

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 3, 2010

AVIAT NETWORKS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-33278
(Commission File
Number)

20-5961564
(I.R.S. Employer
Identification No.)

Address of principal executive offices: **637 Davis Drive, Morrisville, NC 27560**

Registrant's telephone number, including area code: **(919) 767- 3250**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition

Item 7.01 Regulation FD Disclosure

The information contained in this Current Report on Form 8-K, including the accompanying Exhibit 99.1, is being furnished pursuant to Item 2.02 and 7.01 of Form 8-K and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section. The information contained in this Current Report on Form 8-K that is furnished under Item 2.02 and 7.01, including the accompanying Exhibit 99.1, shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, except as shall be expressly set forth by specific reference in such a filing.

On February 3, 2010, Aviat Networks, Inc. (“Aviat Networks”) (formerly Harris Stratex Networks, Inc.) issued a press release announcing its results of operations and financial condition as of and for its second quarter of fiscal year 2010, which ended January 1, 2010 and guidance regarding expected revenue for its third quarter of fiscal 2010. The full text of the press release and related financial tables is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

Use of Non-GAAP Measures and Comparative Financial Information

The press release and related financial tables include a discussion of non-GAAP financial measures, including non-GAAP net income or loss and net income or loss (or earnings or loss) per basic and diluted share for the second quarter of fiscal 2010. A “non-GAAP financial measure” is generally defined as a numerical measure of a company’s historical or future performance that excludes or includes amounts, or is subject to adjustments, so as to be different from the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles (“GAAP”). Each of such non-GAAP amounts was determined by excluding certain items including costs of product sales and services, amortization of purchased technology, research and development expenses, selling and administrative expenses, amortization of intangible assets, restructuring charges and provision for income taxes. Aviat Networks has included in its press release a reconciliation of non-GAAP financial measures disclosed in the press release to the most directly comparable GAAP financial measures.

Aviat Networks reports information in accordance with U.S. GAAP. Management of Aviat Networks monitors gross margin, operating income or loss, net income or loss, and net income or loss per share on a non-GAAP basis for planning and forecasting results in future periods, and may use these measures for some management compensation purposes. As such, historical non-GAAP combined information has been included in this press release for comparative purposes. As a result, management is presenting these non-GAAP measures in addition to results reported in accordance with GAAP to better communicate underlying operational and financial performance in each period. Management believes these non-GAAP 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 given period. Management also believes that these non-GAAP measures enhance the ability of an investor to analyze trends in Aviat Networks’ business and to better understand our performance.

Aviat Networks management does not, nor does it suggest that investors should consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Aviat Networks presents such non-GAAP financial measures in reporting its financial results to provide investors with an additional tool to evaluate the Company’s financial performance.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibit is furnished herewith:

99.1 Press Release, issued by Aviat Networks, Inc. on February 3, 2010.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AVIAT NETWORKS, INC.

February 3, 2010

By: /s/ Thomas L. Cronan, III

Name: Thomas L. Cronan, III

Title: Senior Vice President and Chief Financial Officer

News Release

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Aviat

NETWORKS

Aviat Networks Announces Q2 Fiscal 2010 Financial Results

Reports Q2 revenue of \$123 million

Research Triangle Park, NC – February 3, 2010 –Aviat Networks, Inc. (NASDAQ: AVNW), previously known as Harris Stratex Networks, Inc., is the wireless expert in advanced IP network migration, a leading provider of wireless solutions that enable the evolution of next-generation fixed and mobile broadband networks, today reported financial results for the second quarter of fiscal year 2010, which ended January 1, 2010.

Revenue for the second quarter of fiscal 2010 was \$122.6 million, compared with \$190.9 million in the year ago period. GAAP net loss was \$7.9 million or \$0.13 per share, compared with GAAP net loss of \$318.7 million or \$5.43 per share in the year ago quarter. In Q2 of fiscal 2009 GAAP results included \$327.1 million of charges comprised primarily of a \$301.0 million expense for impairment of goodwill and other indefinite-lived intangible assets.

