AVIAT NETWORKS, INC.

Quarter Ended June 28, 2013 Summaries

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND REGULATION G DISCLOSURE

To supplement the 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, income tax provision or benefit, income or loss from continuing operations, basic and diluted income or loss per share from continuing operations, and adjusted earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA"), adjusted to exclude certain costs, charges, gains and losses, as set forth below. We believe 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. Reconciliations of these non-GAAP financial measures with the most directly comparable financial measures calculated in accordance with GAAP follow.

Table 4

AVIAT NETWORKS, INC.

Fiscal Year 2013 Fourth Quarter Summary RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (1) Condensed Consolidated Statements of Operations (Unaudited)

June 28, 2013 Revenue	Quarter Ended				Fiscal Year Ended						
GAAP gross margin \$ 33.6 30.8% \$ Share-based compensation 0.1	June 29, 2012 ⁽¹⁾	% of Revenue	June 28, 2013	% of Revenue	Ju 2	une 29, 2012 ⁽¹⁾	% of Revenue				
Share-based compensation 0.1 E&O Inventory write down Amotrization of purchased technology 0.1 Share-based compensation 0.02 Non-GAAP gross margin 33.8 31.0% GAAP research and development expenses 10.2 9.4% GAAP seling and administrative expenses 10.2 9.4% GAAP seling and administrative expenses 10.2 9.4% GAAP seling and administrative expenses 22.5 20.6% GAAP operating income (loss) \$ (2.9) (2.7)% Other noncreating charges			ges and per share am								
E&O Inventory write down — Amortization of purchased technology 0.1 Non-GAAP gross margin 33.8 31.0% GAAP research and development expenses 10.2 9.4% GAAP selling and administrative expenses 23.8 21.8% \$ Share-based compensation (1.3) — — Other nonrecurring charges — — — Mon-GAAP selling and administrative expenses 22.5 20.6% \$ GAAP operating income (loss) \$ (2.9) (2.7)% \$ Share-based compensation 1.6 — — — Other nonrecurring charges — — — — Other nonrecurring charges — — — — — _ Montization of intangible assets 0.1	32.8	28.3%	\$ 140.1	29.7%	\$	131.7	29.7%				
Amortization of purchased technology 0.1 Non-GAAP gross margin 33.8 31.0% GAAP research and development expenses \$ 10.4 9.5% \$ Share-based compensation (0.2)	0.2		0.5			0.7					
Non-GAAP gross margin33.831.0%GAAP research and development expenses\$10.49.5%\$Share-based compensation(0.2)9.4%GAAP scearch and development expenses\$23.8\$GAAP selling and administrative expenses\$23.8\$\$\$Share-based compensation(1.3)1111Transactional taxes assessmentsOther nonrecurring charges </td <td>—</td> <td></td> <td>—</td> <td></td> <td></td> <td>1.0</td> <td></td>	—		—			1.0					
GAAP research and development expenses\$10.49.5%\$Share-based compensation(0.2)	0.2		0.6			0.7					
Share-based compensation (0.2) Non-GAAP research and development expenses 10.2 9.4% GAAP selling and administrative expenses \$ 23.8 21.8% \$ Share-based compensation (1.3)	33.2	28.6%	141.2	30.0%		134.1	30.2%				
Non-GAAP research and development expenses 10.2 9.4% GAAP selling and administrative expenses \$ 23.8 21.8% \$ Share-based compensation (1.3) - - - Other nonrecurring charges - - - Non-GAAP selling and administrative expenses 22.5 20.6% GAAP operating income (loss) \$ (2.9) (2.7)% \$ Share-based compensation 1.6	9.3	8.0%	\$ 39.4	8.4%	\$	36.0	8.1%				
GAAP selling and administrative expenses \$ 23.8 21.8% \$ Share-based compensation (1.3)	(0.2)		(1.0)			(0.9)					
Share-based compensation (1.3) Transactional taxes assessments Other nonrecurring charges Non-GAAP selling and administrative expenses 22.5 20.6% GAAP operating income (loss) \$ (2.9) (2.7)% \$ Share-based compensation 1.6 Amortization of purchased technology 0.1	9.1	7.8%	38.4	8.1%		35.1	7.9%				
Transactional taxes assessments Other nonrecurring charges 22.5 20.6% GAAP operating income (loss) \$ (2.9) (2.7)% \$ Share-based compensation 1.6 Amortization of purchased technology 0.1	23.9	20.6%	\$ 95.5	20.3%	\$	99.5	22.4%				
Other nonrecurring charges Non-GAAP selling and administrative expenses 22.5 20.6% GAAP operating income (loss) \$ (2.9) (2.7)% \$ Share-based compensation 1.6	(1.1)		(4.9)			(3.6)					
Non-GAAP selling and administrative expenses22.520.6%GAAP operating income (loss)\$(2.9)(2.7)%\$Share-based compensation1.6	—		(1.4)			(0.6)					
