltd

(Attention)

VIII. Lender's Standby Letter of Credit Fed Wire Payment Instructions (if applicable):

Pay to:

(Bank Name)

(ABA #)

(Account #)

(Attention)

IX. Lender's Fed Wire Payment Instructions for domestic US Dollar loans:

Pay to:

(Bank Name)

(ABA#)

(City/State)

(Account #)

(Account Name)

(Attention)

X. Organizational Structure and Tax Status

Please refer to the enclosed withholding tax instructions below and then complete this section accordingly:

Lender Taxpayer Identification Number (TIN):

Tax Withholding Form Delivered to Bank of America*:

_____	W-9	_____	W-8
_____	W-8	_____	W-8
_____	W-8		

I

NON—U.S. LENDER INSTITUTIONS

1. Corporations:

If your institution is incorporated outside of the United States for U.S. federal income tax purposes, and is the beneficial owner of the interest and other income it receives, you must complete one of the following three tax forms, as applicable to your institution: a.) Form W-8BEN (Certificate of Foreign Status of Beneficial Owner), b.) Form W-8ECI (Income Effectively Connected to a U.S. Trade or Business), or c.) Form W-8EXP (Certificate of Foreign Government or Governmental Agency).

A U.S. taxpayer identification number is required for any institution submitting a Form W-8 ECI. It is also required on Form W-8BEN for certain institutions claiming the benefits of a tax treaty with the U.S. Please refer to the instructions when completing the form applicable to your institution. In addition, please be advised that U.S. tax regulations do not permit the acceptance of faxed forms. **An original tax form must be submitted.**

2. Flow-Through Entities

If your institution is organized outside the U.S., and is classified for U.S. federal income tax purposes as either a Partnership, Trust, Qualified or Non-Qualified Intermediary, or other non-U.S. flow-through entity, an original Form

W-8IMY (Certificate of Foreign Intermediary, Foreign Flow-Through Entity, or Certain U.S. branches for United States Tax Withholding) must be completed by the intermediary together with a withholding statement. Flow-through entities other than Qualified Intermediaries are required to include tax forms for each of the underlying beneficial owners.

Please refer to the instructions when completing this form. In addition, please be advised that U.S. tax regulations do not permit the acceptance of faxed forms. **Original tax form(s) must be submitted.**

U.S. LENDER INSTITUTIONS:

If your institution is incorporated or organized within the United States, you must complete and return Form W-9 (Request for Taxpayer Identification Number and Certification). **Please be advised that we require an original form W-9.**

Pursuant to the language contained in the tax section of the Credit Agreement, the applicable tax form for your institution must be completed and returned on or prior to the date on which your institution becomes a lender under this Credit Agreement. Failure to provide the proper tax form when requested will subject your institution to U.S. tax withholding.

*Additional guidance and instructions as to where to submit this documentation can be found at this link:



Tax Form Tool Kit
(2006) (2).doc

XI. Bank of America Domestic Payment Instructions:

Bank of America, N.A.
ABA # 026009593
New York, NY
Acct. # 3750836479
Attn: Adam Stoner
Ref: Harris Stratex Networks Inc.

XII: Bank of America's Payment Instructions for Singapore Loans: to follow

FORM OF GUARANTY

FOR VALUE RECEIVED, the sufficiency of which is hereby acknowledged, and in consideration of credit and/or financial accommodation heretofore or hereafter from time to time made or granted to HARRIS STRATEX NETWORKS, INC. ("Parent"), HARRIS STRATEX NETWORKS OPERATING CORPORATION, HARRIS STRATEX NETWORKS (S) PTE. LTD, and each Designated Borrower (collectively, the "Borrowers") pursuant to that certain Credit Agreement dated as of June 30, 2008 (the "Credit Agreement"), by and among Borrowers, BANK OF AMERICA, N.A., as a lender, SILICON VALLEY BANK, as a lender, and each other lender from time to time party thereto (collectively the "Lenders"), BANK OF AMERICA, N.A. , as Administrative Agent, and BANC OF AMERICA SECURITIES ASIA LIMITED, as Singapore Loan Agent, and their successors and assigns, the undersigned Guarantor (whether one or more the "Guarantor", and if more than one jointly and severally) hereby furnishes its guaranty of the Guaranteed Obligations (as hereinafter defined). Capitalized terms not defined herein have the meaning given them in the Credit Agreement.