Non-GAAP Financial Results

Non-GAAP net income for the quarter was \$0.8 million, or \$0.01 per share, compared with non-GAAP net income of \$8.4 million, or \$0.14 per share in the year ago quarter. Non-GAAP results exclude \$7.3 million of pre-tax charges comprised of \$3.8 million for amortization of purchased intangibles, \$2.0 million of restructuring and stock compensation expense, and \$1.5M of expense associated with rebranding and expense incurred in transitioning from a Harris Corporation subsidiary to an independent company.

A reconciliation of GAAP to non-GAAP financial measures is provided on Table 4 along with the accompanying notes.

As of the quarter ended January 1, 2010 cash and cash equivalents were \$126.4 million, compared with \$133.0 million as of the quarter ended October 2, 2009.

Second Quarter Revenue by Business Segment

Revenue in the North America segment was \$49.4 million in the second quarter of fiscal 2010, compared with \$66.6 million in the year ago period. International revenue was \$73.2 million, compared with \$124.3 million in the year ago period. Beginning in Q1 of fiscal 2010, Network Operations revenue is now reported within the North America and International segments.

“As our first earnings report under our new company name, we are pleased to report a sequential improvement in revenue, from \$120 million in our first quarter to approximately \$123 million this quarter, despite the ongoing challenges in the global economy. The demand for our innovative wireless products and services in various Asia Pacific regions continues to be a source of financial strength, as well as pride and accomplishment with the customers we serve,” said Harald Braun, president and chief executive officer of Aviat Networks. “Signs of stabilization in North America continue, and evidence of a recovery is also emerging in other select regions of the world.”

Outlook and Guidance

Due to the current macro-economic situation, it is difficult to provide financial guidance, and it is likely that Aviat Networks’ actual results could differ materially from current expectations.

The Company’s current revenue expectations for the third quarter of fiscal year 2010 are in the range of \$120 million to \$130 million.

Conference Call

Aviat Networks will host a conference call today at 4:30 p.m. Eastern Time to discuss the company’s financial results. Those wishing to join the call should dial 480-629-9724 (Conference ID: 4195176) at approximately 4:20 p.m. A replay of the call will be available starting approximately one hour after the call’s completion until February 10. To access the replay, dial 303-590-3030 (Conference ID: 4195176). A live and archived webcast of the conference call will also be available via the company’s Web site at <http://investors.aviatnetworks.com/eventdetail.cfm?eventid=76918>.

Non-GAAP Measures and Comparative Financial Information

Aviat Networks, Inc. reports information in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”). Management of Aviat Networks monitors revenues, cost of product sales and services, research and development expenses, selling and administrative

expenses, operating income or loss, tax expense or benefit, net income or loss, and net income or loss per share on a non-GAAP basis for planning and forecasting results in future periods, and may use these measures for some management compensation purposes. These measures exclude certain costs and expenses as shown on the attached GAAP reconciliation table. As a result, management is presenting these non-GAAP measures in addition to results reported in accordance with GAAP to better communicate underlying operational and financial performance in each period. Management believes these non-GAAP 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 given period. Management also believes that these non-GAAP measures enhance the ability of an investor to analyze trends in Aviat Networks' business and to better understand our performance.

Aviat Networks' management does not, nor does it suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Aviat Networks presents such non-GAAP financial measures in reporting its financial results to provide investors with an additional tool to evaluate the Company's financial performance. Reconciliations of these non-GAAP financial measures with the most directly comparable financial measures calculated in accordance with GAAP are included in the tables below.

About Aviat Networks

Aviat Networks, Inc. (Nasdaq: AVNW), previously known as Harris Stratex Networks, Inc., is the wireless expert in advanced IP network migration, building the foundation for the 4G/LTE broadband future. We offer best-of-breed transformational wireless solutions, including LTE-ready microwave backhaul, WiMAX access and a complete portfolio of essential service options that enable wireless public and private telecommunications operators to deliver advanced data, voice and video and mobility services around the world. Aviat is agile and adaptive to anticipate what's coming to help our customers make the right choices, and our products and services are designed for flexible evolution, no matter what the future brings. With global reach and local presence on the ground we work by the side of our customers, allowing them to quickly and cost effectively seize new market and service opportunities, while managing migration toward an all- IP future. For more information, please visit www.aviatnetworks.com or join the dialogue at www.twitter.com/aviat_networks.

