

**AVIAT NETWORKS, INC.**

**Quarter Ended July 1, 2016 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 loss, income tax provision or benefit, loss from continuing operations attributable to Aviat Networks, basic and diluted loss per share from continuing operations attributable to Aviat Networks' stockholders, and adjusted losses before interest, tax, depreciation and amortization ("Adjusted EBITDA") attributable to Aviat Networks, 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 3**  
**AVIAT NETWORKS, INC.**  
**Fiscal Year 2016 Fourth Quarter Summary**  
**RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES <sup>(1)</sup>**  
**Condensed Consolidated Statements of Operations**  
**(Unaudited)**

	Quarter Ended				Fiscal Year Ended			
	July 1, 2016	% of Revenue	July 3, 2015	% of Revenue	July 1, 2016	% of Revenue	July 3, 2015	% of Revenue
	(In thousands, except percentages and per share amounts)							
<b>GAAP gross margin</b>	\$ 9,869	16.9 %	\$ 18,628	21.2 %	\$ 61,717	23.0 %	\$ 80,690	24.0 %
WTM inventory write-down	5,057		—		5,057		—	
Share-based compensation	28		45		154		151	
<b>Non-GAAP gross margin</b>	<b>14,954</b>	<b>25.7 %</b>	18,673	21.3 %	<b>66,928</b>	<b>24.9 %</b>	80,841	24.1 %
<b>GAAP research and development expenses</b>	\$ 5,057	8.7 %	\$ 5,999	6.8 %	\$ 20,806	7.7 %	\$ 25,368	7.6 %
Share-based compensation	(19)		(26)		(110)		(108)	
<b>Non-GAAP research and development expenses</b>	<b>5,038</b>	<b>8.6 %</b>	5,973	6.8 %	<b>20,696</b>	<b>7.7 %</b>	25,260	7.5 %
<b>GAAP selling and administrative expenses</b>	\$ 16,472	28.3 %	\$ 17,434	19.9 %	\$ 65,902	24.5 %	\$ 76,005	22.6 %
Share-based compensation	(407)		(391)		(1,572)		(1,928)	
<b>Non-GAAP selling and administrative expenses</b>	<b>16,065</b>	<b>27.6 %</b>	17,043	19.4 %	<b>64,330</b>	<b>23.9 %</b>	74,077	22.1 %
<b>GAAP operating loss</b>	\$ (13,256)	(22.8)%	\$ (5,104)	(5.8)%	\$ (27,446)	(10.2)%	\$ (25,930)	(7.7)%
WTM inventory write-down	5,057		—		5,057		—	
Share-based compensation	454		462		1,836		2,187	
Amortization of intangible assets	—		95		—		380	
Restructuring charges	1,596		204		2,455		4,867	
<b>Non-GAAP operating loss</b>	<b>(6,149)</b>	<b>(10.6)%</b>	(4,343)	(5.0)%	<b>(18,098)</b>	<b>(6.7)%</b>	(18,496)	(5.5)%
<b>GAAP income tax provision (benefit)</b>	\$ 779	1.3 %	\$ (3,669)	(4.2)%	\$ 1,635	0.6 %	\$ (1,310)	(0.4)%
Adjustment to reflect pro forma tax rate	(479)		4,169		(435)		3,310	
<b>Non-GAAP income tax provision</b>	<b>300</b>	<b>0.5 %</b>	500	0.6 %	<b>1,200</b>	<b>0.4 %</b>	2,000	0.6 %
<b>GAAP loss from continuing operations attributable to Aviat Networks</b>	\$ (15,239)	(26.2)%	\$ (1,487)	(1.7)%	\$ (30,448)	(11.3)%	\$ (24,719)	(7.4)%
Share-based compensation	454		462		1,836		2,187	
Amortization of intangible assets	—		95		—		380	
Restructuring charges	1,596		204		2,455		4,867	
Nigeria FX loss on dividend receivable	1,245		—		1,245		—	
WTM inventory write-down	5,057		—		5,057		—	
Adjustment to reflect pro forma tax rate	479		(4,169)		435		(3,310)	
<b>Non-GAAP loss from continuing operations attributable to Aviat Networks</b>	<b>\$ (6,408)</b>	<b>(11.0)%</b>	<b>\$ (4,895)</b>	<b>(5.6)%</b>	<b>\$ (19,420)</b>	<b>(7.2)%</b>	<b>\$ (20,595)</b>	<b>(6.1)%</b>

	Quarter Ended				Fiscal Year Ended			
	July 1, 2016	% of Revenue	July 3, 2015	% of Revenue	July 1, 2016	% of Revenue	July 3, 2015	% of Revenue
(In thousands, except percentages and per share amounts)								
<b>Basic and diluted loss per share from continuing operations attributable to Aviat Networks stockholders:</b>								
<b>Basic and diluted:</b>								
GAAP	\$ (2.90)		\$ (0.29)		\$ (5.81)		\$ (4.77)	
Non-GAAP	\$ (1.22)		\$ (0.94)		\$ (3.71)		\$ (3.97)	
<b>Weighted average shares outstanding, basic and diluted:</b>								
<b>Basic and Diluted:</b>								
GAAP	5,259		5,199		5,238		5,184	
Non-GAAP	5,259		5,199		5,238		5,184	
<b>ADJUSTED EBITDA:</b>								
<b>GAAP loss from continuing operations attributable to Aviat Networks</b>								
	\$ (15,239)	(26.2)%	\$ (1,487)	(1.7)%	\$ (30,448)	(11.3)%	\$ (24,719)	(7.4)%
Depreciation and amortization of property, plant and equipment	1,604		1,934		6,648		7,242	
Interest expense	13		60		104		388	
Share-based compensation	454		462		1,836		2,187	
Amortization of intangible assets	—		95		—		380	
Restructuring charges	1,596		204		2,455		4,867	
Nigeria FX loss on dividend receivable	1,245		—		1,245		—	
WTM inventory write-down	5,057		—		5,057		—	
Provision for (benefit from) income taxes	779		(3,669)		1,635		(1,310)	
<b>Adjusted EBITDA</b>	<b>\$ (4,491)</b>	<b>(7.7)%</b>	<b>\$ (2,401)</b>	<b>(2.7)%</b>	<b>\$ (11,468)</b>	<b>(4.3)%</b>	<b>\$ (10,965)</b>	<b>(3.3)%</b>

- (1) The adjustments above reconcile our GAAP financial results to the non-GAAP financial measures used by us. Our non-GAAP loss from continuing operations attributable to Aviat Networks excluded share-based compensation, foreign exchange loss on intercompany dividend receivable, amortization of intangible assets, specific one-time inventory write-down, restructuring charges and adjustment to reflect pro forma tax rate. Adjusted EBITDA attributable to Aviat Networks was determined by excluding depreciation and amortization on property, plant and equipment, interest expense, provision for or benefit from income taxes, and non-GAAP pre-tax adjustments, as set forth above, from the GAAP loss from continuing operations attributable to Aviat Networks. 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.