

UNITED STATES DISTRICT COURT  
DISTRICT OF DELAWARE

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NORFOLK COUNTY RETIREMENT SYSTEM,  
Individually and on Behalf of all Others Similarly  
Situated,

Plaintiff,

vs.

HARRIS STRATEX NETWORKS, INC., GUY  
M. CAMPBELL, HARALD J. BRAUN, SARAH  
A. DUDASH, HOWARD L. LANCE, and SCOTT  
T. MIKUEN,

Defendants.

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) Civil Action No. 08 - 578  
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) **CLASS ACTION COMPLAINT**  
) **FOR VIOLATIONS**  
) **OF FEDERAL SECURITIES**  
) **LAWS**

) **JURY TRIAL DEMANDED**  
)  
)

**COMPLAINT**

Plaintiff has alleged the following based upon the investigation of Plaintiff's counsel, which included a review of United States Securities and Exchange Commission ("SEC") filings by Harris Stratex Networks, Inc. ("Harris Stratex" or the "Company"), as well as regulatory filings and reports, securities analysts' reports and advisories about the Company, press releases and other public statements issued by the Company, and media reports about the Company, and Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

**NATURE OF THE ACTION AND SUMMARY OF ALLEGATIONS**

1. This is a federal securities class action on behalf of all purchasers of the securities of Harris Stratex (the "Class") between January 29, 2007 and July 30, 2008, inclusive (the "Class Period"), including shareholders of Stratex Networks, Inc. who exchanged shares of Stratex Networks, Inc. for shares of Harris Stratex Networks, Inc. pursuant to the registration

statement/prospectus that became effective on January 8, 2007.<sup>1</sup> This action seeks to pursue remedies under the Securities Act of 1933 (the “Securities Act”) and the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Harris Stratex designs, manufactures, and sells a range of wireless networking products, solutions, and services to mobile and fixed telephone service providers, private network operators, government agencies, transportation and utility companies, public safety agencies, and broadcast system operators. The Company is incorporated in Delaware and maintains its headquarters in North Carolina. Its securities are traded on the NASDAQ Stock Market under the ticker symbol “HSTX”.

3. On September 5, 2007, Harris Corporation (“Harris Corp.”) and Stratex Networks, Inc. (“Stratex Networks”) signed a definitive agreement under which Harris Corp.’s Microwave Communications Division (“MCD”) and Stratex Networks would combine to form a company called Harris Stratex Networks, Inc. (the “Merger”). Under the terms of the Merger, Harris Corp. was to contribute its Microwave Communications Division and \$25 million of cash in exchange for 56% ownership of the combined company. Stratex Networks shareholders were to exchange their existing stock for 44% ownership of Harris Stratex.

4. On January 8, 2007, a Registration Statement containing the proxy/prospectus was declared effective by the SEC. The Registration Statement was mailed out to Stratex Networks shareholders prior to the merger vote on January 25, 2007.

5. Based on the financial information detailed in the Registration Statement, Stratex Networks shareholders approved the merger on January 26, 2007. The new Harris Stratex shares commenced trading on the NASDAQ Stock Market on January 29, 2007.

6. On July 30, 2008, after the market closed, the Company revealed that its reported financial statements for the fiscal years 2005 through 2007 and the first three quarters of fiscal

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<sup>1</sup> Harris Stratex stock began to trade publicly on January 29, 2007.

2008, were inaccurate because they materially inflated the Company's income.<sup>2</sup> Specifically, the Company understated cost of sales and overstated accounts receivable. The total cumulative effect of these errors was to decrease previously reported pre-tax income by an amount currently estimated by management to range from \$18 million to \$25 million. On the conference call following the disclosure, Chief Financial Officer Sarah Dudash said the restatement for periods after the merger are for the combined Company's earnings, and the periods prior to the combined Company will solely affect the Microwave Communications Division's financials. As a result of identifying the accounting errors, Harris Stratex stated that there are one or more material weaknesses in its system of internal controls.