Forward-Looking Statements

The information contained in this document includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act and Section 27A of the Securities Act. All statements, trend analyses and other information contained herein about the markets for the services and products of Aviat Networks and trends in revenue, as well as other statements identified by the use of forward-looking terminology, including "anticipated", "believe", "plan", "estimate", "expect", "goal", "will", "see", "continues", "delivering", "view", and "intend", or the negative of these terms or other similar expressions, constitute forward-looking statements. These forward-looking statements are based on estimates

reflecting the current beliefs of the senior management of Aviat Networks. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Forward-looking statements should therefore be considered in light of various important factors, including those set forth in this document. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include the following:

- continued weakness in the global economy affecting customer spending;
- continued price erosion as a result of increased competition in the microwave transmission industry;
- the volume, timing and customer, product and geographic mix of our product orders may have an impact on our operating results;
- the ability to achieve business plans for Aviat Networks;
- the ability to manage and maintain key customer relationships;
- the ability to maintain projected product rollouts, product functionality, anticipated cost reductions or market acceptance of planned products;
- future costs or expenses related to litigation;
- the ability of our subcontractors to perform or our key suppliers to manufacture or deliver material;
- customers may not pay for products or services in a timely manner, or at all;
- the failure of Aviat Networks to protect its intellectual property rights and its ability to defend itself against intellectual property infringement claims by others;
- currency and interest rate risks;
- the impact of political, economic and geographic risks on international sales;
- uncertain economic conditions in the telecommunications sector combined with operator and supplier consolidation which makes it difficult to estimate growth.

For more information regarding the risks and uncertainties for our business, see "Risk Factors" in our form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") on September 4, 2009 as well as other reports filed by Aviat Networks, Inc., previously known as Harris Stratex Networks, Inc., with the SEC from time to time. Aviat Networks undertakes no obligation to update publicly any forward-looking statement for any reason, except as required by law, even as new information becomes available or other events occur in the future.

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FINANCIAL TABLES ATTACHED

Contacts:

Investors: Mary McGowan, Summit IR Group Inc., 408-404-5401, Mary@summitirgroup.com

Media: Scott Smith, Aviat Networks, 408-944-3529, Scott.smith@aviatnetworks.com

Table 1

AVIAT NETWORKS, INC. (FORMERLY HARRIS STRATEX NETWORKS, INC.)

Fiscal Year 2010 Second Quarter Summary
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Quarter Ended		Two Quarters Ended	
	January 1, 2010	January 2, 2009	January 1, 2010	January 2, 2009
	(In millions, except per share amounts)			
Revenue from product sales and services	\$ 122.6	\$ 190.9	\$ 242.6	\$ 386.7
Cost of product sales and services	(78.2)	(138.0)	(158.4)	(272.9)
Amortization of purchased technology	(2.1)	(1.8)	(4.2)	(3.6)
Gross margin	42.3	51.1	80.0	110.2
Research and development expenses	(10.1)	(9.5)	(20.8)	(19.7)
Selling and administrative expenses	(35.4)	(32.9)	(66.2)	(69.4)
Amortization of intangible assets	(1.5)	(1.4)	(3.0)	(2.8)
Goodwill impairment charges	—	(279.0)	—	(279.0)
Trade name impairment charges	—	(22.0)	—	(22.0)
Restructuring charges	(1.5)	(1.1)	(2.6)	(4.4)
Operating loss	(6.2)	(294.8)	(12.6)	(287.1)
Interest income	0.1	0.3	0.1	0.7
Interest expense	(0.4)	(0.7)	(0.9)	(1.4)
Loss before income taxes	(6.5)	(295.2)	(13.4)	(287.8)
Income tax expense benefit	(1.4)	(23.5)	(2.3)	(24.4)
Net loss	<u>\$ (7.9)</u>	<u>\$ (318.7)</u>	<u>\$ (15.7)</u>	<u>\$ (312.2)</u>
Net loss per common share of Class A and Class B common stock				
(Note 1):				
Basic and diluted	\$ (0.13)	\$ (5.43)	\$ (0.27)	\$ (5.33)
Basic and diluted weighted average shares outstanding	59.3	58.7	59.1	58.6

