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

Quarter and Three Quarters Ended April 2, 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 1

AVIAT NETWORKS, INC.

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

	Quarter Ended							
	April 2, 2010				April 3, 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	$ 120.0	$ —	$ 120.0		$ 158.0	$ —	$ 158.0	
Cost of product sales and services (A)	(82.8)	0.1	(82.7)		(109.9)	—	(109.9)	
Charges for product transition (B)	(16.9)	16.9	—		(29.8)	29.8	—	
Amortization of purchased technology (C)	(2.1)	2.1	—		(1.8)	1.8	—	
Gross margin	18.2	19.1	37.3	31.1%	16.5	31.6	48.1	30.4%
Research and development expenses (D)	(10.2)	0.1	(10.1)	8.4%	(9.9)	0.2	(9.7)	6.1%
Selling and administrative expenses (E)	(35.0)	1.7	(33.3)	27.8%	(34.6)	0.6	(34.0)	21.5%
Amortization of intangible assets (F)	(1.3)	1.3	—		(1.4)	1.4	—	
Acquired in-process research and development (G)	—	—	—		(2.4)	2.4	—	
Software impairment charges (H)	—	—	—		(2.9)	2.9	—	
Restructuring charges (I)	(0.7)	0.7	—		(0.5)	0.5	—	
Operating (loss) income	(29.0)	22.9	(6.1)	(5.1)%	(35.2)	39.6	4.4	2.8%
Interest income	—	—	—		0.2	—	0.2	
Interest expense	(0.6)	—	(0.6)		(0.8)	—	(0.8)	
(Loss) income before income taxes	(29.6)	22.9	(6.7)	*Tax rate*	(35.8)	39.6	3.8	*Tax rate*
Income tax benefit (expense) (J)	3.9	(3.9)	—	0%	(3.6)	2.7	(0.9)	24%
Net (loss) income	$ (25.7)	$ 19.0	$ (6.7)		$ (39.4)	$ 42.3	$ 2.9	
Net (loss) income per common share:								
Basic and diluted	$ (0.43)		$ (0.11)		$ (0.67)		$ 0.05	
Basic and diluted weighted average shares outstanding	59.7		59.7		58.8		58.8	

Notes to Table 1:

Note A - Cost of sales and services - Includes adjustment to cost of product sales and services for the third 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 third 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 ($0.1 million) and adjustment to remove a credit to non-cash share-based compensation expense ($0.1 million).

Note B — Charges for product transition — Adjustments for the third quarter of fiscal 2010 to converge our products onto a single platform by the end of fiscal year 2010. These charges included $7.9 million related to provisions for legacy product excess and obsolete inventory, and $5.5 million for impairment of a building and idle equipment. Additionally, $3.5 million in charges were recorded for inventory purchase commitments.

Adjustments for the third quarter of fiscal 2009 to remove charges for an accelerated transition towards a common IP-based platform. These charges included $26.4 million related to provisions for legacy product excess and obsolete inventory, and write-downs of property, plant, manufacturing and test equipment. Additionally, $3.4 million in charges were recorded for inventory purchase commitments.

Note C - Amortization of purchased technology - Adjustment for the third quarter of fiscal 2010 and 2009 to remove amortization of purchased intangibles.

Note D - Research and development expenses - Adjustment for the third quarter of fiscal 2010 to remove non-cash share-based compensation expense of $0.1 million.

For the third quarter of fiscal 2009, adjustment is to remove non-cash share-based compensation expense of $0.2 million.

Note E - Selling and administrative expenses - Includes adjustment for the third 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 ($0.2 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 ($0.7 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 ($0.1 million). Also includes $0.6 million in severance costs to move certain executive positions to our California office.

For the third 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 ($0.2 million) and non-cash share-based compensation expense ($0.4 million).

Note F - Amortization of intangible assets - Adjustment for the third quarter of fiscal 2010 and 2009 to remove amortization of purchased intangibles.

Note G — Acquired in-process research and development — Adjustment to remove charges incurred during the third quarter of fiscal 2009 from the Telsima acquisition.

