

**AVIAT NETWORKS, INC.**

**Fiscal Year 2011 First Quarter 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, cost of product sales and services, gross margin, research and development expenses, selling and administrative expenses, operating loss, loss before income taxes, income taxes, net loss, and net loss per basic and diluted share 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 First Quarter Summary**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**Condensed Consolidated Statements of Operations**  
**(Unaudited)**

|   | Quarter Ended                           |                         |                  |                 |                  |                         |                  |                 |
|---|---|-------------------------|------------------|-----------------|------------------|-------------------------|------------------|-----------------|
|   | October 1, 2010                         |                         |                  | October 2, 2009 |                  |                         |                  |                 |
|   | As<br>Reported                          | Non-GAAP<br>Adjustments | Non-GAAP         | % of<br>Sales   | As<br>Reported   | Non-GAAP<br>Adjustments | Non-GAAP         | % of<br>Sales   |
|   | (In millions, except per share amounts) |                         |                  |                 |                  |                         |                  |                 |
| Revenue from product sales and services     | \$ 109.1                                | \$ —                    | \$ 109.1         |                 | \$ 120.0         | \$ —                    | \$ 120.0         |                 |
| Cost of product sales and services (A)      | (84.7)                                  | 0.1                     | (84.6)           |                 | (80.2)           | 0.2                     | (80.0)           |                 |
| Amortization of purchased technology (B)    | (0.2)                                   | 0.2                     | —                |                 | (2.1)            | 2.1                     | —                |                 |
| Gross margin                                | 24.2                                    | 0.3                     | 24.5             | 22.5%           | 37.7             | 2.3                     | 40.0             | 33.3%           |
| Research and development expenses (C)       | (11.1)                                  | 0.2                     | (10.9)           | 10.0%           | (10.7)           | 0.1                     | (10.6)           | 8.8%            |
| Selling and administrative expenses (D)     | (29.2)                                  | 0.8                     | (28.4)           | 26.0%           | (30.8)           | 1.1                     | (29.7)           | 24.8%           |
| Amortization of intangible assets (E)       | (0.7)                                   | 0.7                     | —                |                 | (1.5)            | 1.5                     | —                |                 |
| Restructuring charges (F)                   | (5.6)                                   | 5.6                     | —                |                 | (1.1)            | 1.1                     | —                |                 |
| Operating loss                              | (22.4)                                  | 7.6                     | (14.8)           | (13.6)%         | (6.4)            | 6.1                     | (0.3)            | (0.3)%          |
| Loss on sale of NetBoss assets (G)          | (3.9)                                   | 3.9                     | —                |                 | —                | —                       | —                |                 |
| Interest income                             | 0.1                                     | —                       | 0.1              |                 | —                | —                       | —                |                 |
| Interest expense                            | (0.6)                                   | —                       | (0.6)            |                 | (0.5)            | —                       | (0.5)            |                 |
| Loss before income taxes                    | (26.8)                                  | 11.5                    | (15.3)           | <i>Tax rate</i> | (6.9)            | 6.1                     | (0.8)            | <i>Tax rate</i> |
| Provision for income taxes (H)              | 5.5                                     | (5.5)                   | —                | 0%              | (0.9)            | 0.9                     | —                | 0%              |
| Net loss                                    | <u>\$ (21.3)</u>                        | <u>\$ 6.0</u>           | <u>\$ (15.3)</u> |                 | <u>\$ (7.8)</u>  | <u>\$ 7.0</u>           | <u>\$ (0.8)</u>  |                 |
| Net loss per common share of Common Stock:  |   |                         |                  |                 |                  |                         |                  |                 |
| Basic                                       | <u>\$ (0.36)</u>                        |                         | <u>\$ (0.26)</u> |                 | <u>\$ (0.13)</u> |                         | <u>\$ (0.01)</u> |                 |
| Diluted                                     | <u>\$ (0.36)</u>                        |                         | <u>\$ (0.26)</u> |                 | <u>\$ (0.13)</u> |                         | <u>\$ (0.01)</u> |                 |
| Basic weighted average shares outstanding   | <u>59.3</u>                             |                         | <u>59.3</u>      |                 | <u>58.9</u>      |                         | <u>58.9</u>      |                 |
| Diluted weighted average shares outstanding | <u>59.3</u>                             |                         | <u>59.3</u>      |                 | <u>58.9</u>      |                         | <u>58.9</u>      |                 |

**Notes to Table 1:**

**Note A** — Cost of sales and services — Adjustment for the first quarter of fiscal 2011 is to remove non-cash share-based compensation expense of \$0.1 million.

For the first quarter of fiscal 2010, amount includes adjustment to remove purchase accounting adjustments for the amortization of the step-up in the value of fixed assets (\$0.1 million) and adjustment to remove non-cash share-based compensation expense (\$0.1 million).

**Note B** — Amortization of purchased technology — Adjustment for the first quarters of fiscal 2011 and 2010 to remove amortization of purchased intangibles.

**Note C** — Research and development expenses — Adjustment for the first quarter of fiscal 2011 is to remove non-cash share-based compensation expense of \$0.2 million.

For the first quarter of fiscal 2010, adjustment is to remove non-cash share-based compensation expense of \$0.1 million.

**Note D** — Selling and administrative expenses — Includes adjustment for the first quarter of fiscal 2011 to remove non-cash share-based compensation expense (\$0.5 million) and to remove expenses related to rebranding and other transitional services in connection with the corporate name change (\$0.3 million).

For the first quarter of fiscal 2010, amount includes adjustment to remove purchase accounting adjustments related to the amortization of the step-up in the value of fixed assets (\$0.1 million), to remove non-cash share-based compensation expense (\$0.9 million) and to remove expenses related to rebranding in connection with the anticipated change in corporate name required by the license agreement termination notice from Harris Corporation (\$0.1 million).

**Note E** — Amortization of intangible assets — Adjustment for the first quarters of fiscal 2011 and 2010 to remove amortization of purchased intangibles.

**Note F** — Restructuring charges — Adjustment to remove charges for restructuring incurred during the first quarters of fiscal 2011 and 2010.

**Note G** — Loss on sale of NetBoss assets — Adjustment to remove the loss incurred on the sale of NetBoss assets to a third party during the first quarter of fiscal 2011.

**Note H** — Provision for income taxes — Adjustment to reflect a zero pro forma percent tax rate for the first quarters of fiscal 2011 and 2010.

Table 2

AVIAT NETWORKS, INC.

Fiscal Year 2011 First Quarter Summary  
SUPPLEMENTAL SCHEDULE OF REVENUE BY GEOGRAPHICAL AREA  
(Unaudited)

|                                 | Quarter Ended          |                        |
|---------------------------------|------------------------|------------------------|
|                                 | <u>October 1, 2010</u> | <u>October 2, 2009</u> |
|                                 | (In millions)          |                        |
| <b>North America</b>            | \$ 35.6                | \$ 48.0                |
| <b>International</b>            |                        |                        |
| Africa                          | 23.0                   | 29.9                   |
| Europe, Middle East, and Russia | 28.7                   | 18.6                   |
| Latin America and Asia Pacific  | <u>21.8</u>            | <u>23.5</u>            |
| <b>Total International</b>      | <u>73.5</u>            | <u>72.0</u>            |
|                                 | <u>\$ 109.1</u>        | <u>\$ 120.0</u>        |