- (1) The net loss per common share amounts were the same for Class A and Class B in the quarter and two quarters ended January 2, 2009 because the holders of each class were legally entitled to equal per share distributions whether through dividends or in liquidation. There were no shares of Class B common stock outstanding during the quarter and two quarters ended January 1, 2010. Effective November 19, 2009, under a change to our Articles of Incorporation approved by shareholders, all shares of our Class A common stock were reclassified on a one-to-one basis to shares Common Stock without a class designation; we no longer have Class A or Class B common stock authorized, issued or outstanding.

Table 2
AVIAT NETWORKS, INC. (FORMERLY HARRIS STRATEX NETWORKS, INC.)
Fiscal Year 2010 Second Quarter Summary
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	<u>January 1, 2010</u>	<u>July 3, 2009⁽¹⁾</u>
	(In millions)	
Assets		
Cash and cash equivalents	\$ 126.4	\$ 136.8
Short-term investments	—	0.3
Receivables	133.3	142.9
Inventories and unbilled costs	118.4	126.4
Other current assets	28.1	29.7
Property, plant and equipment	56.9	57.4
Goodwill	3.5	3.2
Identifiable intangible assets	77.3	84.1
Non-current deferred taxes	7.5	8.0
Other assets	11.2	11.4
	<u>\$ 562.6</u>	<u>\$ 600.2</u>
Liabilities and Shareholders' Equity		
Short-term debt	\$ 10.0	\$ 10.0
Accounts payable	54.5	69.6
Accrued expenses and other current liabilities	106.6	114.8
Restructuring and other long-term liabilities	1.4	4.3
Redeemable preference shares	8.3	8.3
Non-current deferred taxes and reserve for uncertain tax positions	6.0	5.3
Shareholders' equity	375.8	387.9
	<u>\$ 562.6</u>	<u>\$ 600.2</u>

(1) Derived from audited financial statements.

Table 3

AVIAT NETWORKS, INC. (FORMERLY HARRIS STRATEX NETWORKS, INC.)

Fiscal Year 2010 Second Quarter Summary
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Two Quarters Ended	
	January 1, 2010	January 2, 2009
	(In millions)	
Operating Activities		
Net loss	\$ (15.7)	\$ (312.2)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization of identifiable intangible assets	7.2	6.4
Depreciation and amortization of property, plant and equipment and capitalized software	10.8	11.7
Non-cash stock-based compensation expense	1.5	1.4
Goodwill impairment charges	—	279.0
Trade name impairment charges	—	22.0
Decrease in fair value of warrants	—	(0.3)
Deferred income tax expense	1.3	22.6
Changes in operating assets and liabilities:		
Receivables	9.9	20.6
Unbilled costs and inventories	7.9	(26.2)
Accounts payable and accrued expenses	(16.2)	—
Advance payments and unearned income	(2.5)	2.8
Restructuring liabilities and other	(0.3)	(11.4)
Net cash provided by operating activities	<u>3.9</u>	<u>16.4</u>
Investing Activities		
Cash paid related to acquisition of Telsima in prior fiscal year	(4.2)	—
Purchases of short-term investments and available for sale securities	—	(1.2)
Sales of short-term investments and available for sale securities	0.3	2.7
Additions of property, plant and equipment	(9.4)	(7.2)
Additions of capitalized software	(1.5)	(2.2)
Net cash used in investing activities	<u>(14.8)</u>	<u>(7.9)</u>
Financing Activities		
Increase in short-term debt	—	10.0
Payments on long-term debt	—	(8.8)
Payments on capital lease obligations	(0.2)	(0.5)
Net cash (used in) provided by financing activities	<u>(0.2)</u>	<u>0.7</u>
Effect of exchange rate changes on cash and cash equivalents	0.7	(6.5)
Net (decrease) increase in cash and cash equivalents	(10.4)	2.7
Cash and cash equivalents, beginning of year	136.8	95.0
Cash and cash equivalents, end of quarter	\$ <u>126.4</u>	\$ <u>97.7</u>

Table 3 (Continued)

AVIAT NETWORKS, INC. (FORMERLY HARRIS STRATEX NETWORKS, INC.)