GAAP operating income (loss) \$ (2.9) (2.7)% \$ Share-based compensation 1.6	0.1					(0.8)					
Share-based compensation1.6E&O Inventory write downAmortization of purchased technology0.1Transactional taxes assessmentsOther nonrecurring chargesAmortization of intangible assets0.1Godwill impairment chargesRestructuring charges2.2Non-GAAP operating income1.11.0%GAAP interest and other income (expense), netGAAP interest and other income (expense), netMon-GAAP income tax provision\$Non-GAAP income tax provision\$Share-based compensation1.6E&O Inventory write downAmortization of purchased technology0.1Transactional taxes assessmentsMontrization of intangible assets0.1Godwill impairment chargesMontrization of intangible assets0.1Godwill impairment chargesRestructuring chargesRestructuring income(0.7)Adjustment to reflect pro forma tax rate0.7Non-GAAP income from continuing operations\$Sodowill impairment chargesRestructuring charges2.2Other nonrecurring income(0.7)Adjustment to reflect pro forma tax rate0.7N	22.9	19.7%	89.2	18.9%		94.5	21.3%				
E&O Inventory write downAmortization of purchased technology0.1Transactional taxes assessmentsOther nonrecurring chargesAmortization of intangible assets0.1Goodwill impairment chargesRestructuring charges2.2Non-GAAP operating income1.11.0%0.6%GAAP interest and other income (expense), net\$Other nonrecurring income(0.7)Non-GAAP interest and other income (expense), netGAAP income tax provision\$1.31.2%Adjustment to reflect pro forma tax rate(0.7)Non-GAAP income tax provision0.6O.60.6%GAAP loss from continuing operations\$Share-based compensation1.6E&O Inventory write downAmortization of purchased technology0.1Transactional taxes assessmentsOther nonrecurring chargesAmortization of intangible assets0.1Godwill impairment chargesRestructuring charges2.2Other nonrecurring income(0.7)Adjustment to reflect pro forma tax rate0.7Non-GAAP income from continuing operations\$Distribution of intangible assets0.1Godwill impairment chargesRestructuring charges2.2Other nonrecurring income(0.7)Adjustment to reflect pro forma tax rate0.7Non-GAAP income from continuing operations\$	(1.4)	(1.2)%	\$ 1.7	0.4%	\$	(13.3)	(3.0)%				
Amortization of purchased technology0.1Transactional taxes assessmentsOther nonrecurring chargesAmortization of intangible assets0.1Goodwill impairment charges2.2Non-GAAP operating income1.11.0%0.6%GAAP interest and other income (expense), net\$Other nonrecurring income(0.7)Non-GAAP interest and other income (expense), netGAAP interest and other income (expense), netMon-GAAP interest and other income (expense), netGAAP income tax provision\$1.31.2%Adjustment to reflect pro forma tax rate(0.7)Non-GAAP income tax provision0.6GAAP loss from continuing operations\$Share-based compensation1.6E&O Inventory write downAmortization of purchased technology0.1Transactional taxes assessmentsOther nonrecurring chargesAmortization of intangible assets0.1Godwill impairment chargesRestructuring charges2.2Other nonrecurring income(0.7)Adjustment to reflect pro forma tax rate0.7Non-GAAP income from continuing operations\$Didu tay inpairment chargesRestructuring charges2.2Other nonrecurring income(0.7)Adjustment to reflect pro forma tax rate0.7Non-GAAP income from continuing operations\$Basie:0.50.5% <td>1.5</td> <td></td> <td>6.4</td> <td></td> <td></td> <td>5.2</td> <td></td>	1.5		6.4			5.2					
Transactional taxes assessmentsOther nonrecurring chargesAmortization of intangible assets0.1Goodwill impairment chargesRestructuring charges2.2Non-GAAP operating income1.11.0%5GAAP interest and other income (expense), net\$0.1%GAAP interest and other income (expense), net%GAAP interest and other income (expense), net%GAAP interest and other income (expense), net%GAAP income tax provision\$1.3Adjustment to reflect pro forma tax rate(0.7)Non-GAAP income tax provision\$(3.5)GAAP income tax provision\$(3.5)GAAP loss from continuing operations\$(3.5)Share-based compensation1.6E&O Inventory write downTransactional taxes assessmentsOther nonrecurring chargesAmortization of intangible assets0.1Goodwill impairment chargesRestructuring charges2.2Other nonrecurring income(0.7)Adjustment to reflect pro forma tax rate0.7Non-GAAP income from continuing operations\$Sincome (loss) per share from continuing operations\$Basie:GAAP\$GAAP\$Non-GAAP income from continuing operations\$Sincome (loss) per share from continuing operationsBasie:GAAP <td>_</td> <td></td> <td>_</td> <td></td> <td></td> <td>1.0</td> <td></td>	_		_			1.0					
