

.AVIAT NETWORKS, INC.

Quarter and Fiscal Year Ended July 1, 2011 Summaries

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 gross margin, research and development expenses, selling and administrative expenses, operating income or loss, other income or loss, income tax provision or benefit, income or loss from continuing operations, and basic and diluted income or loss per share from continuing operations, adjusted to exclude certain costs, charges, gains and losses. Aviat Networks, Inc. (“we” or “our”) believes that these non-GAAP financial measures, when considered together with the 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. We also believe these non-GAAP measures enhance the ability of investors to analyze trends in our business and to understand our performance. In addition, we may utilize non-GAAP financial measures as a guide in our forecasting, 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
AVIAT NETWORKS, INC.
Fiscal Year 2011 Fourth Quarter and Year-to-Date Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Condensed Consolidated Statements of Operations
(Unaudited)

	Quarter Ended				Fiscal Year Ended			
	July 1, 2011	% of Revenue	July 2, 2010	% of Revenue	July 1, 2011	% of Revenue	July 2, 2010	% of Revenue
	(In millions, except per share amounts)							
GAAP gross margin	\$ 32.8	27.1%	\$ 33.3	30.9%	\$ 128.1	28.3%	\$ 132.8	28.5%
Share-based compensation	0.1		0.1		0.4		0.2	
Excess and obsolete inventory associated with legacy products	3.3		—		6.6		—	
Amortization of PPE step-up value	—		—		0.1		0.3	
Charges for product transition	—		—		—		16.9	
Gain from sale of manufacturing facilities	—		(1.0)		—		(1.0)	
Amortization of purchased technology	0.2		1.7		0.7		7.2	
Non-GAAP gross margin	36.4	30.1%	34.1	31.7%	135.9	30.1%	156.4	33.6%
GAAP research and development expenses	\$ 9.7	8.0%	\$ 7.5	7.0%	\$ 40.5	9.0%	\$ 31.1	6.7%
Share-based compensation	(0.5)		(0.1)		(1.9)		(0.5)	
Non-GAAP research and development expenses	9.2	7.6%	7.4	6.9%	38.6	8.5%	30.6	6.6%
GAAP selling and administrative expenses	\$ 23.7	19.6%	\$ 38.3	35.6%	\$ 104.0	23.0%	\$ 134.7	28.9%
Share-based compensation	(0.8)		(1.0)		(2.4)		(2.4)	
Rebranding and transitional costs	—		(5.5)		(0.9)		(8.5)	
Amortization of PPE step-up value	—		—		(0.1)		(0.3)	
Other	0.9		—		0.9		—	
Non-GAAP selling and administrative expenses	23.8	19.7%	31.8	29.6%	101.5	22.5%	123.5	26.5%
GAAP operating loss	\$ (3.3)	-2.7%	\$ (83.6)	-77.7%	\$ (34.6)	-7.7%	\$ (111.5)	-24.0%
Share-based compensation	1.4		1.2		4.7		3.1	
Excess and obsolete inventory associated with legacy products	3.3		—		6.6		—	
Amortization of PPE step-up value	—		—		0.2		0.6	
Charges for product transition	—		—		—		16.9	
Gain from sale of manufacturing facilities	—		(1.0)		—		(1.0)	
Amortization of purchased technology	0.2		1.7		0.7		7.2	
Rebranding and transitional costs	—		5.5		0.9		8.5	
Other	(0.9)		—		(0.9)		—	
Amortization of intangible assets	0.7		0.9		2.8		5.0	
Property, plant, and equipment impairment charges	—		8.7		—		8.7	
Intangible assets and trade name impairment charges	—		57.7		—		57.7	
Restructuring charges	2.0		3.8		15.4		7.1	
Non-GAAP operating income (loss)	3.4	2.8%	(5.1)	-4.7%	(4.2)	-0.9%	2.3	0.5%
GAAP other income (expense), net	\$ (3.8)	-3.1%	\$ 0.7	0.7%	\$ (10.1)	-2.2%	\$ (0.7)	-0.2%
Loss on sale of NetBoss assets	0.2		—		4.6		—	
Gain on settlement of Telsima purchase price	—		(1.2)		—		(1.2)	
Transactional taxes assessments	2.3		—		2.8		—	
Costs related to liquidation of foreign subsidiaries	0.8		—		0.8		—	
Non-GAAP other expense, net	(0.5)	-0.4%	(0.5)	-0.5%	(1.9)	-0.4%	(1.9)	-0.4%
GAAP income tax provision (benefit)	\$ (0.9)	-0.7%	\$ (2.2)	-2.0%	\$ 14.1	3.1%	\$ (3.8)	-0.8%
Adjustment to reflect zero percent pro forma tax rate	0.9		2.2		(14.1)		3.8	
Non-GAAP income tax provision	—	0.0%	—	0.0%	—	0.0%	—	0.0%
GAAP loss from continuing operations	\$ (6.2)	-5.1%	\$ (80.7)	-75.0%	\$ (58.8)	-13.0%	\$ (108.4)	-23.3%
Share-based compensation	1.4	1.2%	1.2	1.1%	4.7	1.0%	3.1	0.7%
Excess and obsolete inventory associated with legacy products	3.3	2.7%	—	0.0%	6.6	1.5%	—	0.0%
Amortization of PPE step-up value	—	0.0%	—	0.0%	0.2	0.0%	0.6	0.1%
Charges for product transition	—	0.0%	—	0.0%	—	0.0%	16.9	3.6%
Gain from sale of manufacturing facilities	—	0.0%	(1.0)	-0.9%	—	0.0%	(1.0)	-0.2%
Amortization of purchased technology	0.2	0.2%	1.7	1.6%	0.7	0.2%	7.2	1.5%
Rebranding and transitional costs	—	0.0%	5.5	5.1%	0.9	0.2%	8.5	1.8%
Other	(0.9)	-0.7%	—	0.0%	(0.9)	-0.2%	—	0.0%
Amortization of intangible assets	0.7	0.6%	0.9	0.8%	2.8	0.6%	5.0	1.1%
Property, plant, and equipment impairment charges	—	0.0%	8.7	8.1%	—	0.0%	8.7	1.9%
Intangible assets and trade name impairment charges	—	0.0%	57.7	53.6%	—	0.0%	57.7	12.4%
Restructuring charges	2.0	1.7%	3.8	3.5%	15.4	3.4%	7.1	1.5%
Loss on sale of NetBoss assets	0.2	0.2%	—	0.0%	4.6	1.0%	—	0.0%
Gain on settlement of Telsima purchase price	—	0.0%	(1.2)	-1.1%	—	0.0%	(1.2)	-0.3%

