

HARRIS STRATEX NETWORKS, INC.

Quarter and Four Quarters Ended July 3, 2009 Summaries

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND REGULATION G DISCLOSURE

To supplement our condensed 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 Fourth Quarter Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Condensed Consolidated Statements of Operations
(Unaudited)

	Quarter Ended							
	July 3, 2009				June 27, 2008			
	As Reported	Non-GAAP Adjustments	Non-GAAP	% of Sales	As Reported	Non-GAAP Adjustments	Non-GAAP	% of Sales
	(In millions, except per share amounts)							
Revenue from product sales and services	\$ 135.2	\$ —	\$ 135.2		\$ 186.8	\$ —	\$ 186.8	
Cost of product sales and services (A) Note (1)	(85.4)	0.3	(85.1)		(141.1)	11.4	(129.7)	
Amortization of purchased technology (B)	(2.1)	2.1	—		(1.8)	1.8	—	
Gross margin	47.7	2.4	50.1	37.1%	43.9	13.2	57.1	30.6%
Research and development expenses (C)	(10.8)	0.2	(10.6)	7.8%	(11.3)	0.3	(11.0)	5.9%
Selling and administrative expenses (D)	(34.3)	0.7	(33.6)	24.9%	(45.3)	5.5	(39.8)	21.3%
Amortization of intangible assets (E)	(1.4)	1.4	—		(1.5)	1.1	(0.4)	
Software impairment charge (F)	(0.3)	0.3	—		—	—	—	
Trade name impairment charge (G)	(10.6)	10.6	—		—	—	—	
Restructuring charges (H)	(3.3)	3.3	—		(0.9)	0.9	—	
Operating (loss) income	(13.0)	18.9	5.9	4.4%	(15.1)	21.0	5.9	3.2%
Interest income	—	—	—		1.0	—	1.0	
Interest expense	(0.6)	—	(0.6)		(0.4)	—	(0.4)	
(Loss) income before income taxes	(13.6)	18.9	5.3	Tax rate	(14.5)	21.0	6.5	Tax rate
Income tax benefit (expense) (I)	10.2	(10.4)	(0.2)	4%	0.8	(2.5)	(1.7)	26%
Net (loss) income	<u>\$ (3.4)</u>	<u>\$ 8.5</u>	<u>\$ 5.1</u>		<u>\$ (13.7)</u>	<u>\$ 18.5</u>	<u>\$ 4.8</u>	
Net (loss) income per common share of Class A and Class B common stock								
Note (2):								
Basic and diluted	<u>\$ (0.06)</u>		<u>\$ 0.09</u>		<u>\$ (0.23)</u>		<u>\$ 0.08</u>	
Basic and diluted weighted average shares outstanding	<u>59.0</u>		<u>59.0</u>		<u>58.5</u>		<u>58.5</u>	

(1) The results for fiscal year 2009 include an adjustment for cumulative currency translation expense of \$2.9 million included in Cost of product sales and services. This expense relates to un-hedged currency exposure on accounts receivables in Polish Zlotych. The quarterly impact of this translation benefit/(expense) credited/(charged) to Cost of product sales and services was a \$0.9 million credit or \$0.01 increase to income per common share in the first quarter of fiscal 2009; (\$3.3 million) charge or increase (\$0.06) to loss per common share in the second quarter of fiscal 2009; (\$1.1 million) charge or increase (\$0.02) to loss per common share in the third quarter of fiscal 2009; \$0.6 million credit or \$0.01 decrease to loss per common share in the fourth quarter of fiscal 2009. The previously reported quarterly results will be adjusted to reflect these credits and charges in our fiscal 2009 Annual Report on Form 10-K.

(2) The net (loss) income per common share amounts are the same for Class A and Class B because the holders of each class are legally entitled to equal per share distributions whether through dividends or in liquidation.

Notes to Table 1:

Note A — Cost of sales and services — Includes adjustments for the fourth quarter of fiscal 2009 to remove Stratex Networks purchase accounting adjustments for the amortization of the step-up in the value of fixed assets of \$0.1 million and to remove FAS 123R expense of \$0.2 million.

For the fourth quarter of fiscal 2008, includes adjustments 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 of \$0.2 million and adjustments to remove FAS 123R expense of \$0.2 million. Also includes adjustment to remove impairment of inventory of \$11.0 million

Note B — Amortization of purchased technology — Adjustments for the fourth quarter of fiscal 2009 and fiscal 2008 to remove amortization of purchased intangibles in connection with the acquisition of Stratex Networks.

Note C — Research and development expenses — Adjustments to remove FAS 123R expense of \$0.2 million for the fourth quarter of fiscal 2009 and \$0.3 million for the fourth quarter of fiscal 2008.