7. This disclosure caused the Company's stock to plummet from \$11.24 to \$7.90, a one-day drop of nearly 35%.

#### **JURISDICTION AND VENUE**

8. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78t(a)] and Rule 10b-5 promulgated thereunder by the Securities and Exchange Commission ("SEC") [17 C.F.R. § 240.10b-5], and Sections 11 and 15 of the Securities Act [15 U.S.C. §§ 77k and 77(o)].

9. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1337 and Section 27 of the Exchange Act [15 U.S.C. § 78aa], and 28 U.S.C. § 1331 and Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)].

10. Venue is proper in this District pursuant to Section 27 of the Exchange Act and Section 22(a) of the Securities Act, and 28 U.S.C. § 1391(b), as Harris Stratex is incorporated in this District.

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<sup>2</sup> The following financial statements will be restated: first three quarters of fiscal 2008; fiscal years ended June 29, 2007, June 30, 2006, and July 1, 2005.

11. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

### PARTIES

12. Plaintiff Norfolk County Retirement System (“Plaintiff”), as set forth in the accompanying certification, incorporated by reference herein, purchased the common stock of Harris Stratex at artificially inflated prices during the Class Period.

13. Defendant Harris Stratex is a Delaware corporation, headquartered in Morrisville, North Carolina.

14. Defendant Guy M. Campbell (“Campbell”) was, from the completion of the Merger until April 8, 2008, the President and Chief Executive Officer (“CEO”) of Harris Stratex. Campbell was President of Harris Corp.’s MCD from 2003 until the Merger. Campbell signed the Registration Statement and is currently a director of Harris Stratex.

15. Defendant Harald J. Braun (“Braun”) was, beginning on April 8, 2008, the President and CEO of Harris Stratex.

16. Defendant Sarah A. “Sally” Dudash (“Dudash”) was, during the Class Period, Vice-President and Chief Financial Officer (“CFO”) of Harris Stratex. Dudash signed the Registration Statement.

17. Defendant Howard L. Lance (“Lance”) was, during the Class Period, a director of Harris Stratex. Lance is currently President, CEO, and Chairman of the Board of Harris Corp. He became President and CEO of Harris Corp. in January 2003, and was appointed Chairman of the Board in June 2003. Lance signed the Registration Statement.

18. Defendant Scott T. Mikuen (“Mikuen”) was Secretary of Harris Stratex at the time the Registration Statement was issued. Mikuen signed the Registration Statement.

19. Defendants Campbell, Braun, Dudash, Campbell, Lance, and Mikuen are collectively referred to as the “Individual Defendants” and, along with Harris Stratex, as the “Defendants”.

20. Because of the Individual Defendants’ positions with the Company, they had access to the adverse undisclosed information about the Company’s business, operations, operational trends, financial statements and markets via access to internal corporate documents (including the Company’s operating plans, budgets and forecasts and reports of actual operations compared thereto), conversations and connections with other corporate officers and employees, attendance at management and Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith.

21. It is appropriate to treat the Individual Defendants as a group for pleading purposes and to presume that the false, misleading and incomplete information conveyed in the Company’s public filings, press releases and other publications as alleged herein are the collective actions of the narrowly defined group of defendants identified above. Each of the above officers and/or directors of Harris Stratex, by virtue of their high-level positions with the Company, directly participated in the management of the Company, was directly involved in the day-to-day operations of the Company at the highest levels and was privy to confidential proprietary information concerning the Company and its business, operations, growth, financial statements, and financial condition, as alleged herein. Said Defendants were involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein, were aware, or recklessly disregarded, that the false and misleading statements were being issued regarding the Company, and approved or ratified these statements, in violation of the federal securities laws.