1. Guaranty. The Guarantor hereby absolutely and unconditionally guarantees, as a guaranty of payment and performance and not merely as a guaranty of collection, prompt payment when due, whether at stated maturity, by required prepayment, upon acceleration, demand or otherwise, and at all times thereafter, of any and all existing and future indebtedness and liabilities of every kind, nature and character, direct or indirect, absolute or contingent, liquidated or unliquidated, voluntary or involuntary and whether for principal, interest, premiums, fees indemnities, damages, costs, expenses or otherwise, of the Borrowers to the Lenders under the Loan Documents, whenever created, arising, evidenced or acquired (including all renewals, extensions, amendments, refinancings and other modifications thereof and all costs, attorneys' fees and expenses incurred by the Lenders in connection with the collection or enforcement thereof), and whether recovery upon such indebtedness and liabilities may be or hereafter become unenforceable or shall be an allowed or disallowed claim under any proceeding or case commenced by or against the Guarantor or the Borrowers under the Bankruptcy Code (Title 11, United States Code), any successor statute or any other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally (collectively, "Debtor Relief Laws"), and including interest that accrues after the commencement by or against the Borrowers of any proceeding under any Debtor Relief Laws (collectively, the "Guaranteed Obligations"). The Lenders' books and records showing the amount of the Guaranteed Obligations shall be admissible in evidence in any action or proceeding, and shall be binding upon the Guarantor and conclusive for the purpose of establishing the amount of the Guaranteed Obligations. This Guaranty shall not be affected by the genuineness, validity,

regularity or enforceability of the Guaranteed Obligations or any instrument or agreement evidencing any Guaranteed Obligations, or by the existence, validity, enforceability, perfection, non-perfection or extent of any collateral therefor, or by any fact or circumstance relating to the Guaranteed Obligations which might otherwise constitute a defense to the obligations of the Guarantor under this Guaranty, and the Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to any or all of the foregoing. Anything contained herein to the contrary notwithstanding, the obligations of the Guarantor hereunder at any time shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of the Bankruptcy Code (Title 11, United States Code) or any comparable provisions of any similar federal or state law.

2. No Setoff or Deductions; Taxes; Payments. The Guarantor represents and warrants that it is organized and resident in the United States of America. The Guarantor shall make all payments hereunder without setoff or counterclaim and free and clear of and without deduction for any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, compulsory loans, restrictions or conditions of any nature now or hereafter imposed or levied by any jurisdiction or any political subdivision thereof or taxing or other authority therein unless the Guarantor is compelled by law to make such deduction or withholding. If any such obligation (other than one arising with respect to taxes based on or measured by the income or profits of the Lender) is imposed upon the Guarantor with respect to any amount payable by it hereunder, the Guarantor will pay to the Administrative Agent for the account of the Lenders, on the date on which such amount is due and payable hereunder, such additional amount in U.S. dollars as shall be necessary to enable the Lenders to receive the same net amount which the Lenders would have received on such due date had no such obligation been imposed upon the Guarantor. The Guarantor will deliver promptly to the Administrative Agent certificates or other valid vouchers for all taxes or other charges deducted from or paid with respect to payments made by the Guarantor hereunder. The obligations of the Guarantor under this paragraph shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty. All payments under this Guaranty shall be made in the United States. The obligations hereunder shall not be affected by any acts of any legislative body or governmental authority affecting the Borrowers, including but not limited to, any restrictions on the conversion of currency or repatriation or control of funds or any total or partial expropriation of the Borrowers' property, or by economic, political, regulatory or other events in the countries where any Borrower is located.

