Letter to Stockholders

October 4, 2007

To My Fellow Stockholders,

The year 2007 saw the creation of a new and dynamic global player in wireless transmission network solutions. On January 26, 2007 Harris Stratex Networks was formed when Stratex Networks, Inc. combined with the Microwave Communications Division of Harris Corporation.

Our New Company

Going in, the combination had the potential to provide greater economies of scale, increased leverage in our chosen markets, the dovetailing of two outstanding product portfolios and the establishment of a truly global footprint. I am happy to report that we are now beginning to operate as an integrated, highly competitive company with significantly greater scale, industry-leading technology innovation and growing market traction.

Our new scale means increased revenue opportunities in every region and market segment, with stronger customer relationships and broader distribution channels. We are poised to have a larger presence in expanding geographic regions, such as Africa, the Middle East, Asia and Russia, and in high-growth technology areas, such as high-capacity backhaul and the global transition to Internet Protocol, or IP-based, communications. Greater scale allows us to capture cost synergies due to increased volume leverage, more streamlined supply-chain processes and increased use of outsourced contract manufacturing in low-cost locations.

Our ability to offer the best combination of technology innovation, product breadth and turnkey services to a growing market positions us well for future growth and strong financial performance.

Our Fiscal Year Financial Results

Revenue for fiscal 2007 was $507.9 million. GAAP net loss was $17.9 million or $0.72 per share, which includes $53.7 million of charges on an after-tax basis, related primarily to combination, integration and stock compensation expense. Non-GAAP* revenue for fiscal 2007 was $653.7 million, compared with $599.9 million in fiscal year 2006, an increase of 9 percent. Non-GAAP net income for fiscal 2007 was $35.8 million. This compares with non-GAAP net income of $24.1 million in fiscal 2006.

We are on target to realize combination-related cost synergies, having already captured $3 million in cost savings between the date of the combination and our fiscal year end in June. We have a solid plan to deliver $35 million in cost savings during fiscal 2008.

We had $90 million of cash and short-term investments as of June 29, 2007 and available credit of an additional $24 million. We continue to focus on key balance sheet metrics during this time of transition, most importantly our cash available for the continued expansion of our business.

Our Focal Points

This is a good time to be in the wireless transmission market. While the market is competitive, there are new technology applications and a number of geographic regions which continue to drive healthy market growth.

Mobile communications. The mobile segment continues to provide the greatest opportunity for Harris Stratex Networks. Growth remains strong in emerging markets focused on building new greenfield networks to provide basic service. At the same time, existing network operators need new levels of capacity and efficiency in backhaul as 3G advanced services stretch existing network capacity to its limits. These market trends play to our strengths.

** The non-GAAP results assume that the combination of Stratex Networks and Harris MCD occurred at the beginning of 2006 and provide year-over-year comparisons of the combined company's financial performance. Amounts used in this Letter to Stockholders that are considered non-GAAP financial measures are defined and reconciled to the most directly comparable GAAP financial measures on page 4. GAAP refers to accounting principles generally accepted in the U.S.*

IP transition. Operators around the world are using IP technology to converge voice and data networks to provide more advanced, revenue-producing services at lower cost of ownership. Our product portfolio delivers software-scalable capacity migration, broad frequency coverage, native support and network management for both traditional voice and IP traffic.

North America. The FCC auction of the 1.7 to 2.1 GHz Advanced Wireless Services (AWS) spectrum resulted in 1087 licenses granted to 104 bidders. This initiative will generate new business from incumbent spectrum licensees, who will re-tool and provision more bandwidth in the backhaul network. Other growth drivers in North America include leased-line substitution, increased bandwidth demand, and footprint expansion. We continue to experience demand from private network operators and state and local governments for network hardening and interoperability in public safety, emergency response and homeland security projects.

International. Developed regions such as Western Europe offer significant opportunities in leased-line replacement and high-capacity backhaul as operators upgrade networks to the latest technology. We have also participated in the build out of a number of WiMAX networks across Europe. Developing regions such as Africa, where we are a leader, offer ongoing opportunities in new greenfield networks designed to build or expand national communications infrastructure.

As a fast-growing market for wireless backhaul, Asia is another high-growth opportunity. We have raised our profile, sharpened our focus and expanded our opportunities in the Asia-Pacific region by opening our new international headquarters in Singapore. In Latin America, we opened a new regional headquarters in Mexico City to better serve our customers and improve business efficiency.

Network operations. We serve this growing segment with our NetBoss® solutions, providing service assurance, network management, operational support and monitoring services for any type of communications or information network. Network Operations is a proven differentiator, adding value to our offerings, especially for large network opportunities.

Our Business Strengths

High-growth market focus. Our strength begins with our focus on the fastest-growing, highest-value markets around the world. We target high-capacity backhaul, nodal networking applications and IP transport as new growth areas, in addition to the markets we have traditionally served well, such as cellular backhaul, network interconnection and public safety.