22. As officers and controlling persons of a publicly-held company whose common stock was, and is, registered with the SEC pursuant to the Exchange Act, and was, and is, traded on the NASDAQ Stock Market, and governed by the provisions of the federal securities laws, the Individual Defendants each had a duty to disseminate prompt, accurate and truthful

information with respect to the Company's financial condition and performance, growth, operations, financial statements, business, markets, management and earnings, and to correct any previously issued statements that had become materially misleading or untrue, so that the market price of the Company's publicly-traded common stock would be based upon truthful and accurate information. The Individual Defendants' misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

23. The Individual Defendants participated in the drafting, preparation, and/or approval of the various public and shareholder and investor reports and other communications complained of herein and were aware of, recklessly, and/or negligently disregarded, the misstatements contained therein and omissions therefrom, and were aware of their materially false and misleading nature. Because of their Board membership and/or executive and managerial positions with Harris Stratex, each of the Individual Defendants had access to the adverse undisclosed information about Harris Stratex's financial condition and performance as particularized herein and knew (or recklessly or negligently disregarded) that these adverse facts rendered the positive representations made by or about Harris Stratex and its business issued or adopted by the Company materially false and misleading.

24. The Individual Defendants, because of their positions of control and authority as officers and/or directors of the Company, were able to and did control the content of the various SEC filings, press releases and other public statements pertaining to the Company during the Class Period. Each Individual Defendant was provided with copies of the documents alleged herein to be misleading prior to or shortly after their issuance and/or had the ability and/or opportunity to prevent their issuance or cause them to be corrected. Accordingly, each of the Individual Defendants is responsible for the accuracy of the public reports and releases detailed herein and is therefore primarily liable for the representations contained therein.

25. Each of the Defendants is liable as a participant in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of Harris Stratex securities by disseminating materially false and misleading statements and/or concealing material adverse

facts. The scheme: (i) deceived the investing public regarding Harris Stratex's financial condition; and (ii) caused Plaintiff and other members of the Class to purchase Harris Stratex securities at artificially inflated prices.

### **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

26. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all purchasers of the securities of Harris Stratex between January 29, 2007 and July 30, 2008, inclusive, including shareholders of Stratex Networks, Inc. who exchanged shares of Stratex Networks, Inc. for shares of Harris Stratex Networks, Inc. pursuant to the registration statement/prospectus that became effective on January 8, 2007, and who were damaged when the truth about Harris Stratex's financial statements was disclosed. Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

27. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Harris Stratex had more than 58 million shares of common stock outstanding that traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Harris Stratex or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

28. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

29. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

30. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Harris Stratex; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

31. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

### **SUBSTANTIVE ALLEGATIONS**

#### **Harris Stratex's Registration Statement/Prospectus Was Materially False and Misleading**

32. The Class Period begins on January 29, 2007, when the Registration Statement/Prospectus of Harris Stratex became effective.

33. The Registration Statement/Prospectus, declared effective by the SEC on January 8, 2007, contained the combined statement of operations of Harris Corp.'s Microwave Communications Division for the fiscal years ended June 30, 2006 and July 1, 2005. The net loss for MCD was \$35,848,000 for Fiscal Year 2006 and \$3,778,000 for Fiscal Year 2005.

34. The Registration Statement/Prospectus was materially false and misleading because it contained accounting errors in project work in process accounts, caused by project cost variances that were recorded on the balance sheet and not recorded to cost of sales in a timely manner or in the period to which they related, in contravention of Statement of Financial Accounting Concepts No. 6, Elements of Financial Statements, as well as errors in balancing intercompany accounts which resulted in an overstatement of accounts receivable in prior years. The Prospectus was materially false and misleading for the additional reason that accounts receivables were overstated due to improper accounting for intercompany accounts. Defendants Campbell, Dudash, Lance, and Mikuen signed the Registration Statement/Prospectus.

**Harris Stratex's Fiscal Year 2007 False and Misleading Statements**

35. On February 16, 2007, Harris Stratex filed its quarterly report with the SEC on Form 10-Q for the second quarter 2007, the quarterly period ended December 31, 2006,<sup>3</sup> which was signed by Defendant Dudash and reaffirmed the Company's previously announced financial results. Harris Stratex reported a net loss of \$5.8 million. Additionally, pursuant to Sarbanes-Oxley, the Form 10-Q included certifications signed by Defendants Campbell and Dudash stating that the Form 10-Q did not include any material misrepresentations.