3. Rights of Lenders. The Guarantor consents and agrees that the Administrative Agent and Lenders may, at any time and from time to time, without notice or demand, and without affecting the enforceability or continuing effectiveness hereof: (a) amend, extend, renew, compromise, discharge, accelerate or otherwise change the time for payment or the terms of the Guaranteed Obligations or any part thereof; (b) take, hold, exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of any security for the payment of this Guaranty or any Guaranteed Obligations; (c) apply such security and direct the order or manner of sale thereof as the Administrative Agent in its sole discretion may determine; and (d) release or substitute one or more of any endorsers or other guarantors of any of the Guaranteed Obligations.

Without limiting the generality of the foregoing, the Guarantor consents to the taking of, or failure to take, any action which might in any manner or to any extent vary the risks of the Guarantor under this Guaranty or which, but for this provision, might operate as a discharge of the Guarantor.

4. Certain Waivers. The Guarantor waives (a) any defense arising by reason of any disability or other defense of the Borrowers or any other guarantor, or the cessation from any cause whatsoever (including any act or omission of the Lenders) of the liability of the Borrowers; (b) any defense based on any claim that the Guarantor's obligations exceed or are more burdensome than those of the Borrowers; (c) the benefit of any statute of limitations affecting the Guarantor's liability hereunder; (d) any right to require the Lenders to proceed against the Borrowers, proceed against or exhaust any security for the Indebtedness, or pursue any other remedy in the Administrative Agent's or any Lender's power whatsoever; (e) any benefit of and any right to participate in any security now or hereafter held by the Administrative Agent or any Lender; and (f) to the fullest extent permitted by law, any and all other defenses or benefits that may be derived from or afforded by applicable law limiting the liability of or exonerating guarantors or sureties. The Guarantor expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Guaranteed Obligations, and all notices of acceptance of this Guaranty or of the existence, creation or incurrence of new or additional Guaranteed Obligations.

5. Obligations Independent. The obligations of the Guarantor hereunder are those of primary obligor, and not merely as surety, and are independent of the Guaranteed Obligations and the obligations of any other guarantor, and a separate action may be brought against the Guarantor to enforce this Guaranty whether or not any Borrower or any other person or entity is joined as a party.

6. Subrogation. The Guarantor shall not exercise any right of subrogation, contribution, indemnity, reimbursement or similar rights with respect to any payments it makes under this Guaranty until all of the Guaranteed Obligations and any amounts payable under this Guaranty have been indefeasibly paid and performed in full and any commitments of the Lenders or facilities provided by the Lenders with respect to the Guaranteed Obligations are terminated. If any amounts are paid to the Guarantor in violation of the foregoing limitation, then such amounts shall be held in trust for the benefit of the Lenders and shall forthwith be paid to the Administrative Agent for the account of the Lenders to reduce the amount of the Guaranteed Obligations, whether matured or unmatured.

7. Termination; Reinstatement. This Guaranty is a continuing and irrevocable guaranty of all Guaranteed Obligations now or hereafter existing and shall remain in full force and effect until all Guaranteed Obligations and any other amounts payable under this Guaranty are indefeasibly paid in full in cash and any commitments of the Lenders or facilities provided by the Lenders with respect to the Guaranteed Obligations are terminated. Notwithstanding the

foregoing, this Guaranty shall continue in full force and effect or be revived, as the case may be, if any payment by or on behalf of the Borrowers or the Guarantor is made, or any Lender exercises its right of setoff, in respect of the Guaranteed Obligations and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Laws or otherwise, all as if such payment had not been made or such setoff had not occurred and whether or not such Lender is in possession of or has released this Guaranty and regardless of any prior revocation, rescission, termination or reduction. The obligations of the Guarantor under this paragraph shall survive termination of this Guaranty.

8. Subordination. The Guarantor hereby subordinates the payment of all obligations and indebtedness of the Borrowers owing to the Guarantor, whether now existing or hereafter arising, including but not limited to any obligation of the Borrowers to the Guarantor as subrogee of the Administrative Agent or Lenders or resulting from the Guarantor's performance under this Guaranty, to the indefeasible payment in full in cash of all Guaranteed Obligations. If any Lender so requests, any such obligation or indebtedness of the Borrowers to the Guarantor shall be enforced and performance received by the Guarantor as trustee for such Lender and the proceeds thereof shall be paid over to the Lender on account of the Guaranteed Obligations, but without reducing or affecting in any manner the liability of the Guarantor under this Guaranty.