Fiscal Year 2010 Second Quarter Summary
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Quarter Ended	
	January 1, 2010	January 2, 2009
	(In millions)	
Operating Activities		
Net loss	\$ (7.9)	\$ (318.7)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Amortization of identifiable intangible assets	3.5	3.0
Depreciation and amortization of property, plant and equipment and capitalized software	4.8	6.1
Non-cash stock-based compensation expense	0.5	0.4
Goodwill impairment charges	—	279.0
Trade name impairment charges	—	22.0
Deferred income tax expense	0.9	23.3
Changes in operating assets and liabilities, net of effects from acquisition:		
Receivables	(18.9)	15.1
Unbilled costs and inventories	9.8	(12.6)
Accounts payable and accrued expenses	(2.8)	(4.3)
Advance payments and unearned income	4.7	1.8
Restructuring liabilities and other	4.9	(2.6)
Net cash (used in) provided by operating activities	(0.5)	12.5
Investing Activities		
Sales of short-term investments and available for sale securities	—	0.9
Additions of property, plant and equipment	(5.5)	(2.8)
Additions of capitalized software	(0.6)	(1.2)
Net cash used in investing activities	(6.1)	(3.1)
Financing Activities		
Payments on long-term capital lease obligations	(0.2)	(0.5)
Net cash used in financing activities	(0.2)	(0.5)
Effect of exchange rate changes on cash and cash equivalents	0.2	(5.6)
Net (decrease) increase in cash and cash equivalents	(6.6)	3.3
Cash and cash equivalents, beginning of quarter	133.0	94.4
Cash and cash equivalents, end of quarter	\$ 126.4	\$ 97.7

AVIAT NETWORKS, INC. (FORMERLY HARRIS STRATEX NETWORKS, INC.)

Quarter and Two Quarters Ended January 1, 2010 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 revenue, cost of product sales and services, gross margin, research and development expenses, selling and administrative expenses, operating income (loss), income (loss) before income taxes, income taxes, net income (loss), and net income (loss) per basic and diluted share adjusted to exclude certain costs, charges, expenses and losses, including such amounts related to our merger with Stratex Networks. 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 4

AVIAT NETWORKS, INC. (FORMERLY HARRIS STRATEX NETWORKS, INC.)

Fiscal Year 2010 Second Quarter Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Condensed Consolidated Statements of Operations
(Unaudited)

	Quarter Ended							
	January 1, 2010				January 2, 2009			
	As Reported	Non-GAAP Adjustments	Non-GAAP	% of Sales	As Reported	Non-GAAP Adjustments	Non-GAAP	% of Sales
	(In millions, except per share amounts)							
Revenue from product sales and services	\$ 122.6	\$ —	\$ 122.6		\$ 190.9	\$ —	\$ 190.9	
Cost of product sales and services (A)	(78.2)	0.1	(78.1)		(138.0)	0.3	(137.7)	
Amortization of purchased technology (B)	(2.1)	2.1	—		(1.8)	1.8	—	
Gross margin	42.3	2.2	44.5	36.3%	51.1	2.1	53.2	27.9%
Research and development expenses (C)	(10.1)	0.2	(9.9)	8.1%	(9.5)	0.1	(9.4)	4.9%
Selling and administrative expenses (D)	(35.4)	1.9	(33.5)	27.3%	(32.9)	0.6	(32.3)	16.9%
Amortization of intangible assets (E)	(1.5)	1.5	—		(1.4)	1.4	—	
Goodwill impairment charges (F)	—	—	—		(279.0)	279.0	—	
Trade name impairment charges (F)	—	—	—		(22.0)	22.0	—	
Restructuring charges (G)	(1.5)	1.5	—		(1.1)	1.1	—	
Operating (loss) income	(6.2)	7.3	1.1	0.9%	(294.8)	306.3	11.5	6.0%
Interest income	0.1	—	0.1		0.3	—	0.3	
Interest expense	(0.4)	—	(0.4)		(0.7)	—	(0.7)	
(Loss) income before income taxes	(6.5)	7.3	0.8	<i>Tax rate</i>	(295.2)	306.3	11.1	<i>Tax rate</i>
Income tax (expense) benefit (H)	(1.4)	1.4	—	0%	(23.5)	20.8	(2.7)	24%
Net (loss) income	<u>\$ (7.9)</u>	<u>\$ 8.7</u>	<u>\$ 0.8</u>		<u>\$ (318.7)</u>	<u>\$ 327.1</u>	<u>\$ 8.4</u>	
Net (loss) income per common share:								
Basic and diluted	<u>\$ (0.13)</u>		<u>\$ 0.01</u>		<u>\$ (5.43)</u>		<u>\$ 0.14</u>	
Basic and diluted weighted average shares outstanding	59.3		59.3		58.7		58.7	