36. On May 1, 2007, Harris Stratex issued a press release entitled "Harris Stratex Networks Reports Q3 Fiscal 2007 Financial Results." Therein the Company, in relevant part, stated:

Research Triangle Park, NC, — May 1, 2007 - Harris Stratex Networks, Inc. (NASDAQ: HSTX), the leading independent supplier of turnkey wireless network solutions, today reported financial results for the third quarter of fiscal 2007, which ended March 30, 2007.

On January 26, 2007, the Harris Microwave Communications Division ("MCD") was combined with Stratex Networks ("Stratex") to create a new company — Harris Stratex Networks,

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<sup>3</sup> Harris Stratex's fiscal year ends on June 30.

Inc. The company's third quarter results exclude the January 2007 results of Stratex, which preceded the date of the merger.

Revenue for the third quarter of fiscal 2007 was \$139.0 million, compared with \$73.6 million for MCD in the third quarter of fiscal 2006. Net loss in the third quarter of fiscal 2007, as reported in accordance with U.S. generally accepted accounting principles (GAAP), was \$23.2 million, or \$0.58 per share, which includes \$28.9 million in pre-tax charges associated with the combination.

37. On May 8, 2007, Harris Stratex filed its quarterly report with the SEC on Form 10-Q for the third quarter 2007, the quarterly period ended March 31, 2007, which was signed by Defendant Dudash and reaffirmed the Company's previously announced financial results. Additionally, pursuant to Sarbanes-Oxley, the Form 10-Q included certifications signed by Defendants Campbell and Dudash stating that the Form 10-Q did not include any material misrepresentations.

38. On August 7, 2007, Harris Stratex issued a press release entitled "Harris Stratex Networks Reports Q4 and Year-End Fiscal 2007 Financial Results; Fourth quarter revenue increased to \$174 million driven by strength in North America and International markets." Therein the Company, in relevant part, stated:

Research Triangle Park, NC, – August 7, 2007 – Harris Stratex Networks, Inc. (NASDAQ: HSTX), the leading independent supplier of turnkey wireless network solutions, today reported financial results for the fourth quarter and full year of fiscal 2007, which ended June 29, 2007.

On January 26, 2007, the Harris Microwave Communications Division was combined with Stratex Networks, Inc. to create a new company – Harris Stratex Networks, Inc.

Revenue for the fourth quarter of fiscal 2007 was \$174.1 million. GAAP net loss was \$5.3 million or \$0.09 per share, which includes \$23.9 million in pre-tax charges associated with the merger transaction, integration and stock compensation expense.

39. On August 27, 2007, Harris Stratex filed its quarterly report with the SEC on Form 10-Q for the fourth quarter and fiscal year 2007, the quarterly period ended June 30, 2007,

which was signed by Defendant Dudash and reaffirmed the Company's previously announced financial results. Additionally, pursuant to Sarbanes-Oxley, the Form 10-Q included certifications signed by Defendants Campbell and Dudash stating that the Form 10-Q did not include any material misrepresentations.

40. The representations contained in Harris Stratex's press releases, SEC filings, conference calls, and presentations during fiscal year 2007 were materially false and misleading because they contained accounting errors in project work in process accounts, caused by project cost variances that were recorded on the balance sheet and not recorded to cost of sales in a timely manner or in the period to which they related, in contravention of Statement of Financial Accounting Concepts No. 6, Elements of Financial Statements, as well as errors in balancing intercompany accounts which resulted in an overstatement of accounts receivable in prior years.

**Harris Stratex's Fiscal Year 2008 False and Misleading Statements**

41. On November 1, 2007, Harris Stratex issued a press release entitled "Harris Stratex Networks Reports Q1 Fiscal 2008 Financial Results; Orders increase for third consecutive quarter." Therein the Company, in relevant part, stated:

Research Triangle Park, NC – November 1, 2007 – Harris Stratex Networks, Inc. (NASDAQ: HSTX), the leading independent supplier of turnkey wireless transmission solutions, today reported financial results for the first quarter of fiscal 2008, which ended September 28, 2007.