9. Stay of Acceleration. In the event that acceleration of the time for payment of any of the Guaranteed Obligations is stayed, in connection with any case commenced by or against the Guarantor or the Borrower under any Debtor Relief Laws, or otherwise, all such amounts shall nonetheless be payable by the Guarantor immediately upon demand by the Administrative Agent or any Lender.

10. Expenses. The Guarantor shall pay on demand all out-of-pocket expenses (including attorneys' fees and expenses and the allocated cost and disbursements of internal legal counsel) in any way relating to the enforcement or protection of the Administrative Agent's and Lenders' rights under this Guaranty or in respect of the Guaranteed Obligations, including any incurred during any "workout" or restructuring in respect of the Guaranteed Obligations and any incurred in the preservation, protection or enforcement of any rights of the Administrative Agent or any Lender in any proceeding under any Debtor Relief Laws. The obligations of the Guarantor under this paragraph shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty.

11. Miscellaneous. No provision of this Guaranty may be waived, amended, supplemented or modified, except by a written instrument executed by the Administrative Agent, Lenders and the Guarantor. No failure by the Administrative Agent or any Lender to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy or power hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The

remedies herein provided are cumulative and not exclusive of any remedies provided by law or in equity. The unenforceability or invalidity of any provision of this Guaranty shall not affect the enforceability or validity of any other provision herein. Unless otherwise agreed by the Administrative Agent, each Lender and the Guarantor in writing, this Guaranty is not intended to supersede or otherwise affect any other guaranty now or hereafter given by the Guarantor for the benefit of the Lenders or any term or provision thereof.

12. Condition of Borrowers. The Guarantor acknowledges and agrees that it has the sole responsibility for, and has adequate means of, obtaining from the Borrowers and any other guarantor such information concerning the financial condition, business and operations of the Borrowers and any such other guarantor as the Guarantor requires, and that neither the Administrative Agent nor any Lender has any duty, and the Guarantor is not relying on the Administrative Agent or any Lender at any time, to disclose to the Guarantor any information relating to the business, operations or financial condition of the Borrowers or any other guarantor (the Guarantor waiving any duty on the part of the Administrative Agent or any Lender to disclose such information and any defense relating to the failure to provide the same).

13. Setoff. If and to the extent any payment is not made when due hereunder, the Lenders may setoff and charge from time to time any amount so due against any or all of the Guarantor's accounts or deposits with the Lenders.

14. Representations and Warranties. The Guarantor represents and warrants that (a) it is duly organized and in good standing under the laws of the jurisdiction of its organization and has full capacity and right to make and perform this Guaranty, and all necessary authority has been obtained; (b) this Guaranty constitutes its legal, valid and binding obligation enforceable in accordance with its terms; (c) the making and performance of this Guaranty does not and will not violate the provisions of any applicable law, regulation or order, and does not and will not result in the breach of, or constitute a default or require any consent under, any material agreement, instrument, or document to which it is a party or by which it or any of its property may be bound or affected; and (d) all consents, approvals, licenses and authorizations of, and filings and registrations with, any governmental authority required under applicable law and regulations for the making and performance of this Guaranty have been obtained or made and are in full force and effect.

15. Indemnification and Survival. Without limitation on any other obligations of the Guarantor or remedies of the Lender under this Guaranty, the Guarantor shall, to the fullest extent permitted by law, indemnify, defend and save and hold harmless the Administrative Agent and each Lender from and against, and shall pay on demand, any and all damages, losses, liabilities and expenses (including attorneys' fees and expenses and the allocated cost and disbursements of internal legal counsel) that may be suffered or incurred by the Administrative Agent or any Lender in connection with or as a result of any failure of any Guaranteed Obligations to be the legal, valid and binding obligations of the Borrowers enforceable against the Borrowers in accordance with their terms. The obligations of the Guarantor under this

paragraph shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty.