Note D — Selling and administrative expenses — Includes adjustments for the fourth quarter of fiscal 2009 to remove Stratex Networks purchase accounting adjustments for the amortization of the step-up in the value of fixed assets of \$0.1 million and FAS 123R expense of \$0.6 million.

For the fourth quarter of fiscal 2008, includes adjustments to remove purchase accounting adjustments related to the amortization of the step-up in the value of fixed assets of \$0.4 million, merger integration costs of \$4.2 million and FAS 123R expense of \$0.9 million.

Note E — Amortization of intangible assets — Adjustment for the fourth quarter of fiscal 2009 and fiscal 2008 to remove amortization of purchased intangibles in connection with the Stratex Networks and Telsima acquisitions.

Note F — Software impairment charges — Adjustments for the fourth quarter of fiscal 2009 to remove charges for impairment of software.

Note G — Trade name impairment charge — Adjustment to remove charges for impairment incurred during the fourth quarter of fiscal 2009.

Note H — Restructuring charges — Adjustment to remove charges for restructuring incurred during the fourth quarter of fiscal 2009 and fiscal 2008.

Note I — Income tax benefit (expense)— Adjustments to reflect a pro forma tax benefit for the fourth quarter of fiscal 2009 that reflects a pro forma tax rate of 4 percent for fiscal 2009. Adjustment for the fourth quarter of fiscal 2008 reflects a pro forma tax rate of 26 percent.

Table 2
HARRIS STRATEX NETWORKS, INC.

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

	Year Ended							
	July 3, 2009				June 27, 2008			
	As Reported	Non-GAAP Adjustments	Non-GAAP	% of Sales	As Reported	Non-GAAP Adjustments	Non-GAAP	% of Sales
	(In millions, except per share amounts)							
Revenue from product sales and services	\$ 679.9	\$ —	\$ 679.9		\$ 718.4	\$ —	\$ 718.4	
Cost of product sales and services (A)	(468.2)	1.0	(467.2)		(521.1)	18.2	(502.9)	
Charges for product transition (B)	(29.8)	29.8	—		—	—	—	
Amortization of purchased technology (C)	(7.5)	7.5	—		(7.1)	7.1	—	
Gross margin	174.4	38.3	212.7	31.3%	190.2	25.3	215.5	30.0%
Research and development expenses (D)	(40.4)	0.7	(39.7)	5.8%	(46.1)	1.4	(44.7)	6.2%
Selling and administrative expenses (E)	(138.3)	3.0	(135.3)	19.9%	(141.4)	17.6	(123.8)	17.2%
Amortization of intangible assets (F)	(5.6)	5.6	—		(7.1)	6.7	(0.4)	
Acquired in-process research and development (G)	(2.4)	2.4	—		—	—	—	
Software impairment charges (H)	(3.2)	3.2	—		—	—	—	
Goodwill impairment charges (I)	(279.0)	279.0	—		—	—	—	
Trade name impairment charges (I)	(32.6)	32.6	—		—	—	—	
Restructuring charges (J)	(8.2)	8.2	—		(9.3)	9.3	—	
Operating (loss) income	(335.3)	373.0	37.7	5.5%	(13.7)	60.3	46.6	6.5%
Interest income	0.9	—	0.9		2.4	—	2.4	
Interest expense	(2.8)	—	(2.8)		(2.6)	—	(2.6)	
(Loss) income before income taxes	(337.2)	373.0	35.8	Tax rate	(13.9)	60.3	46.4	Tax rate
Income tax (expense) benefit (K)	(17.8)	10.3	(7.5)	21%	2.0	(14.0)	(12.0)	26%
Net (loss) income	<u>\$ (355.0)</u>	<u>\$ 383.3</u>	<u>\$ 28.3</u>		<u>\$ (11.9)</u>	<u>\$ 46.3</u>	<u>\$ 34.4</u>	
Net (loss) income per common share of Class A and Class B common stock (Note 1):								
Basic and diluted	<u>\$ (6.05)</u>		<u>\$ 0.48</u>		<u>\$ (0.20)</u>		<u>\$ 0.59</u>	
Basic and diluted weighted average shares outstanding	<u>58.7</u>		<u>58.7</u>		<u>58.4</u>		<u>58.4</u>	

(1) The net (loss) income per common share amounts are the same for Class A and Class B because the holders of each class are legally entitled to equal per share distributions whether through dividends or in liquidation.

Notes to Table 2:

Note A — Cost of sales and services — Includes adjustments for fiscal year 2009 to remove purchase accounting adjustments for the amortization of the step-up in the value of fixed assets of \$0.6 million and to remove FAS 123R expense of \$0.4 million.

