

HARRIS STRATEX NETWORKS, INC.

Fiscal Year 2009 First Quarter Summary

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND REGULATION G DISCLOSURE

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

Table 1

HARRIS STRATEX NETWORKS, INC.

Fiscal Year 2009 First Quarter Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Condensed Consolidated Statements of Operations
(Unaudited)

	Quarter Ended							
	September 26, 2008			September 28, 2007				
As Reported	Non-GAAP Adjustments	Non-GAAP	% of Revenue	As Restated	Non-GAAP Adjustments	Non-GAAP (Restated)	% of Revenue	
(In millions, except per share amounts)								
Revenue from product sales and services	\$ 195.8	\$ -	\$ 195.8		\$ 172.3	\$ -	\$ 172.3	
Cost of product sales and services (A)	(135.8)	0.4	(135.4)		(123.5)	1.0	(122.5)	
Amortization of purchased technology (B)	(1.8)	1.8	-		(1.8)	1.8	-	
Gross margin.	58.2	2.2	60.4	30.8%	47.0	2.8	49.8	28.9%
Research and development expenses (C)	(10.2)	0.2	(10.0)	5.1%	(12.4)	0.5	(11.9)	6.9%
Selling and administrative expenses (D)	(36.5)	1.1	(35.4)	18.1%	(28.8)	5.2	(23.6)	13.7%
Amortization of intangible assets (E)	(1.4)	1.4	-		(1.8)	1.8	-	
Restructuring charges (F)	(3.3)	3.3	-		(4.0)	4.0	-	
Operating income	6.8	8.2	15.0	7.7%	-	14.3	14.3	8.3%
Interest income	0.4	-	0.4		0.7	-	0.7	
Interest expense	(0.7)	-	(0.7)		(0.7)	-	(0.7)	
Income before income taxes	6.5	8.2	14.7	<i>tax rate</i>	-	14.3	14.3	<i>tax rate</i>
Provision for income taxes (G)	(0.9)	(2.6)	(3.5)	24%	(0.2)	(3.5)	(3.7)	26%
Net income (loss)	<u>\$ 5.6</u>	<u>\$ 5.6</u>	<u>\$ 11.2</u>		<u>\$ (0.2)</u>	<u>\$ 10.8</u>	<u>\$ 10.6</u>	
Net income (loss) per common share of Class A and Class B common stock (Notes 1 and 2):								
Basic	<u>\$ 0.10</u>		<u>\$ 0.19</u>		<u>\$ (0.00)</u>		<u>\$ 0.18</u>	
Diluted	<u>\$ 0.09</u>		<u>\$ 0.19</u>		<u>\$ (0.00)</u>		<u>\$ 0.18</u>	
Basic weighted average shares outstanding	<u>58.5</u>		<u>58.5</u>		<u>58.4</u>		<u>58.4</u>	
Diluted weighted average shares outstanding	<u>58.5</u>		<u>58.5</u>		<u>58.4</u>		<u>58.4</u>	

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

Notes to table 1:

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

For the first quarter of fiscal 2008, includes adjustment to cost of product sales and services to remove purchase accounting adjustments for the amortization of the step-up in the value of fixed assets (\$0.2 million), adjustment to remove integration costs (\$0.6 million) and adjustment to remove FAS 123R expense (\$0.2 million).

Note B – Amortization of purchased technology - Adjustment for the first quarters of fiscal 2009 and 2008 to remove amortization of purchased intangibles incurred in connection with the merger.

Note C – Research and development expenses - Adjustment for the first quarter of fiscal 2009 to remove FAS 123R expense of \$0.2 million.

For the first quarter of fiscal 2008, adjustment to remove FAS 123R expense of \$0.5 million.

Note D – Selling and administrative expenses – Includes adjustment for the first quarter of fiscal 2009 to remove purchase accounting adjustments related to the amortization of the step-up in the value of fixed assets (\$0.4 million) and FAS 123R expense (\$0.7 million).

For the first quarter of fiscal 2008, includes adjustment to remove purchase accounting adjustments related to the amortization of the step-up in the value of fixed assets (\$0.5 million), integration costs and lease impairment costs (\$3.0 million) and FAS 123R expense (\$1.7 million).

Note E – Amortization of intangible assets - Adjustment for the first quarters of fiscal 2009 and 2008 to remove amortization of purchased intangibles incurred in connection with the merger.

Note F – Restructuring charges - Adjustment to remove charges for restructuring incurred during the first quarters of fiscal 2009 and 2008.

Note G – Provision for income taxes - Adjustment to reflect a pro forma 24 percent tax rate for the first quarter of fiscal 2009 and a pro forma 26 percent tax rate for the first quarter of fiscal 2008.

Table 2

HARRIS STRATEX NETWORKS, INC.

Fiscal Year 2009 First Quarter Summary
 SUPPLEMENTAL SCHEDULE OF REVENUE BY GEOGRAPHICAL AREA
 (Unaudited)

	Quarter Ended			Quarter Ended		
	September 26, 2008			September 28, 2007		
	(In millions)					
	As Reported	Non-GAAP Adjustments	Non-GAAP	As Reported	Non-GAAP Adjustments	Non-GAAP
North America	\$ 61.5	\$ —	\$ 61.5	\$ 56.6	\$ —	\$ 56.6
International:						
Africa	65.6	—	65.6	52.4	—	52.4
Europe, Middle East, and Russia.....	36.9	—	36.9	32.7	—	32.7
Latin America and AsiaPac	<u>28.4</u>	<u>—</u>	<u>28.4</u>	<u>24.1</u>	<u>—</u>	<u>24.1</u>
Total International	130.9	—	130.9	109.2	—	109.2
Network Operations	<u>3.4</u>	<u>—</u>	<u>3.4</u>	<u>6.5</u>	<u>—</u>	<u>6.5</u>
	\$ <u>195.8</u>	\$ <u>—</u>	\$ <u>195.8</u>	\$ <u>172.3</u>	\$ <u>—</u>	\$ <u>172.3</u>