Other nonrecurring chargesAmortization of intangible assets0.1Goodwill impairment chargesRestructuring charges2.2Non-GAAP operating income1.1GAAP interest and other income (expense), net0.7Other nonrecurring income(0.7)Non-GAAP interest and other income (expense), netGAAP interest and other income (expense), netMon-GAAP interest and other income (expense), netMon-GAAP income tax provision\$Adjustment to reflect pro forma tax rate(0.7)Non-GAAP income tax provision0.6GAAP loss from continuing operations\$Share-based compensation1.6E&O Inventory write downAmortization of purchased technology0.1Transactional taxes assessmentsOther nonrecurring chargesAmortization of intangible assets0.1Goodwill impairment chargesRestructuring chargesRestructuring income(0.7)Adjustment to reflect pro forma tax rate0.7Non-GAAP income from continuing operations\$Sold0.5Sold\$GAAP income from continuing operations\$Basic:GAAP\$GAAP\$GAAP\$GAAP\$Sold\$Sold\$Sold\$Sold\$Sold\$Sold\$	0.2		0.6			0.7					
Amortization of intangible assets0.1Goodwill impairment charges—Restructuring charges2.2Non-GAAP operating income1.11.0%6AAP interest and other income (expense), net0.7Other nonrecurring income(0.7)Non-GAAP interest and other income (expense), net—GAAP income tax provision\$1.31.2%Adjustment to reflect pro forma tax rate(0.7)Non-GAAP income tax provision0.6Other nonrecurring operations\$GAAP loss from continuing operations\$Share-based compensation1.6E&O Inventory write down—Amortization of purchased technology0.1Transactional taxes assessments—Other nonrecurring charges—Amortization of intangible assets0.1Goodwill impairment charges2.2Other nonrecurring charges2.2Other nonrecurring income(0.7)Adjustment to reflect pro forma tax rate0.7Non-GAAP income from continuing operations\$Godwill impairment charges2.2Other nonrecurring income(0.7)Adjustment to reflect pro forma tax rate0.7Non-GAAP income from continuing operations\$Basic:0.50.5%GAAP\$GAAP\$Non-GAAP income from continuing operations\$Basic:50.05%GAAP\$Source (loss) per share from continuing operations\$<	_		1.4			0.6					
Goodwill impairment charges	(0.1)		_			0.8					
Restructuring charges2.2Non-GAAP operating income1.11.0%GAAP interest and other income (expense), net\$0.70.6%\$Other nonrecurring income(0.7)%%%GAAP interest and other income (expense), net%\$GAAP income tax provision\$1.31.2%\$Adjustment to reflect pro forma tax rate(0.7)%\$Non-GAAP income tax provision0.60.6%\$GAAP loss from continuing operations\$(3.5)(3.2)%\$Share-based compensation1.6E&O Inventory write downAmortization of purchased technology0.1Transactional taxes assessmentsOther nonrecurring chargesAmortization of intangible assets0.1Godwill impairment chargesRestructuring charges2.20.1Non-GAAP income from continuing operations\$0.50.5%\$Income (loss) per share from continuing operations\$0.50.5%\$Basie:GAAP\$(0.06)\$\$	0.1		0.4			1.6					
Non-GAAP operating income1.11.0%GAAP interest and other income (expense), net\$0.70.6%\$Other nonrecurring income(0.7)	_		_			5.6					
Non-GAAP operating income1.11.0%GAAP interest and other income (expense), net\$0.70.6%\$Other nonrecurring income(0.7)	0.9		3.1			2.3					
GAAP interest and other income (expense), net\$0.70.6%\$Other nonrecurring income(0.7) <t< td=""><td>1.2</td><td>1.0%</td><td>13.6</td><td>2.9%</td><td></td><td>4.5</td><td>1.0%</td></t<>	1.2	1.0%	13.6	2.9%		4.5	1.0%				
Non-GAAP interest and other income (expense), net%GAAP income tax provision\$1.31.2%\$Adjustment to reflect pro forma tax rate(0.7)	_	%	\$ 0.7	0.1%	\$	(0.7)	(0.2)%				
Non-GAAP interest and other income (expense), net%GAAP income tax provision\$1.31.2%\$Adjustment to reflect pro forma tax rate(0.7)	_		(0.7)			_					
GAAP income tax provision\$1.31.2%\$Adjustment to reflect pro forma tax rate(0.7)		0/		%		(0.7)	(0.2)0/				
Adjustment to reflect pro forma tax rate(0.7)Non-GAAP income tax provision0.60.6%GAAP loss from continuing operations\$(3.5)(3.2)%\$Share-based compensation1.6<		<u> </u> %			¢	(0.7)	(0.2)%				