Revenue for the first quarter of fiscal 2008 was \$172.3 million. GAAP net loss was \$800,000 or \$0.01 per share, which includes \$14.3 million in pre-tax charges associated with the merger transaction, integration, and stock compensation expense.

42. On November 6, 2007, Harris Stratex filed its quarterly report with the SEC on Form 10-Q for the first quarter 2008, the quarterly period ended September 30, 2007, which was signed by Defendant Dudash and reaffirmed the Company's previously announced financial results. Additionally, pursuant to Sarbanes-Oxley, the Form 10-Q included certifications signed

by Defendants Campbell and Dudash stating that the Form 10-Q did not include any material misrepresentations.

43. On January 30, 2008, Harris Stratex issued a press release entitled “Harris Stratex Networks Reports Q2 Fiscal 2008 Financial Results.” Therein the Company, in relevant part, stated:

Research Triangle Park, NC – January 30, 2008 – Harris Stratex Networks, Inc. (NASDAQ: HSTX), the leading independent supplier of turnkey wireless transmission solutions, today reported financial results for the second quarter of fiscal 2008, which ended December 28, 2007.

Revenue for the second quarter of fiscal 2008 was \$181.1 million. GAAP net loss was \$1.0 million or \$0.02 per share, which includes \$17.6 million in pre-tax charges associated with the merger transaction, integration, asset impairment and stock compensation expense.

44. On February 5, 2008, Harris Stratex filed its quarterly report with the SEC on Form 10-Q for the second quarter 2008, the quarterly period ended December 31, 2007, which was signed by Defendant Dudash and reaffirmed the Company’s previously announced financial results. Additionally, pursuant to Sarbanes-Oxley, the Form 10-Q included certifications signed by Defendants Campbell and Dudash stating that the Form 10-Q did not include any material misrepresentations.

45. On April 29, 2008, Harris Stratex issued a press release entitled “Harris Stratex Networks Reports Q3 Fiscal 2008 Financial Results.” Therein the Company, in relevant part, stated:

Research Triangle Park, NC — April 29, 2008 - Harris Stratex Networks, Inc. (NASDAQ: HSTX), the leading independent supplier of turnkey wireless transmission solutions, today reported financial results for the third quarter of fiscal 2008, which ended March 28, 2008.

Revenue for the third quarter of fiscal 2008 was \$178.2 million. GAAP net income was \$7.3 million or \$0.09 per diluted share, which includes \$7.3 million in pre-tax charges associated with the merger transaction, integration and stock compensation expense.

46. On May 6, 2008, Harris Stratex filed its quarterly report with the SEC on Form 10-Q for the third quarter 2008, the quarterly period ended March 31, 2008, which was signed by Defendant Dudash and reaffirmed the Company's previously announced financial results. Additionally, pursuant to Sarbanes-Oxley, the Form 10-Q included certifications signed by Defendants Braun and Dudash stating that the Form 10-Q did not include any material misrepresentations.

47. The representations contained in Harris Stratex's press releases, SEC filings, conference calls, and presentations during fiscal year 2008 were materially false and misleading because they contained accounting errors in project work in process accounts, caused by project cost variances that were recorded on the balance sheet and not recorded to cost of sales in a timely manner or in the period to which they related, in contravention of Statement of Financial Accounting Concepts No. 6, Elements of Financial Statements, as well as errors in balancing intercompany accounts which resulted in an overstatement of accounts receivable in prior years.