16. GOVERNING LAW; Assignment; Jurisdiction; Notices. THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK. This Guaranty shall (a) bind the Guarantor and its successors and assigns, provided that the Guarantor may not assign its rights or obligations under this Guaranty without the prior written consent of the Administrative Agent and Lenders (and any attempted assignment without such consent shall be void), and (b) inure to the benefit of the Administrative Agent and Lenders and their successors and assigns and the Administrative Agent and Lenders may, without notice to the Guarantor and without affecting the Guarantor's obligations hereunder, assign, sell or grant participations in the Guaranteed Obligations and this Guaranty, in whole or in part. The Guarantor hereby irrevocably (i) submits to the non-exclusive jurisdiction of any United States Federal or State court sitting in New York City, New York in any action or proceeding arising out of or relating to this Guaranty, and (ii) waives to the fullest extent permitted by law any defense asserting an inconvenient forum in connection therewith. Service of process by the Administrative Agent or any Lender in connection with such action or proceeding shall be binding on the Guarantor if sent to the Guarantor by registered or certified mail at its address specified below or such other address as from time to time notified by the Guarantor. Subject to the confidentiality standards contained in Section 10.07 of the Credit Agreement, the Guarantor agrees that the Administrative Agent and Lenders may disclose to any assignee of or participant in, or any prospective assignee of or participant in, any of their rights or obligations of all or part of the Guaranteed Obligations any and all information in the Administrative Agent's or such Lender's possession concerning the Guarantor, this Guaranty and any security for this Guaranty. All notices and other communications to the Guarantor under this Guaranty shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier to the Guarantor at its address set forth below or at such other address in the United States as may be specified by the Guarantor in a written notice delivered to the Administrative Agent at such office as the Administrative Agent may designate for such purpose from time to time in a written notice to the Guarantor.

17. WAIVER OF JURY TRIAL; FINAL AGREEMENT. TO THE EXTENT ALLOWED BY APPLICABLE LAW, THE GUARANTOR, ADMINISTRATIVE AGENT AND THE LENDERS EACH IRREVOCABLY WAIVES TRIAL BY JURY WITH RESPECT TO ANY ACTION, CLAIM, SUIT OR PROCEEDING ON, ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE GUARANTEED OBLIGATIONS. THIS GUARANTY REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

18. Special Agreement With Respect To Debt Restructuring. Notwithstanding any limitation on liability set forth in Paragraph 1 to the contrary, if the Guaranteed Obligations

are made subject to a debt restructuring arrangement between a country and its creditors or creditors of persons or entities of such country, and as a result thereof the Lenders, as holder of such Guaranteed Obligations and other credit facilities to such country, persons or entities of such country, shall agree to provide any new credit facilities, the Guarantor shall fund (and be the beneficial owner of) that amount of such new credit facilities which is calculated by (i) dividing the face value of such Guaranteed Obligations by the aggregate amount of the Lenders' credit facilities made part of the restructuring arrangement and (ii) multiplying the result by the amount of such new credit facilities. The Guarantor agrees to execute and deliver such documents and take such actions as may be requested by the Lenders to effect the purposes of this paragraph. The Lenders agree to provide the Guarantor with copies of the relevant documents governing their participation in the restructuring arrangement and new credit facilities and shall provide the Guarantor with the basis on which it has calculated the Guarantor's portion of such new credit facilities, which calculations shall be conclusive absent manifest error.

19. Foreign Currency. If the Administrative Agent so notifies the Guarantor in writing, at the Lenders' sole and absolute discretion, payments under this Guaranty shall be the U.S. Dollar equivalent of the Guaranteed Obligations or any portion thereof, determined as of the date payment is made. If any claim arising under or related to this Guaranty is reduced to judgment denominated in a currency (the "Judgment Currency") other than the currencies in which the Guaranteed Obligations are denominated or the currencies payable hereunder, (collectively the "Obligations Currency"), the judgment shall be for the equivalent in the Judgment Currency of the amount of the claim denominated in the Obligations Currency included in the judgment, determined as of the date of judgment. The equivalent of any Obligations Currency amount in any Judgment Currency shall be calculated at the spot rate for the purchase of the Obligations Currency with the Judgment Currency quoted by the Administrative Agent in the place of the Administrative Agent's choice at or about 8:00 a.m. on the date for determination specified above. The Guarantor shall indemnify the Lenders and hold the Lenders harmless from and against all loss or damage resulting from any change in exchange rates between the date any claim is reduced to judgment and the date of payment thereof by the Guarantor or any failure of the amount of any such judgment to be calculated as provided in this paragraph.