Non-GAAP income tax provision0.60.6%GAAP loss from continuing operations\$(3.5)(3.2)%\$Share-based compensation1.6E&O Inventory write downAmortization of purchased technology0.1Transactional taxes assessmentsOther nonrecurring chargesAmortization of intangible assets0.1Godwill impairment chargesRestructuring charges2.2Other nonrecurring income(0.7)Adjustment to reflect pro forma tax rate0.7Non-GAAP income from continuing operations\$0.50.5%\$Basie:GAAP\$(0.06)\$	(0.4)	(0.3)%	\$ 13.3 (10.7)	2.8%	\$	1.5	0.3%				
GAAP loss from continuing operations\$(3.5)(3.2)%\$Share-based compensation1.6E&O Inventory write downAmortization of purchased technology0.1Transactional taxes assessmentsOther nonrecurring chargesAmortization of intangible assets0.1Godwill impairment chargesRestructuring charges2.2Other nonrecurring income(0.7)Adjustment to reflect pro forma tax rate0.7Non-GAAP income from continuing operations\$0.50.5%\$Basie:GAAP\$(0.06)\$\$	0.4	0/	(10.7)	0.00		(1.5)	0/				
Share-based compensation1.6E&O Inventory write downAmortization of purchased technology0.1Transactional taxes assessmentsOther nonrecurring chargesAmortization of intangible assets0.1Goodwill impairment chargesRestructuring charges2.2Other nonrecurring income(0.7)Adjustment to reflect pro forma tax rate0.7Non-GAAP income from continuing operations\$Basic:GAAP\$(0.06)\$	_	%	2.6	0.6%	.		%				
E&O Inventory write down Amortization of purchased technology 0.1 Transactional taxes assessments Other nonrecurring charges Amortization of intangible assets 0.1 Goodwill impairment charges Restructuring charges 2.2 Other nonrecurring income (0.7) Adjustment to reflect pro forma tax rate 0.7 Non-GAAP income from continuing operations \$ 0.5 Basic:	(1.0)	(0.9)%	\$ (10.9)	(2.3)%	\$	(15.5)	(3.5)%				
Amortization of purchased technology0.1Transactional taxes assessmentsOther nonrecurring chargesAmortization of intangible assets0.1Goodwill impairment chargesRestructuring charges2.2Other nonrecurring income(0.7)Adjustment to reflect pro forma tax rate0.7Non-GAAP income from continuing operations\$ 0.5Basic:GAAP\$ (0.06)	1.5		6.4			5.2					
Transactional taxes assessments — Other nonrecurring charges — Amortization of intangible assets 0.1 Goodwill impairment charges — Restructuring charges 2.2 Other nonrecurring income (0.7) Adjustment to reflect pro forma tax rate 0.7 Non-GAAP income from continuing operations \$ 0.5 0.5% \$ Income (loss) per share from continuing operations \$ 0.0.5% \$ Basic:	_		_			1.0					
Other nonrecurring charges Amortization of intangible assets 0.1 Goodwill impairment charges Restructuring charges 2.2 Other nonrecurring income (0.7) Adjustment to reflect pro forma tax rate 0.7 Non-GAAP income from continuing operations \$ 0.5 Income (loss) per share from continuing operations \$ 0.5 Basic: GAAP \$ (0.06)	0.2		0.6			0.7					
Amortization of intangible assets 0.1 Goodwill impairment charges — Restructuring charges 2.2 Other nonrecurring income (0.7) Adjustment to reflect pro forma tax rate 0.7 Non-GAAP income from continuing operations \$ 0.5 Basic:	_		1.4			0.6					
Goodwill impairment charges Restructuring charges 2.2 Other nonrecurring income (0.7) Adjustment to reflect pro forma tax rate 0.7 Non-GAAP income from continuing operations \$ 0.5 Income (loss) per share from continuing operations Basic: GAAP \$ (0.06)	(0.1)		—			0.8					
Restructuring charges 2.2 Other nonrecurring income (0.7) Adjustment to reflect pro forma tax rate 0.7 Non-GAAP income from continuing operations \$ 0.5 0.5% Income (loss) per share from continuing operations Basic: 5 GAAP \$ (0.06) \$	0.1		0.4			1.6					
Other nonrecurring income (0.7) Adjustment to reflect pro forma tax rate 0.7 Non-GAAP income from continuing operations \$ 0.5 Income (loss) per share from continuing operations Basic: GAAP \$ (0.06)	—		—			5.6					
Adjustment to reflect pro forma tax rate 0.7 Non-GAAP income from continuing operations \$ 0.5 Income (loss) per share from continuing operations \$ 0.5 Basic:	0.9		3.1			2.3					
Non-GAAP income from continuing operations \$ 0.5 0.5% \$ Income (loss) per share from continuing operations Basic: 5 5 GAAP \$ (0.06) \$	—		(0.7)			—					
Income (loss) per share from continuing operations Basic: GAAP \$ (0.06) \$	(0.4)		10.7			1.5					
Basic: GAAP \$ (0.06) \$	1.2	1.0%	\$ 11.0	2.3%	\$	3.8	0.9%				
GAAP \$ (0.06) \$											
Non-GAAP \$ 0.01 \$	(0.02)		\$ (0.18)		\$	(0.26)					
	0.02		\$ 0.18		\$	0.06					
Diluted:											
GAAP \$ (0.06) \$	(0.02)		\$ (0.18)		\$	(0.25)					
Non-GAAP \$ 0.01 \$	0.02		\$ 0.18		\$	0.06					