#### **THE TRUTH IS DISCLOSED**

48. On July 30, 2008, after the market closed, Harris Stratex revealed that its previously reported financial results were inaccurate and that it would restate earnings over four fiscal years – from 2005 through 2008. The Company's Form 8-K, filed with the SEC, stated:

During the course of the fiscal 2008 year-end close, accounting errors were identified by the company, which caused previously reported financial statements, including fiscal years 2005 through 2007 and the first three quarters in fiscal 2008 to be incorrect. On July 27, 2008, the Company's management concluded and informed the board of directors that the Company's interim consolidated financial statements for the first three fiscal quarters of fiscal 2008 (the quarters ended March 28, 2008, December 28, 2007 and September 28, 2007) and the fiscal years ended June 29, 2007, June 30, 2006, and July 1, 2005 should no longer be relied upon because of errors in such financial statements. On July 28, 2008, the Audit Committee of the board of directors concluded, based on management's recommendation, that as a result of these

errors, the Company shall restate the financial statements for these periods.

The majority of these non-cash adjustments related to project work in process accounts within a cost accounting system at one location and were caused by project cost variances that were recorded on the balance sheet and not recorded to cost of sales in a timely manner or in the period to which they related. In addition, the Company identified errors in balancing intercompany accounts which resulted in an overstatement of accounts receivable in prior years. The total cumulative effect of these errors is to decrease previously reported pre-tax income by an amount currently estimated by management to range from \$18 million to \$25 million. The Company is currently working to determine the financial impact on each of the periods mentioned above. The Company's independent registered public accounting firm has not reviewed or audited these estimates or ranges.

The Company currently is working to complete the restatement analysis and, in order to correct the errors described above, intends to file such amendments to its previously filed SEC reports as may be required as soon as practicable.

As a result of identifying the accounting errors described above, the Company believes there are one or more material weaknesses in its system of internal control over financial reporting that led to the need to restate its financial statements. To date, management has not completed its review and assessment of internal control, which upon completion will be disclosed in the Company's Annual Report on Form 10-K for fiscal year 2008. New processes are being adopted and operational controls are being strengthened to address these issues going forward. Moreover, the Company's independent registered public accounting firm has not reviewed management's determination regarding such material weakness or provided an attestation report or other opinion on the Company's system of internal control over financial reporting.

49. During the July 30 conference call following the filing of the Form 8-K, Defendant Dudash further explained the restatement:

**Greg Weaver, Invicta Capital Management - Analyst**

Okay. And in terms of the buildup of \$18 million to \$25 million, is it--I mean, to get that big this had to take a while, right? So is it fair to assume that it happened reasonably linearly over the last almost four years?

**Sally Dudash, Harris Stratex Networks - VP, CFO**

Well, we are in the process of quantifying the impact by period and by year. I can say that this is a combination of process breakdowns and tool breakdowns happening at the same time within a very complex environment. And we had--we were--we had issues with identifying the costs as they closed out on projects, getting the projects closed in time, and having the financial controls to detect that these breakdowns were occurring in a timely fashion. So that is what happened. We have got it identified. We have quantified it. We are going to correct it and move on.

50. In reaction to the news, Harris Stratex stock fell approximately 35 percent on extremely heavy volume, from \$11.24 per share to \$7.90 per share, wiping out \$227 million in market capitalization.

### **ADDITIONAL SCIENTER ALLEGATIONS**

51. As alleged herein, Defendants acted with scienter in that Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, Defendants, by virtue of their receipt of information reflecting the true facts regarding Harris Stratex, their control over, and/or receipt and/or modification of Harris Stratex's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Harris Stratex, participated in the fraudulent scheme alleged herein.

52. Because of their position with the Company, Defendants at all times had the opportunity to, and did, commit the wrongdoing alleged herein.

### **APPLICABILITY OF PRESUMPTION OF RELIANCE: FRAUD ON THE MARKET DOCTRINE**

53. At all relevant times, the market for Harris Stratex's common stock was an efficient market for the following reasons, among others:

(a) Harris Stratex's stock met the requirements for listing, and was listed and actively traded on the NASDAQ, a highly efficient and automated market;

(b) As a regulated issuer, Harris Stratex filed periodic public reports with the SEC and the NASDAQ;

(c) Harris Stratex regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

(d) Harris Stratex was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

54. As a result of the foregoing, the market for Harris Stratex's common stock promptly digested current information regarding Harris Stratex from all publicly available sources and reflected such information in Harris Stratex's stock price. Under these circumstances, all purchasers of Harris Stratex's common stock during the Class Period suffered similar injury through their purchase of Harris Stratex's common stock at artificially inflated prices and a presumption of reliance applies.