Broad product portfolio. The breadth and freshness of our product portfolio drives our ability to address new high-growth markets. With all of our major product lines less than three years old—and constantly refreshed with new features—our portfolio is uniquely suited to network operators offering advanced, high-bandwidth services such as *triple play* voice/data/video service. Our three major brands are TRuepoint®, Eclipse™ and NetBoss®, all field-tested and well accepted in the market, offering wireless backhaul, last-mile access, long-haul trunking, carrier-grade Ethernet transmission and end-to-end network management.

Constant innovation. We are committed to ongoing innovation across our product lines. Fiscal 2008 will see the introduction of our newest product in the wireless long-haul transport market—TRuepoint 6000. This product will deliver the most innovative and fully featured technology available for high-capacity wireless trunking applications, while delivering the reliability and scalability customers expect.

Comprehensive services suite. While our innovation sets us apart, our engineering expertise and professional services suite creates an unbeatable combination for every phase of network implementation and long-term support. With five decades of wireless transmission experience, we are a highly trusted vendor when it comes to performance and reliability.

Complete turnkey solutions. We derive great pride in our status as the vendor of choice for complete turnkey solutions for some of the largest network operators in the world—many of them repeat customers.

Our Growth Strategy

More than 60 percent of our business comes from outside North America, and we project the majority of our future growth to come from targeted high-growth international markets. We believe our Singapore international headquarters will enable us to better serve our international customers, improve our logistics and supply chain functions, and extend our research and development capability. We also believe this strategic growth initiative will improve our financial performance and customer service in the growing Asia Pacific market.

We are taking an aggressive, strategic approach to expanding into new markets and leveraging our large geographic footprint and strong relationships with customers who are themselves expanding. Our objective is to generate new business with current customers—leveraging expanded product and services offerings—and to uncover new opportunities in growing markets.

Harris Stratex Networks is committed to innovation through continued engineering research and development to extend our technology leadership. A focus on new product introductions and existing product freshness is exemplified by the launch of many enhancements to Eclipse and TRuepoint. We plan to further strengthen our product road map with R&D programs to provide new comprehensive solutions for our constantly developing market.

Our Outlook

Our current assessment of the macro environment for microwave transmission in our key markets is for demand to remain relatively strong. While we continue to operate in a highly competitive environment, we are well-positioned for fiscal 2008 and beyond as the wireless transmission company providing the best combination of technology innovation, product breadth and turnkey services. We look forward to maximizing the potential of our new company for our customers, our partners and, ultimately, our stockholders.

I have confidence in the expertise, dedication and innovative talent of our employees around the world, who contribute to our success. I would like to thank them for their hard work and commitment as we realize the full potential of Harris Stratex Networks.

Guy Campbell
President and Chief Executive Officer

Safe Harbor Statement

This Letter to Stockholders contains statements that qualify as "forward-looking statements" under the Private Securities Litigation Reform Act of 1995, including, but not limited to our plans, strategies and objectives for future operations; new products, services or developments; future economic conditions; outlook; projected cost efficiencies and supply chain savings; our growth potential; and the potential known and unknown risks, uncertainties and other factors that the industry and markets we serve are subject to may cause our actual results to be materially different from those expressed or implied by each forward-looking statement. These risks, uncertainties and other factors are discussed in our 2007 Form 10-K.

FY'07 Year End 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 before income taxes; income taxes; net income, and net income per diluted share adjusted to exclude certain costs, expenses, gains and losses. 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 that these non-GAAP measures enhance the ability of an investor to analyze trends in Harris Stratex' business and to 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:

FY'07 Year End Summary

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Condensed Consolidated Statement of Operations (Unaudited)

	Year Ended June 29, 2007			Year Ended June 30, 2006		
	As Reported	Non-GAAP Adjustments	Non-GAAP	MCD and Stratex Combined as Reported	Non-GAAP Adjustments	Non-GAAP
Revenue from product sales and services (A)	$ 507.9	$ 145.8	$ 653.7	$ 599.9	$ -	$ 599.9
Cost of product sales and services (B)	(352.2)	(91.2)	(443.4)	(444.0)	35.4	(408.6)
Amortization of purchased technology (C)	(3.0)	3.0				
Gross margin	152.7	57.6	210.3	155.9	35.4	191.3
Research and development expenses (D)	(39.4)	2.0	(37.4)	(43.3)	0.7	(42.6)
Selling and administrative expenses (E)	(98.9)	(22.0)	(120.9)	(117.2)	5.9	(111.3)
Acquired in-process research and development (F)	(15.3)	15.3	-	-	-	-
Amortization of intangible assets (G)	(7.5)	7.5	-	-	-	-
Restructuring charges (H)	(9.3)	8.6	(0.7)	(3.8)	3.8	-
Corporate allocations expense(I)	(3.7)	3.4	(0.3)	(12.4)	12.4	
Operating (loss) income	(21.4)	72.4	51.0	(20.8)	58.2	37.4
Interest income	1.8	1.8	3.6	2.0	-	2.0
Interest expense	(2.3)	(1.4)	(3.7)	(3.1)	-	(3.1)
Other expense, net		(0.9)	(0.9)	(1.9)		(1.9)
(Loss) income before income taxes	(21.9)	71.9	50.0	(23.8)	58.2	34.4
Income taxes (J)	4.0	(18.2)	(14.2)	(8.3)	(2.0)	(10.3)
Net (loss) income	$ (17.9)	$ 53.7	$ 35.8	(32.1)	$ 56.2	$ 24.1
Net (loss) income per common share:						
Basic and diluted	$ (0.72)		$ 0.62	*		*
Basic and diluted weighted average shares outstanding:						
Basic and diluted (K)	24.7		57.9	*		*