[signature page follows]

This Guaranty is executed as of this ___ day of _____, 20__.

By: _____
Name: _____
Title: _____
Address: _____

F-8
Form of Guaranty

OPINION MATTERS

The matters contained in the following Sections of the Credit Agreement should be covered by the legal opinion:

- Section 5.01(a), (b), and (c)
- Section 5.02
- Section 5.03
- Section 5.04
- Section 5.06
- Section 5.14(b)

[other matters as appropriate to the transaction]

FORM OF DESIGNATED BORROWER
REQUEST AND ASSUMPTION AGREEMENT

Date: _____, _____

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

This Designated Borrower Request and Assumption Agreement is made and delivered pursuant to Section 2.15 of that certain Credit Agreement, dated as of June 30, 2008 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Credit Agreement"), among Harris Stratex Networks, Inc. (the "Company"), the Designated Borrowers from time to time party thereto, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent, L/C Issuer and Swing Line Lender, and reference is made thereto for full particulars of the matters described therein. All capitalized terms used in this Designated Borrower Request and Assumption Agreement and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

Each of _____ (the "Designated Borrower") and the Company hereby confirms, represents and warrants to the Administrative Agent and the Lenders that the Designated Borrower is a Subsidiary of the Company.

The documents required to be delivered to the Administrative Agent under Section 2.15 of the Credit Agreement will be furnished to the Administrative Agent in accordance with the requirements of the Credit Agreement.

Complete if the Designated Borrower is a Domestic Subsidiary: The true and correct U.S. taxpayer identification number of the Designated Borrower is _____.

Complete if the Designated Borrower is a Foreign Subsidiary: The true and correct unique identification number that has been issued to the Designated Borrower by its jurisdiction of organization and the name of such jurisdiction are set forth below:

<u>Identification Number</u>	<u>Jurisdiction of Organization</u>
------------------------------	-------------------------------------

The parties hereto hereby confirm that with effect from the date of the Designated Borrower Notice for the Designated Borrower, the Designated Borrower shall have obligations, duties and liabilities toward each of the other parties to the Credit Agreement identical to those which the Designated Borrower would have had if the Designated Borrower had been an original party to the Credit Agreement as a Borrower. Effective as of the date of the Designated Borrower Notice

for the Designated Borrower, the Designated Borrower confirms its acceptance of, and consents to, all representations and warranties, covenants, and other terms and provisions of the Credit Agreement.

The parties hereto hereby request that the Designated Borrower be entitled to receive Loans under the Credit Agreement, and understand, acknowledge and agree that neither the Designated Borrower nor the Company on its behalf shall have any right to request any Loans for its account unless and until the date five Business Days after the effective date designated by the Administrative Agent in a Designated Borrower Notice delivered to the Company and the Lenders pursuant to Section 2.15 of the Credit Agreement.

This Designated Borrower Request and Assumption Agreement shall constitute a Loan Document under the Credit Agreement.

THIS DESIGNATED BORROWER REQUEST AND ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Designated Borrower Request and Assumption Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

[DESIGNATED BORROWER]

By: _____
Title: _____

HARRIS STRATEX NETWORKS, INC.

By: _____
Title: _____

FORM OF DESIGNATED BORROWER NOTICE

Date: _____, _____

To: **Harris Stratex Networks, Inc.**

The Lenders party to the Credit Agreement referred to below

Ladies and Gentlemen:

This Designated Borrower Notice is made and delivered pursuant to Section 2.15 of that certain Credit Agreement, dated as of June 30, 2008 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Credit Agreement"), among Harris Stratex Networks, Inc. , a Delaware corporation (the "Company"), the Designated Borrowers from time to time party thereto, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent, L/C Issuer and Swing Line Lender, and reference is made thereto for full particulars of the matters described therein. All capitalized terms used in this Designated Borrower Notice and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

The Administrative Agent hereby notifies Company and the Lenders that effective as of the date hereof [_____] shall be a Designated Borrower and may receive Loans for its account on the terms and conditions set forth in the Credit Agreement.

