



Harris Stratex Networks Reports Q2 Fiscal 2009 Financial Results

Q2 revenues of \$191 million achieved with strong operating cash flow

Research Triangle Park, NC – February 4, 2009 – Harris Stratex Networks, Inc. (NASDAQ: HSTX), a leading specialist in backhaul solutions for mobility and broadband networks, today reported financial results for the second quarter of fiscal 2009, which ended January 2, 2009.

Revenue for the second quarter of fiscal 2009 was \$190.9 million, an increase of 5 percent compared with \$181.1 million in the year ago period. GAAP net loss was \$315.4 million or \$5.37 per share, compared with a net loss of \$3.2 million or \$0.05 per share in the year ago quarter.

Non-GAAP net income for the quarter was \$10.9 million, or \$0.19 per share, compared with non-GAAP net income of \$9.5 million or \$0.16 per share in the year ago period.

GAAP results include \$327.1 million of charges comprising:

- \$301.0 million impairment of goodwill and other indefinite-lived intangible assets
- \$20.8 million increase in deferred tax valuation allowance, and
- \$5.3 million amortization of purchased intangibles, restructuring, and stock compensation expense

In January 2009, we determined that based on the current global economic environment and the decline of our market capitalization, it was likely that an indicator of goodwill and other indefinite lived intangible asset impairment existed as of the end of the second quarter of fiscal 2009. As a result, we performed an interim review for impairment as of the end of the second quarter of fiscal 2009 of our goodwill and other indefinite-lived intangible assets. The results of this review were a \$279.0 million charge to write down all of our goodwill, and a \$22.0 million charge to write down a majority of our indefinite lived intangible assets. We also recorded an increase in deferred tax valuation allowance of \$20.8 million based on our assessment of the future recoverability of our deferred tax assets. We will not be required to make any current or future cash expenditures as a result of these charges, and they do not impact our financial covenant compliance under our credit arrangements or our ongoing financial performance.

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

As of January 2, 2009 cash, cash equivalents and investments were \$99.3 million, compared with \$96.9 million as of September 26, 2008. The company generated positive operating cash flow of \$12.5 million in the quarter.

Second Quarter Revenue by Business Segment

Revenue in the North America segment was \$64.8 million in the second quarter of fiscal 2009, compared with \$63.8 million in the year ago period. International revenue was \$121.2 million, compared with \$110.8 million in the year ago period. Year-over-year revenue growth was achieved in International as existing operators continued the expansion of their network infrastructures. Network Operations revenue was \$4.9 million compared with \$6.5 million in the year ago period.

“We are pleased to have reported year-over-year revenue growth of 5 percent, to have met our key guidance metrics in the December quarter and to have generated positive operating cash flow despite a challenging global economy. Our company’s value proposition in mobility networks remains a primary growth driver of our business,” said Harald Braun, president and chief executive officer of Harris Stratex Networks. “We continue to believe that the long-term demand for higher-capacity data applications is favorable to our company. Our Eclipse™ product platform, and its ability to offer full migration for future IP based networks, helps us capture these opportunities.”

Outlook and Guidance

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

“As we enter our third fiscal quarter, we are pleased to see that overall demand for our backhaul solutions and services remains relatively strong. However, the weakened global economy and the challenging credit markets are creating forecasting

and timing issues in our market segment, which then inhibit our visibility. Our current revenue expectations for Q3 are in the range of \$150 million to \$170 million,” noted Braun. “We plan to align worldwide operations with current market conditions and continue to reduce our spending.”

“We are pleased with our rapid progress to a common IP-based product platform that allows us to improve the productivity of our engineering resources,” continued Braun. “We are continuing our R&D investment to maintain our high level of innovation that differentiates us from our competition and that our customers have grown to expect.”

Conference Call

Harris Stratex Networks will host a conference call today to discuss the company’s financial results at 5:30 p.m. Eastern Time. Those wishing to join the call should dial 303-262-2137 (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 February 11. To access the replay, dial 303-590-3000 (pass code: 11124334 #). A live and archived webcast of the conference call will also be available via the company’s Web site at www.HarrisStratex.com/investors/conference-call.

Non-GAAP Measures and Comparative Financial Information

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

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

About Harris Stratex Networks

Harris Stratex Networks, Inc. (NASDAQ: HSTX) 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 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;*
- *effect of any change in ownership structure in Harris Stratex Networks;*
- *the ability to achieve business plans for Harris Stratex Networks;*
- *the ability to manage and maintain key customer relationships and capture new business;*

- *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 Attached

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