Basic:

GAAP	60.4	59.2	60.0	59.0
Non-GAAP	60.4	59.2	60.0	59.0
Diluted:				
GAAP	60.4	59.2	60.0	59.0
Non-GAAP	62.4	61.4	61.9	61.0

			Quarter l	Ende	d		Fiscal Year Ended				d	
ADJUSTED EBITDA:	June 2	8, 2013	% of Revenue		June 29, 2012 ⁽¹⁾	% of Revenue	Jun	28, 2013	% of Revenue		une 29, 2012 ⁽¹⁾	% of Revenue
		(In millions, except percentages)										
GAAP loss from continuing operations	\$	(3.5)	(3.2)%	\$	(1.0)	(0.9)%	\$	(10.9)	(2.3)%	\$	(15.5)	(3.5)%
Depreciation and amortization of property, plant and equipment		1.4			1.4			5.6			4.9	
Interest expense		0.1			0.3			0.8			1.3	
Share-based compensation		1.6			1.5			6.4			5.2	
E&O Inventory write down		_			_			_			1.0	
Amortization of purchased technology		0.1			0.2			0.6			0.7	
Transactional taxes assessments		_			_			1.4			0.6	
Other nonrecurring charges		_			(0.1)			_			0.8	
Amortization of intangible assets		0.1			0.1			0.4			1.6	
Goodwill impairment charges		—			—			—			5.6	
Restructuring charges		2.2			0.9			3.1			2.3	
Other nonrecurring income		(0.7)			—			(0.7)			_	
Provision for income taxes		1.3			(0.4)			13.3			1.5	
Adjusted EBITDA	\$	2.6	2.4%	\$	2.9	2.5%	\$	20.0	4.2%	\$	10.0	2.3%