#### **NO SAFE HARBOR**

55. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the

extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Harris Stratex who knew that those statements were false when made.

### **LOSS CAUSATION/ECONOMIC LOSS**

56. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the damages suffered by Plaintiff and the Class.

57. During the Class Period, Plaintiff and the Class purchased securities of Harris Stratex at artificially inflated prices. The price of Harris Stratex common stock declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses, as alleged above.

### **COUNT I**

#### **Violation Of Section 10(b) Of The Exchange Act Against And Rule 10b-5 Promulgated Thereunder Against All Defendants**

58. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

59. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public regarding Harris Stratex's business, operations, management and the intrinsic value of Harris Stratex common stock; and (ii) cause Plaintiff and other members of the Class to purchase Harris Stratex's common stock at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

60. Defendants (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's common stock in an effort to maintain artificially high market prices for Harris Stratex's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

61. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the business and operations of Harris Stratex as specified herein.

62. The Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information, and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Harris Stratex's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about Harris Stratex and its business operations in the light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of Harris Stratex common stock during the Class Period.

63. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these Defendants, by virtue of his responsibilities and activities as a senior officer and/or director of the Company was privy to and

participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these Defendants enjoyed significant personal contact and familiarity with the other Defendants and was advised of and had access to other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

64. The Defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such Defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Harris Stratex's operating condition from the investing public and supporting the artificially inflated price of its common stock. As demonstrated by Defendants' overstatements and misstatements of the Company's business, operations and earnings throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

65. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of Harris Stratex's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of Harris Stratex's publicly-traded securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the common stock trades, and/or on the absence of material adverse information that was known to or recklessly disregarded by Defendants but not disclosed in public statements by defendants during the Class Period, Plaintiff and the other members of the Class acquired Harris Stratex securities during the Class Period at artificially high prices and

were damaged when the value of their securities declined upon disclosure of the truth about Defendants false and misleading statements.

66. At the time of said misrepresentations and omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding Harris Stratex's financial results, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Harris Stratex securities, or, if they had acquired such common stock during the Class Period, they would not have done so at the artificially inflated prices which they paid.

67. By virtue of the foregoing, Defendants have violated Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder.

68. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

**COUNT II**  
**Violation Of Section 20(a) Of**  
**The Exchange Act Against Defendants Campbell, Braun and Dudash**

69. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

70. The Individual Defendants acted as controlling persons of Harris Stratex within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. The Individual Defendants were

provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

71. In particular, each of these Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

72. As set forth above, Harris Stratex and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

### **COUNT III**

#### **Violations Of Section 11 Of The Securities Act Against the Company and Defendants Campbell, Dudash, Lance, and Mikuen**

73. Plaintiff repeats and realleges each and every allegation above as if set forth fully herein, excluding all allegations above that contain facts necessary to prove any elements not required to state a Section 11 claim, including without limitation, scienter. This Count is brought pursuant to Section 11 of the Securities Act, 15 U.S.C. § 77k. This claim is not based on and does not sound in fraud.

74. Plaintiff repeats and realleges each and every allegation above as if set forth fully herein, excluding all allegations above that contain facts necessary to prove any elements not required to state a Section 11 claim, including without limitation, scienter. This Count is brought

pursuant to Section 11 of the Securities Act, 15 U.S.C. § 77k. This claim is not based on and does not sound in fraud.

75. This claim is brought by Plaintiff on his own behalf and on behalf of other members of the Class who acquired Harris Stratex stock pursuant to the Prospectus and Registration Statement. Each Class member acquired their shares pursuant to and/or traceable to, and in reliance on, the Prospectus and Registration Statement. Harris Stratex is the issuer of the securities through the Registration Statement and Prospectus. The Individual Defendants are signatories of the Registration Statement and Prospectus.

