



Harris Stratex Networks Announces Q3 Fiscal 2009 Financial Results

Reports revenue of \$158 million and record cash balance of \$116 million

Research Triangle Park, NC – May 5, 2009 – Harris Stratex Networks, Inc. (NASDAQ: HSTX), a leading specialist in backhaul solutions for mobility and broadband networks, today reported financial results for the third quarter of fiscal 2009, which ended April 3, 2009.

Revenue for the third quarter of fiscal 2009 was \$158.0 million, compared with \$178.2 million in the year ago period. GAAP net loss was \$38.3 million or \$0.65 per share, compared with net income of \$5.2 million or \$0.05 per diluted share in the year ago quarter.

Non-GAAP Financial Results

Non-GAAP net income for the quarter was \$3.7 million, or \$0.06 per diluted share, compared with non-GAAP net income of \$9.4 million, or \$0.16 per diluted share, in the year ago quarter.

Non-GAAP results exclude \$39.6 million of pre-tax charges comprising the following:

- \$32.7 million related to an accelerated transition towards a common IP-based platform. Of these impairments, \$29.3 million are non-cash charges related to provisions for legacy product excess and obsolete inventory, write-downs of property, plant, manufacturing and test equipment, and software. These charges do not impact our financial covenant compliance under our credit arrangements or our ongoing financial performance. The remaining \$3.4 million of this charge is related to inventory purchase commitments that required no cash payment in the third quarter but are likely to result in a future cash outlay.
- \$4.5 million amortization of purchased intangibles, restructuring, and stock compensation expense.
- \$2.4 million of one-time in-process research and development expenses related to the valuation of the Telsima acquisition.

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

As of the quarter end on April 3, 2009 cash, cash equivalents and investments were a record \$116.2 million, compared with \$99.3 million as of the quarter ended January 2, 2009. The company generated positive operating cash flow of \$28.9 million in the quarter.

Third Quarter Revenue by Business Segment

Revenue in the North America segment was \$42.2 million in the third quarter of fiscal 2009, compared with \$56.9 million in the year ago period. International revenue was \$112.9 million, compared with \$117.1 million in the year ago period. Network Operations revenue was \$2.9 million compared with \$4.2 million in the year ago period.

“In the face of difficult market conditions, our focus on operational improvements, balance sheet metrics, and overall cash management yielded strong results,” said Harald Braun, president and chief executive officer of Harris Stratex Networks. “Our cash and short-term investments reached a record \$116 million and our operating cash flow was positive for the seventh consecutive quarter.”

“During the third quarter we continued global infrastructure build-outs addressing expanded broadband requirements as our network operator customers sought to meet continuing increases in data traffic. In February, we acquired Telsima, a leading developer of next-generation broadband wireless network solutions. We believe this acquisition affords us a strategic advantage with technology, software and a customer base as we pursue future 4G opportunities,” added Braun. “We continue to capture business in Africa, which remains an area of relative strength for our company. North America revenue declined in the third quarter, which is a seasonally soft quarter. Activity related to network capacity expansion and the transition to IP-based solutions, where we have a leadership position, continues to be encouraging. Despite these positive aspects, uncertainty in credit markets, overall liquidity, and the global macro-economic situation continues to restrict our customers’ ability to place orders in a timely manner and at the scale desired.”

Outlook and Guidance

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

“The weakened global economy has not improved visibility. Customers’ appetites for our products and services show no sign of moderation, but forecasting remains challenging for us and our customers,” noted Braun. “For our fourth fiscal quarter, our current revenue expectations are in the range of \$140 million to \$160 million. We will continue to align worldwide operations with current market conditions, manage our spending and maintain our scrutiny on cash management. In anticipation of the eventual economic upturn, we will continue our focus on technology innovation and the breadth of services that has always distinguished Harris Stratex.”

Conference Call

Harris Stratex Networks will host a conference call today at 5:30 p.m. Eastern Time to discuss the company’s financial results. Those wishing to join the call should dial 303-262-2075 (no pass code required) at approximately 5:20 p.m. A replay of the call will be available starting one hour after the call’s completion until May 13. To access the replay, dial 303-590-3000 (pass code: 11128852 #). A live and archived webcast of the conference call will also be available via the company’s Web site at <http://www.HarrisStratex.com/investors/conference-call>.

Non-GAAP Measures and Comparative Financial Information

Harris Stratex Networks, Inc. reports information in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”). Management of Harris Stratex Networks monitors revenues, cost of product sales and services, research and development expenses, selling and administrative expenses, operating income or loss, tax expense or benefit, net income or loss, and net income or loss per share on a non-GAAP basis for planning and forecasting results in future periods, and may use these measures for some management compensation purposes. These measures exclude certain costs and expenses as shown on the attached GAAP reconciliation table. As a result, management is presenting these non-GAAP measures in addition to results reported in accordance with GAAP to better communicate underlying operational and financial performance in each period. Management believes these non-GAAP measures provide information that is useful to investors in understanding period-over-period operating results separate and apart from items that may, or could, have a disproportionate positive or negative impact on results in any given period. Management also believes that these non-GAAP measures enhance the ability of an investor to analyze trends in Harris Stratex Networks’ business and to better understand our performance.

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

About Harris Stratex Networks, Inc.

Harris Stratex Networks, Inc. is a leading specialist in backhaul solutions for mobility and broadband networks. The company offers reliable, flexible and scalable wireless network solutions, backed by comprehensive professional services and support. Harris Stratex Networks serves all global markets, including mobile network operators, public safety agencies, private network operators, utility and transportation companies, government agencies and broadcasters. Customers in more than 135 countries depend on Harris Stratex Networks to build, expand and upgrade their voice, data and video solutions. Harris Stratex Networks is recognized around the world for innovative, best-in-class wireless networking solutions and services. For more information, visit <http://www.harrisstratex.com/>.

Forward-Looking Statements

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

- *downturn in the global economy affecting customer spend;*
- *continued price erosion as a result of increased competition in the microwave transmission industry;*
- *the volume, timing and customer, product and geographic mix of our product orders may have an impact on our operating results;*
- *the ability to achieve business plans for Harris Stratex Networks;*
- *the ability to manage and maintain key customer relationships;*
- *the ability to maintain projected product rollouts, product functionality, anticipated cost reductions or market acceptance of planned products;*
- *future costs or expenses related to litigation;*
- *the ability of our subcontractors to perform or our key suppliers to manufacture or deliver material;*

- *customers may not pay for products or services in a timely manner, or at all;*
- *the failure of Harris Stratex Networks to protect its intellectual property rights and its ability to defend itself against intellectual property infringement claims by others;*
- *currency and interest rate risks;*
- *the impact of political, economic and geographic risks on international sales;*
- *the impact of slowing growth in the wireless telecommunications market combined with supplier and operator consolidations;*
- *our ability to remediate our material weaknesses in internal control.*

For more information regarding the risks and uncertainties for our business, see “Risk Factors” in our form 10-K filed with the U.S. Securities and Exchange Commission (“SEC”) on September 25, 2008 as well as other reports filed by Harris Stratex Networks with the SEC from time to time. Harris Stratex Networks undertakes no obligation to update publicly any forward-looking statement for any reason, except as required by law, even as new information becomes available or other events occur in the future.

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

Contacts:

Investors: Mary McGowan, Summit IR Group Inc., 408-404-5401, mary@summitirgroup.com

Media: Jen Anderson, Harris Stratex Networks, Inc., 919-749-7240, jennifer.anderson@hstx.com