(1) The adjustments above reconcile our GAAP financial results to the non-GAAP financial measures used by us. Our non-GAAP income or loss from continuing operations excluded share-based compensation, E&O inventory write down, amortization of purchased technology, transactional taxes assessments, amortization of intangible assets, goodwill impairment charges, restructuring charges, other nonrecurring income, and adjustment to reflect pro forma tax rate. Adjusted EBITDA was determined by excluding depreciation and amortization on property, plant and equipment, interest expense, provision for income taxes, and non-GAAP pre-tax adjustments, as set forth above, from the GAAP income from continuing operations. We believe that the presentation of these non-GAAP items provides meaningful supplemental information to investors, when viewed in conjunction with, and not in lieu of, our 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 5

AVIAT NETWORKS, INC.

Fiscal Year 2013 Fourth Quarter Summary

SUPPLEMENTAL SCHEDULE OF REVENUE BY GEOGRAPHICAL AREA

(Unaudited)

	Quarter Ended					Fiscal Year Ended				
	June 28, 2013		June 29, 2012		June 28, 2013		Jur	ne 29, 2012		
			(In m	illions)						
North America	\$	47.5	\$	40.7	\$	180.5	\$	164.9		
International:										
Africa and Middle East		31.6		46.9		182.2		147.7		
Europe and Russia		17.0		13.8		48.0		53.6		
Latin America and Asia Pacific		12.9		14.6		60.6		77.8		
		61.5		75.3		290.8		279.1		
Total Revenue	\$	109.0	\$	116.0	\$	471.3	\$	444.0		