

**AVIAT NETWORKS, INC.**

**Quarter Ended December 30, 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 2012 Second Quarter Summary**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (2)**  
**Condensed Consolidated Statements of Operations**  
**(Unaudited)**

	Quarter Ended				Two Quarters Ended			
	December 30, 2011	% of Revenue	December 31, 2010 (1)	% of Revenue	December 30, 2011	% of Revenue	December 31, 2010 (1)	% of Revenue
	(In millions, except per share amounts)							
<b>GAAP gross margin</b>	\$ 31.9	30.4 %	\$ 37.4	32.4 %	\$ 64.6	29.9 %	\$ 63.7	29.5 %
Share-based compensation	0.1		0.1		0.2		0.2	
Write-off of deferred inventory and E&O costs	0.9		—		1.0		—	
Amortization of purchased technology	0.1		0.1		0.3		0.3	
<b>Non-GAAP gross margin</b>	<b>33.0</b>	<b>31.4 %</b>	<b>37.6</b>	<b>32.6 %</b>	<b>66.1</b>	<b>30.5 %</b>	<b>64.2</b>	<b>29.8 %</b>
<b>GAAP research and development expenses</b>	\$ 8.8	8.4 %	\$ 11.2	9.7 %	\$ 17.8	8.2 %	\$ 20.9	9.7 %
Share-based compensation	(0.3)		(0.7)		(0.5)		(0.9)	
<b>Non-GAAP research and development expenses</b>	<b>8.5</b>	<b>8.1 %</b>	<b>10.5</b>	<b>9.1 %</b>	<b>17.3</b>	<b>8.0 %</b>	<b>20.0</b>	<b>9.3 %</b>
<b>GAAP selling and administrative expenses</b>	\$ 25.3	24.1 %	\$ 25.1	21.8 %	\$ 49.9	23.1 %	\$ 53.5	24.8 %
Share-based compensation	(0.9)		(0.4)		(1.5)		(0.9)	
Rebranding and transitional services	—		(0.7)		—		(0.9)	
Other nonrecurring charges	(0.5)		—		(0.5)		—	
<b>Non-GAAP selling and administrative expenses</b>	<b>23.9</b>	<b>22.8 %</b>	<b>24.0</b>	<b>20.8 %</b>	<b>47.9</b>	<b>22.1 %</b>	<b>51.7</b>	<b>24.0 %</b>
<b>GAAP operating loss</b>	\$ (8.6)	(8.2)%	\$ (3.0)	(2.6)%	\$ (11.1)	(5.1)%	\$ (21.1)	(9.8)%
Share-based compensation	1.3		1.2		2.2		2.0	
Write-off of deferred inventory and E&O costs	0.9		—		1.0		—	
Amortization of purchased technology	0.1		0.1		0.3		0.3	
Rebranding and transitional services	—		0.7		—		0.9	
Other nonrecurring charges	0.5		—		0.5		—	
Amortization of intangible assets	0.7		0.7		1.4		1.4	
Goodwill impairment charges	5.6		—		5.6		—	
Restructuring charges	0.1		3.4		1.0		9.0	
<b>Non-GAAP operating income (loss)</b>	<b>0.6</b>	<b>0.6 %</b>	<b>3.1</b>	<b>2.7 %</b>	<b>0.9</b>	<b>0.4 %</b>	<b>(7.5)</b>	<b>(3.5)%</b>
<b>GAAP other expense, net</b>	\$ (0.6)	(0.6)%	\$ (1.7)	(1.5)%	\$ (0.8)	(0.4)%	\$ (6.1)	(2.8)%
Loss on sale of NetBoss assets	—		0.5		—		4.4	
Transactional taxes assessments	0.3		0.5		0.3		0.5	
<b>Non-GAAP other expense, net</b>	<b>(0.3)</b>	<b>(0.3)%</b>	<b>(0.7)</b>	<b>(0.6)%</b>	<b>(0.5)</b>	<b>(0.2)%</b>	<b>(1.2)</b>	<b>(0.6)%</b>
<b>GAAP income tax provision (benefit)</b>	\$ 0.8	0.8 %	\$ 5.3	4.6 %	\$ 1.8	0.8 %	\$ (0.2)	(0.1)%
Adjustment to reflect zero percent pro forma tax rate	(0.8)		(5.3)		(1.8)		0.2	
<b>Non-GAAP income tax provision</b>	<b>—</b>	<b>— %</b>	<b>—</b>	<b>— %</b>	<b>—</b>	<b>— %</b>	<b>—</b>	<b>— %</b>
<b>GAAP loss from continuing operations</b>	\$ (10.0)	(9.5)%	\$ (10.0)	(8.7)%	\$ (13.7)	(6.3)%	\$ (27.0)	(12.5)%
Share-based compensation	1.3		1.2		2.2		2.0	
Write-off of deferred inventory and E&O costs	0.9		—		1.0		—	
Amortization of purchased technology	0.1		0.1		0.3		0.3	
Rebranding and transitional services	—		0.7		—		0.9	
Other nonrecurring charges	0.5		—		0.5		—	
Amortization of intangible assets	0.7		0.7		1.4		1.4	
Goodwill impairment charges	5.6		—		5.6		—	
Restructuring charges	0.1		3.4		1.0		9.0	
Loss on sale of NetBoss assets	—		0.5		—		4.4	
Transactional taxes assessments	0.3		0.5		0.3		0.5	
Adjustment to reflect zero percent pro forma tax rate	0.8		5.3		1.8		(0.2)	
<b>Non-GAAP income (loss) from continuing operations</b>	<b>\$ 0.3</b>	<b>0.3 %</b>	<b>\$ 2.4</b>	<b>2.1 %</b>	<b>\$ 0.4</b>	<b>0.2 %</b>	<b>\$ (8.7)</b>	<b>(4.0)%</b>
<b>Basic and diluted income (loss) per share from continuing operations</b>								
GAAP	\$ (0.17)		\$ (0.17)		\$ (0.23)		\$ (0.46)	
Non-GAAP	\$ —		\$ 0.04		\$ 0.01		\$ (0.15)	
<b>Shares used in computing income (loss) per share from continuing operations, basic and diluted</b>								
GAAP	59.0		58.4		58.9		58.4	
Non-GAAP	61.1		59.0		60.7		59.0	