** Prior to January 26, 2007, the Company was not a public reporting entity and there were no shares outstanding for purposes of earnings (loss) per share calculations.*

Note A – *Revenue*. Adjustment to revenue for the fiscal year ended June 29, 2007 of $145.8 million to add Stratex Networks, Inc. revenue for the pre-combination period.

Note B – *Cost of sales and services*. Adjustments to cost of product sales and services for the fiscal year ended June 29, 2007 to add $100.3 million to add Stratex Networks cost of product sales and services for the pre-combination period, and to remove combination-related charges including amortization of the step-up in inventory and fixed assets ($8.3 million for fiscal year 2007) and write-off of deferred costs ($0.1 million for the fiscal year ended June 29, 2007). Adjustments to cost of product sales and services to remove SFAS 123R expense ($0.7 million for fiscal year ended June 29, 2007). Adjustments to the Microwave Communications Division of Harris Corporation's cost of product sales and services for the year ended June 30, 2006 to remove $34.9 million for inventory write-downs related to product discontinuances. Adjustment to Stratex Networks, Inc. cost of product sales and services to remove $0.5 million for fiscal year 2006 of APB No. 25 stock-based compensation expense prior to the adoption of SFAS 123R.

Note C – *Amortization of purchased technology*. Adjustment for the fiscal year ended June 29, 2007 to remove amortization of purchased intangibles incurred in connection with the combination.

Note D – *Research and development expenses*. Adjustment for the fiscal year ended June 29, 2007 to remove SFAS 123R expenses of $2.0 million. Upon the adoption of SFAS 123R by Stratex Networks in the June 2006 quarter, adjustment for the fiscal year ended June 30, 2006 to remove SFAS 123R expenses of $0.7 million.

Note E – *Selling and administrative expenses*. Adjustment to selling and administrative expenses for the year ended June 29, 2007 of $41.5 million to add Stratex Networks selling and administrative expenses for the pre-combination period. Adjustments for the year ended June 29, 2007 to remove combination-related charges including amortization of the step-up fixed assets ($0.8 million for the year ended June 29, 2007), integration and severance costs ($11.8 million for the year ended June 29, 2007), and SFAS 123R expense ($6.9 million for the year ended June 29, 2007).

Adjustments to the Microwave Communications Division of Harris Corporation's selling and administrative expenses to remove SFAS 123R expense ($1.9 million for the year ended June 30, 2006), and to remove severance costs associated with product discontinuance in the Microwave Communications Division ($0.9 million for the fiscal year ended June 30, 2006). Adjustment to Stratex Networks, Inc. selling and administrative expenses for the year ended June 30, 2006 to remove $1.1 million of APB No. 25 stock compensations expense prior to the adoption of SFAS 123R.

Note F – *Acquired in-process research and development*. Adjustment for the fiscal ended June 29, 2007 to remove write off of in-process research and development incurred in connection with the combination.

Note G – *Amortization of intangible assets*. Adjustment for the fiscal year ended June 29, 2007 to remove amortization of purchased intangibles incurred in connection with the combination.

Note H – *Charges for restructuring*. Adjustment to remove charges for restructuring incurred during the fiscal years ended June 29, 2007 and June 30, 2006.

Note I – *Corporate allocation expense*s. Adjustment for the fiscal year ended June 29, 2007 and for the fiscal year ended June 30, 2006 to remove Corporate allocation expenses from Harris Corporation through December 31, 2006, which did not continue after the merger.

Note J – *Income taxes*. Adjustment to reflect a pro forma 26 percent tax rate for the second half of fiscal 2007 which for the fiscal year 2007 makes for an effective tax rate of 28.5 percent and 30 percent tax rate for the fiscal year ended June 30, 2006.

Note K – *Basic and diluted weighted shares outstanding.* The non-GAAP basic and diluted weighted average shares outstanding are computed as if the shares issued in the combination were outstanding for the entire fiscal year ended June, 2007.