76. Defendants owed to the purchasers of the stock obtained through the Registration Statement and Prospectus the duty to make a reasonable and diligent investigation of the statements contained in the Registration Statement and Prospectus at the time they became effective to ensure that such statements were true and correct and that there was no omission of material facts required to be stated in order to make the statements contained therein not misleading.

77. None of the Defendants made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement and Prospectus were true or that there was no omission of material facts necessary to make the statements made therein not misleading.

78. Defendants issued and disseminated, caused to be issued and disseminated, and participated in the issuance and dissemination of, material misstatements to the investing public which were contained in the Registration Statement and Prospectus, which misrepresented or failed to disclose, *inter alia*, the facts set forth above. By reason of the conduct herein alleged, each defendant violated and/or controlled a person who violated Section 11 of the Securities Act.

79. Harris Stratex is the issuer of the stock sold via the Registration Statement and Prospectus. As issuer of the stock, the Company is strictly liable to Plaintiff and the Class for the material misstatements and omissions therein.

80. At the times they obtained their shares of Harris Stratex, Plaintiff and members of the Class did so without knowledge of the facts concerning the misstatements or omissions alleged herein.

81. This action is brought within one year after discovery of the untrue statements and omissions in and from the Registration Statement and Prospectus should have been made through the exercise of reasonable diligence, and within three years of the effective date of the Registration Statement and Prospectus.

82. By virtue of the foregoing, Plaintiff and the other members of the class are entitled to damages under Section 11 as measured by the provisions of Section 11(e), from the defendants and each of them, jointly and severally.

#### **COUNT IV**

##### **Violations of Section 15 of The Securities Act Against Defendants Campbell, Dudash, Lance, and Mikuen**

83. Plaintiff repeats and realleges each and every allegation contained above, excluding all allegations above that contain facts necessary to prove any elements not required to state a Section 15 claim, including without limitation, scienter. This Count is brought pursuant to Section 15 of the Securities Act, 15 U.S.C. § 77o. This claim is not based on and does not sound in fraud.

84. This claim is asserted against Defendants Campbell, Dudash, Lance, and Mikuen, each of whom was a control person of Harris Stratex pursuant to the Registration Statement and Prospectus during the relevant period.

85. For all the reasons set forth above in Count Three, above, Harris Stratex is liable to Plaintiff and the members of the Class who purchased Harris Stratex common stock based on

the untrue statements and omissions of material fact contained in the Registration Statement and Prospectus, pursuant to Section 11 of the Securities Act, and were damaged thereby.

86. Defendants Campbell, Dudash, Lance, and Mikuen were control persons of Harris Stratex by virtue of, among other things, their positions as senior officers of Harris Stratex, and they were in positions to control and did control the false and misleading statements and omissions contained in the Registration Statement and Prospectus.

87. Neither Defendants Campbell, Dudash, Lance, and Mikuen made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement and Prospectus were accurate and complete in all material respects. Had they exercised reasonable care, they could have known of the material misstatements and omissions alleged herein.

88. This claim was brought within one year after the discovery of the untrue statements and omissions in the Registration Statement and Prospectus and within three years after the Harris Stratex common stock was sold to the Class in connection with the Merger.

89. By reason of the misconduct alleged herein, for which Harris Stratex is primarily liable, as set forth above, defendants Campbell, Dudash, Lance, and Mikuen are jointly and severally liable with and to the same extent as Harris Stratex, pursuant to Section 15 of the Securities Act.

**WHEREFORE**, Plaintiff prays for relief and judgment, as follows:

(a) Determining that this action is a proper class action, designating Plaintiff as Lead Plaintiff and certifying Plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and Labaton Sucharow LLP as Lead Counsel;

(b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

(c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) Such other and further relief as the Court may deem just and proper.

**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.

DATED: September 15, 2008

/s/ David L. Finger   
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