	Quarter Ended				Fiscal Year Ended			
	July 1, 2011	% of Revenue	July 2, 2010	% of Revenue	July 1, 2011	% of Revenue	July 2, 2010	% of Revenue
	(In millions, except per share amounts)							
Transactional taxes assessments	2.3	1.9%	—	0.0%	2.8	0.6%	—	0.0%
Costs related to liquidation of foreign subsidiaries.....	0.8	0.7%	—	0.0%	0.8	0.2%	—	0.0%
Adjustment to reflect zero percent pro forma tax rate	(0.9)	-0.7%	(2.2)	-2.0%	14.1	3.1%	(3.8)	-0.8%
Non-GAAP income (loss) from continuing operations ...	\$ 2.9	2.4%	\$ (5.6)	-5.2%	\$ (6.1)	-1.3%	\$ 0.4	0.1%
Basic and diluted income (loss) per share from continuing operations								
GAAP.....	\$ (0.11)		\$ (1.35)		\$ (1.00)		\$ (1.82)	
Non-GAAP.....	\$ 0.05		\$ (0.09)		\$ (0.10)		\$ 0.01	
Shares used in computing income (loss) per share from continuing operations, basic and diluted								
GAAP.....	58.8		59.7		58.6		59.4	
Non-GAAP.....	60.6		59.7		58.6		59.4	

Notes to Table 1:

- (1) In the third quarter of fiscal 2011, the WiMAX business met the criteria to be considered held for sale. Beginning in the third quarter of fiscal 2011, the results of the WiMAX business are presented as a discontinued operation in our consolidated financial statements. Prior period results have been reclassified to conform to current period presentation.
- (2) The adjustments above reconcile the Company's GAAP financial results to the non-GAAP financial measures used by the Company. The Company's non-GAAP financial measures exclude share-based compensation, excess and obsolete inventory associated with legacy products, amortization of property, plant and equipment step-up value resulting from purchase accounting adjustments, charges for product transition, gain from sale of manufacturing facilities, amortization of purchased technology, rebranding and transitional services in connection with the corporate name change and relocation, amortization of intangible assets, property, plant, and equipment impairment charges, intangible assets and trade name impairment charges, restructuring charges, loss on sale of NetBoss assets, gain on settlement of Telsima purchase price, transactional taxes assessments, costs related to liquidation of foreign subsidiaries, adjustment to reflect zero percent pro forma tax rate, and other non-recurring items. The Company believes that the presentation of these non-GAAP items provides meaningful supplemental information to investors, when viewed in conjunction with, and not in lieu of, the company's GAAP results. However, the non-GAAP financial measures have not been prepared under a comprehensive set of accounting rules or principles. Non-GAAP information should not be considered in isolation from, or as a substitute for, information prepared in accordance with GAAP. Moreover, there are material limitations associated with the use of non-GAAP financial measures.

Table 2
AVIAT NETWORKS, INC.
Fiscal Year 2011 Fourth Quarter and Year-to-Date Summary
SUPPLEMENTAL SCHEDULE OF REVENUE BY GEOGRAPHICAL AREA
(Unaudited)

	Quarter Ended		Fiscal Year Ended	
	July 1, 2011	July 2, 2010	July 1, 2011	July 2, 2010
	(In millions)			
North America	\$ 42.2	\$ 38.0	\$ 160.4	\$ 174.8
International:				
Africa	44.9	37.6	114.9	122.3
Europe, Middle East, and Russia	16.8	16.2	102.1	86.9
Latin America and AsiaPac	17.0	15.8	74.7	81.5
Total International	78.7	69.6	291.7	290.7
	\$ 120.9	\$ 107.6	\$ 452.1	\$ 465.5