For fiscal 2008, includes adjustments to cost of product sales and services for fiscal 2008 to remove purchase accounting adjustments for the amortization of the step-up in the value of fixed assets of \$0.8 million, adjustments to remove merger integration costs of \$1.5 million, and adjustments to remove FAS 123R expense of \$1.2 million. Also includes adjustments to remove inventory impairment related to product transitioning of \$11.0 million and write down of inventory related to restructuring actions of \$3.7 million.

Note B — Charges for product transition — Adjustments for fiscal 2009 to remove charges for an accelerated transition towards a common IP-based platform. These charges included \$26.4 million related to provisions for legacy product excess and obsolete inventory, and write-downs of property, plant, manufacturing and test equipment. Additionally, \$3.4 million in charges were recorded for inventory purchase commitments.

Note C — Amortization of purchased technology — Adjustments for fiscal 2009 and fiscal 2008 to remove amortization of purchased intangibles in connection with the merger.

Note D — Research and development expenses — Adjustments to remove FAS 123R expense of \$0.7 million for fiscal 2009 and \$1.4 million for fiscal 2008.

Note E — Selling and administrative expenses — Includes adjustments for fiscal 2009 to remove Stratex Networks purchase accounting adjustments for the amortization of the step-up in the value of fixed assets of \$1.1 million and FAS 123R expense of \$1.9 million.

For fiscal 2008, includes adjustments for fiscal 2008 to remove purchase accounting adjustments related to the amortization of the step-up in the value of fixed assets of \$1.9 million, merger integration costs of \$10.4 million, FAS 123R expense of \$5.2 million and \$0.1 million lease impairment costs.

Note F — Amortization of intangible assets — Adjustment for fiscal 2009 and fiscal 2008 to remove amortization of purchased intangibles in connection with the Stratex Networks merger.

Note G — Acquired in-process research and development — Adjustment to remove charges incurred during fiscal 2009 from the Telsima acquisition, which occurred on February 27, 2009.

Note H — Software impairment charges — Adjustments for fiscal 2009 to remove charges for impairment of software.

Note I — Goodwill and Trade name impairment charges — Adjustment to remove charges for impairment incurred during fiscal 2009.

Note J — Restructuring charges — Adjustment to remove charges for restructuring incurred during fiscal 2009 and fiscal 2008.

Note K — Income tax (expense) benefit — Adjustments to reflect a pro forma tax rate of 21 percent for fiscal 2009 and a pro forma tax rate of 26 percent for fiscal 2008. The adjustment in fiscal 2009 primarily consisted of removing the effect of a \$25.1 million increase in the valuation allowance on certain deferred tax assets.

Table 3
HARRIS STRATEX NETWORKS, INC.

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

	Quarter Ended					
	July 3, 2009			June 27, 2008		
	(In millions)					
	As Reported	Non-GAAP Adjustments	Non-GAAP	As Reported	Non-GAAP Adjustments	Non-GAAP
North America	\$ 58.5	\$ —	\$ 58.5	\$ 55.1	\$ —	\$ 55.1
International:						
Africa	32.4	—	32.4	47.8	—	47.8
Europe, Middle East, and Russia	18.8	—	18.8	55.7	—	55.7
Latin America and AsiaPac	<u>22.1</u>	<u>—</u>	<u>22.1</u>	<u>21.1</u>	<u>—</u>	<u>21.1</u>
Total International	<u>73.3</u>	<u>—</u>	<u>73.3</u>	<u>124.6</u>	<u>—</u>	<u>124.6</u>
Network Operations	<u>3.4</u>	<u>—</u>	<u>3.4</u>	<u>7.1</u>	<u>—</u>	<u>7.1</u>
	<u>\$ 135.2</u>	<u>\$ —</u>	<u>\$ 135.2</u>	<u>\$ 186.8</u>	<u>\$ —</u>	<u>\$ 186.8</u>

Table 4
HARRIS STRATEX NETWORKS, INC.

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

	Year Ended					
	July 3, 2009			June 27, 2008		
	(In millions)					
	As Reported	Non-GAAP Adjustments	Non-GAAP	As Reported	Non-GAAP Adjustments	Non-GAAP
North America	\$ 227.0	\$ —	\$ 227.0	\$ 232.4	\$ —	\$ 232.4
International:						
Africa	212.2	—	212.2	197.1	—	197.1
Europe, Middle East, and Russia	136.2	—	136.2	159.6	—	159.6
Latin America and AsiaPac	89.9	—	89.9	105.0	—	105.0
Total International	438.3	—	438.3	461.7	—	461.7
Network Operations	14.6	—	14.6	24.3	—	24.3
	<u>\$ 679.9</u>	<u>\$ —</u>	<u>\$ 679.9</u>	<u>\$ 718.4</u>	<u>\$ —</u>	<u>\$ 718.4</u>