Notes to Table 4:

Note A — Cost of sales and services — Includes adjustment to cost of product sales and services for the second quarter of fiscal 2010 to remove purchase accounting adjustments for the amortization of the step-up in the value of fixed assets (\$0.1 million).

For the second quarter of fiscal 2009, includes adjustment to cost of product sales and services to remove purchase accounting adjustments for the amortization of the step-up in the value of fixed assets (\$0.2 million) and adjustment to remove non-cash share-based compensation expense (\$0.1 million).

Note B — Amortization of purchased technology — Adjustment for the second quarter of fiscal 2010 and 2009 to remove amortization of purchased intangibles.

Note C — Research and development expenses — Adjustment for the second quarter of fiscal 2010 to remove non-cash share-based compensation expense of \$0.2 million.

For the second quarter of fiscal 2009, adjustment is to remove non-cash share-based compensation expense of \$0.1 million.

Note D — Selling and administrative expenses — Includes adjustment for the second quarter of fiscal 2010 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 (\$0.3 million). Also includes adjustments to remove expenses related to rebranding in connection with the change in Company name required by the license agreement termination notice from Harris Corporation (\$0.5 million) and expenses related to implementing new internal information systems required to provide services currently being phased out under the Transitional Services Agreement with Harris (\$1.0 million).

For the second quarter of fiscal 2009, includes adjustment to remove purchase accounting adjustments related to the amortization of the step-up in the value of fixed assets (\$0.4 million) and non-cash share-based compensation expense (\$0.2 million).

Note E — Amortization of intangible assets — Adjustment for the second quarter of fiscal 2010 and 2009 to remove amortization of purchased intangibles.

Note F — Goodwill and Trade name impairment charges — Adjustment to remove charges for impairment incurred during the second quarter of fiscal 2009.

Note G — Restructuring charges — Adjustment to remove charges for restructuring incurred during the second quarter of fiscal 2010 and 2009.

Note H — Provision for income taxes — Adjustment to reflect a zero percent pro forma tax rate for the second quarter of fiscal 2010 and a pro forma 24 percent tax rate for the second quarter of fiscal 2009. We estimate zero tax expense for the second quarter of fiscal 2010 due to breakeven pre-tax pro forma income for the first two quarters of fiscal 2010 and zero pro forma tax expense recorded in the first quarter of fiscal 2010. The adjustment in the second quarter of fiscal 2009 primarily consisted of removing the effect of a \$20.8 million increase in the valuation allowance on certain deferred tax assets.

Table 5

AVIAT NETWORKS, INC. (FORMERLY HARRIS STRATEX NETWORKS, INC.)