**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 year period results have been reclassified to conform to current period presentation.
- (2) The adjustments above reconcile our GAAP financial results to the non-GAAP financial measures used by us. Our non-GAAP financial measures exclude share-based compensation, write-off of deferred inventory and excess and obsolete inventory, amortization of purchased technology, amortization of intangible assets, goodwill impairment charges, restructuring charges, loss on sale of NetBoss assets, transactional tax assessments and adjustment to reflect zero percent pro forma tax rate. 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 2**  
**AVIAT NETWORKS, INC.**  
**Fiscal Year 2012 Second Quarter Summary**  
**SUPPLEMENTAL SCHEDULE OF REVENUE BY GEOGRAPHICAL AREA**  
**(Unaudited)**

	Quarter Ended		Two Quarters Ended	
	December 30, 2011	December 31, 2010	December 30, 2011	December 31, 2010
	(In millions)			
<b>North America</b>	<b>\$ 44.2</b>	<b>\$ 40.3</b>	<b>\$ 81.2</b>	<b>\$ 75.6</b>
<b>International:</b>				
Africa and Middle East	<b>24.0</b>	28.6	<b>66.7</b>	59.1
Europe and Russia	<b>15.8</b>	28.4	<b>28.2</b>	46.1
Latin America and AsiaPac	<b>21.0</b>	18.0	<b>40.3</b>	34.9
<b>Total International</b>	<b>60.8</b>	75.0	<b>135.2</b>	140.1
	<b>\$ 105.0</b>	<b>\$ 115.3</b>	<b>\$ 216.4</b>	<b>\$ 215.7</b>