This Designated Borrower Notice shall constitute a Loan Document under the Credit Agreement.

**BANK OF AMERICA, N.A.,
AS ADMINISTRATIVE AGENT**

BY: _____
TITLE: _____

HARRIS STRATEX NETWORKS, INC.
SUBSIDIARIES AS OF SEPTEMBER 1, 2008
(100% direct or indirect ownership by Harris Stratex Networks, Inc.)

Name of Subsidiary	State or Other Jurisdiction of Incorporation
Harris Communication Argentina SA	Argentina
Harris Stratex Networks (Australia) Pty. Ltd.	Australia
Harris Stratex Networks (Bangladesh) Limited	Bangladesh
Harris do Brasil Ltda.	Brazil
Stratex Networks do Brasil Ltda.	Brazil
Harris Stratex Networks Canada ULC	Canada
Harris Communications (Shenzhen) Ltd.	The People's Republic of China
Harris Communication France S.A.S.	France
Stratex Networks S.A.R.L.	France
Harris Stratex Networks Ghana Limited	Ghana
Harris Stratex Networks Holland B.V.	The Netherlands
Harris Stratex Networks (India) Private Limited	India
Pt. Harris Stratex Networks Indonesia	Indonesia
Harris Communications International (Kenya) Limited	Kenya
Harris Stratex Networks Malaysia Sdn. Bhd.	Malaysia
Digital Microwave (Mauritius) Private Limited	Mauritius
Harris Stratex Networks México S.A. de C.V.	Mexico
Harris Stratex Networks (NZ) Limited	New Zealand
Harris Communications Systems Nigeria Limited	Nigeria
Stratex Networks Nigeria Limited	Nigeria
Harris Stratex Networks (Clark) Corporation	The Philippines
Harris Stratex Networks Philippines, Inc.	The Philippines
Stratex Networks Polska Sp. z.o.o.	Poland
Harris Stratex Networks (S) Pte. Ltd.	Republic of Singapore
Harris Stratex Networks (South Africa) (Proprietary) Limited	Republic of South Africa
MAS Technology Holdings (Proprietary) Limited	Republic of South Africa
Harris Stratex Networks (Thailand) Ltd.	Thailand
Harris Stratex Networks (UK) Limited	Delaware
BWA Technology, Inc.	Delaware
Harris Communications International, Inc.	Delaware
Harris Stratex Networks Operating Corporation	Delaware

Consent of Independent Registered Public Accounting Firm

We consent to 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 September 12, 2008, with respect to the consolidated financial statements and schedule of Harris Stratex Networks, Inc. and the effectiveness of internal control over financial reporting of Harris Stratex Networks, Inc., included in this Annual Report (Form 10-K) for the year ended June 27, 2008.

/s/ Ernst & Young LLP

Raleigh, North Carolina
September 22, 2008

CERTIFICATION

I, Harald J. Braun, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended June 27, 2008, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) 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
 - (d) 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.

September 25, 2008

/s/ Harald J. Braun

Name: Harald J. Braun

Title: President and Chief Executive Officer

CERTIFICATION

I, Sarah A. Dudash, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended June 27, 2008, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) 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
 - (d) 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.

September 25, 2008

/s/ Sarah A. Dudash

Name: Sarah A. Dudash

Title: Vice President and Chief Financial Officer

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 Annual Report on Form 10-K of Harris Stratex Networks, Inc. ("Harris Stratex") for the fiscal year ended June 27, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Harald J. Braun, 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: September 25, 2008

/s/ Harald J. Braun

Name: Harald J. Braun

Title: President and Chief Executive Officer

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 Annual Report on Form 10-K of Harris Stratex Networks, Inc. ("Harris Stratex") for the fiscal year ended June 27, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Sarah A. Dudash, 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: September 25, 2008

/s/ Sarah A. Dudash

Name: Sarah A. Dudash

Title: Vice President and Chief Financial Officer