Fiscal Year-to-Date 2010 Summary
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Condensed Consolidated Statements of Operations
(Unaudited)

	Two Quarters Ended							
	January 1, 2010				January 2, 2009			
	As Reported	Non-GAAP Adjustments	Non-GAAP	% of Sales	As Reported	Non-GAAP Adjustments	Non-GAAP	% of Sales
	(In millions, except per share amounts)							
Revenue from product sales and services	\$ 242.6	\$ —	\$ 242.6		\$ 386.7	\$ —	\$ 386.7	
Cost of product sales and services (A)	(158.4)	0.3	(158.1)		(272.9)	0.7	(272.2)	
Amortization of purchased technology (B)	(4.2)	4.2	—		(3.6)	3.6	—	
Gross margin	80.0	4.5	84.5	34.8%	110.2	4.3	114.5	29.6%
Research and development expenses (C)	(20.8)	0.3	(20.5)	8.5%	(19.7)	0.3	(19.4)	5.0%
Selling and administrative expenses (D)	(66.2)	3.0	(63.2)	26.1%	(69.4)	1.7	(67.7)	17.5%
Amortization of intangible assets (E)	(3.0)	3.0	—		(2.8)	2.8	—	
Goodwill impairment charges (F)	—	—	—		(279.0)	279.0	—	
Trade name impairment charges (F)	—	—	—		(22.0)	22.0	—	
Restructuring charges (G)	(2.6)	2.6	—		(4.4)	4.4	—	
Operating (loss) income	(12.6)	13.4	0.8	0.3%	(287.1)	314.5	27.4	7.1%
Interest income	0.1	—	0.1		0.7	—	0.7	
Interest expense	(0.9)	—	(0.9)		(1.4)	—	(1.4)	
(Loss) income before income Taxes	(13.4)	13.4	—	<i>Tax rate</i>	(287.8)	314.5	26.7	<i>Tax rate</i>
Income tax (expense) benefit (H)	(2.3)	2.3	—	16%	(24.4)	18.0	(6.4)	24%
Net (loss) income	<u>\$ (15.7)</u>	<u>\$ 15.7</u>	<u>\$ —</u>		<u>\$ (312.2)</u>	<u>\$ 332.5</u>	<u>\$ 20.3</u>	
Net (loss) income per common share:								
Basic and diluted	<u>\$ (0.27)</u>		<u>\$ —</u>		<u>\$ (5.33)</u>		<u>\$ 0.35</u>	
Basic and diluted weighted average shares outstanding	<u>59.1</u>		<u>59.1</u>		<u>58.6</u>		<u>58.6</u>	

Notes to Table 5:

Note A — Cost of sales and services — Includes adjustment to cost of product sales and services for the two quarters ended January 1, 2010 to remove purchase accounting adjustments for the amortization of the step-up in the value of fixed assets (\$0.2 million) and adjustment to remove non-cash share-based compensation expense (\$0.1 million).

For the two quarters ended January 2, 2009, includes adjustment to cost of product sales and services to remove purchase accounting adjustments for the amortization of the step-up in the value of fixed assets (\$0.4 million) and adjustment to remove non-cash share-based compensation expense (\$0.3 million).

Note B — Amortization of purchased technology — Adjustment for the two quarters ended January 1, 2010 and January 2, 2009 to remove amortization of purchased intangibles.

Note C — Research and development expenses — Adjustment for the two quarters ended January 1, 2010 to remove non-cash share-based compensation expense of \$0.3 million.

For the two quarters ended January 2, 2009, adjustment is to remove non-cash share-based compensation expense of \$0.3 million.

Note D — Selling and administrative expenses — Includes adjustment for the two quarters ended January 1, 2010 to remove purchase accounting adjustments related to the amortization of the step-up in the value of fixed assets (\$0.2 million), to remove non-cash share-based compensation expense (\$1.2 million). Also includes adjustments to remove expenses related to rebranding in connection with the change in Company name required by the license agreement termination notice from Harris Corporation (\$0.6 million) and expenses related to implementing new internal information systems required to provide services currently being phased out under the Transitional Services Agreement with Harris (\$1.0 million).

For the two quarters ended January 2, 2009, includes adjustment to remove purchase accounting adjustments related to the amortization of the step-up in the value of fixed assets (\$0.8 million) and non-cash share-based compensation expense (\$0.9 million).

Note E — Amortization of intangible assets — Adjustment for the two quarters ended January 1, 2010 and January 2, 2009 to remove amortization of purchased intangibles.

Note F — Goodwill and Trade name impairment charges — Adjustment to remove charges for impairment incurred during the two quarters ended January 2, 2009.

Note G — Restructuring charges — Adjustment to remove charges for restructuring incurred during the two quarters ended January 1, 2010 and January 2, 2009.

Note H — Provision for income taxes — Adjustment to reflect a 16 percent pro forma tax rate for the two quarters ended January 1, 2010 and a pro forma 24 percent tax rate for the two quarters ended January 2, 2009. The adjustment in the two quarters ended January 2, 2009 primarily consisted of removing the effect of a \$20.8 million increase in the valuation allowance on certain deferred tax assets.

Table 6

AVIAT NETWORKS, INC. (FORMERLY HARRIS STRATEX NETWORKS, INC.)

Fiscal Year 2010 Second Quarter Summary
SUPPLEMENTAL SCHEDULE OF REVENUE BY GEOGRAPHICAL AREA
(Unaudited)

	Quarter Ended					
	January 1, 2010			January 2, 2009		
	As Reported	Non-GAAP Adjustments	Non-GAAP	As Reported	Non-GAAP Adjustments	Non-GAAP
North America (1)	\$ 49.4	\$ —	\$ 49.4	\$ 66.6	\$ —	\$ 66.6
International (1):						
Africa	18.6	—	18.6	51.7	—	51.7
Europe, Middle East, and Russia	29.9	—	29.9	49.1	—	49.1
Latin America and AsiaPac	24.7	—	24.7	23.5	—	23.5
Total International	<u>73.2</u>	<u>—</u>	<u>73.2</u>	<u>124.3</u>	<u>—</u>	<u>124.3</u>
	<u>\$ 122.6</u>	<u>\$ —</u>	<u>\$ 122.6</u>	<u>\$ 190.9</u>	<u>\$ —</u>	<u>\$ 190.9</u>

- (1) We previously reported three operating segments in our public filings: North America Microwave, International Microwave and Network Operations. During the first quarter of fiscal 2010, we realigned the management structure of our Network Operations segment to geographically integrate with our North America Microwave and International Microwave segments to gain cost efficiencies. As a result, we eliminated the Network Operations segment as a separate reporting unit and consolidated this segment into our remaining two segments that are based on the geographical location where revenue is recognized. Additionally, we have dropped the word “Microwave” from the name of our North America and International segments. Segment information in the table above has been adjusted to reflect this change.

Table 7

AVIAT NETWORKS, INC. (FORMERLY HARRIS STRATEX NETWORKS, INC.)

Fiscal Year-to-Date 2010 Summary
SUPPLEMENTAL SCHEDULE OF REVENUE BY GEOGRAPHICAL AREA
(Unaudited)

	Two Quarters Ended					
	January 1, 2010			January 2, 2009		
	As Reported	Non-GAAP Adjustments	Non-GAAP	As Reported	Non-GAAP Adjustments	Non-GAAP
North America (1)	\$ 97.4	\$ —	\$ 97.4	\$ 129.6	\$ —	\$ 129.6
International (1):						
Africa	48.5	—	48.5	117.5	—	117.5
Europe, Middle East, and Russia	48.5	—	48.5	86.9	—	86.9
Latin America and AsiaPac	48.2	—	48.2	52.7	—	52.7
Total International	<u>145.2</u>	<u>—</u>	<u>145.2</u>	<u>257.1</u>	<u>—</u>	<u>257.1</u>
	<u>\$ 242.6</u>	<u>\$ —</u>	<u>\$ 242.6</u>	<u>\$ 386.7</u>	<u>\$ —</u>	<u>\$ 386.7</u>

- (1) We previously reported three operating segments in our public filings: North America Microwave, International Microwave and Network Operations. During the first quarter of fiscal 2010, we realigned the management structure of our Network Operations segment to geographically integrate with our North America Microwave and International Microwave segments to gain cost efficiencies. As a result, we eliminated the Network Operations segment as a separate reporting unit and consolidated this segment into our remaining two segments that are based on the geographical location where revenue is recognized. Additionally, we have dropped the word “Microwave” from the name of our North America and International segments. Segment information in the table above has been adjusted to reflect this change.