Note H — Software impairment charges — Adjustments for the third quarter of fiscal 2009 to remove charges for impairment of software.

Note I - Goodwill and Trade name impairment charges - Adjustment to remove charges for impairment incurred during the third quarter of fiscal 2009.

Note I - Restructuring charges - Adjustment to remove charges for restructuring incurred during the third quarter of fiscal 2010 and 2009.

Note J - Provision for income taxes - Adjustment to reflect a zero percent pro forma tax rate for the third quarter of fiscal 2010 and a pro forma 24 percent tax rate for the third quarter of fiscal 2009. We estimate zero tax expense for the third quarter of fiscal 2010 due to recording net losses in third quarter of fiscal 2010 and the first three quarters of fiscal 2010.

Table 2

AVIAT NETWORKS, INC.

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

	Three Quarters Ended							
	April 2, 2010				April 3, 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	$ 362.6	$ —	$ 362.6		$ 544.7	$ —	$ 544.7	
Cost of product sales and services (A)	(241.2)	0.4	(240.8)		(382.8)	0.7	(382.1)	
Charges for product transition (B)	(16.9)	16.9	—		(29.8)	29.8	—	
Amortization of purchased technology (C)	(6.3)	6.3	—		(5.4)	5.4	—	
Gross margin	98.2	23.6	121.8	33.6%	126.7	35.9	162.6	29.9%
Research and development expenses (D)	(31.0)	0.4	(30.6)	8.4%	(29.6)	0.5	(29.1)	5.3%
Selling and administrative expenses (E)	(101.2)	4.7	(96.5)	26.6%	(104.0)	2.3	(101.7)	18.7%
Amortization of intangible assets (F)	(4.3)	4.3	—		(4.2)	4.2	—	
Acquired in-process research and development (G)	—	—	—		(2.4)	2.4	—	
Software impairment charges (H)	—	—	—		(2.9)	2.9	—	
Goodwill impairment charges (I)	—	—	—		(279.0)	279.0	—	
Trade name impairment charges (I)	—	—	—		(22.0)	22.0	—	
Restructuring charges (J)	(3.3)	3.3	—		(4.9)	4.9	—	
Operating (loss) income	(41.6)	36.3	(5.3)	(1.5)%	(322.3)	354.1	31.8	5.8%
Interest income	0.1	—	0.1		0.9	—	0.9	
Interest expense	(1.5)	—	(1.5)		(2.2)	—	(2.2)	
(Loss) income before income Taxes	(43.0)	36.3	(6.7)	*Tax rate*	(323.6)	354.1	30.5	*Tax rate*
Income tax benefit (expense) (K)	1.6	(1.6)	—	0%	(28.0)	20.7	(7.3)	24%
Net (loss) income	$ (41.4)	$ 34.7	$ (6.7)		$ (351.6)	$ 374.8	$ 23.2	
Net (loss) income per common share:								
Basic and diluted	$ (0.70)		$ (0.11)		$ (5.99)		$ 0.40	
Basic and diluted weighted average shares outstanding	59.3		59.3		58.7		58.7	

Notes to Table 2:

Note A - Cost of sales and services - Includes adjustment to cost of product sales and services for the three quarters ended April 2, 2010 to remove purchase accounting adjustments for the amortization of the step-up in the value of fixed assets ($0.3 million) and adjustment to remove non-cash share-based compensation expense ($0.1 million).

For the three quarters ended April 3, 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 ($0.5 million) and adjustment to remove non-cash share-based compensation expense ($0.2 million).

Note B — Charges for product transition — Adjustments for the three quarters ended April 2, 20010 to converge our products onto a single platform by the end of fiscal year 2010. These charges included $7.9 million related to provisions for legacy product excess and obsolete inventory, and $5.5 million for impairment of a building and idle equipment. Additionally, $3.5 million in charges were recorded for inventory purchase commitments.

Adjustments for the three quarters ended April 3, 2009 to remove charges for an accelerated transition towards a common IP-based platform. These charges included $26.4 million related to provisions for legacy product excess and obsolete inventory, and write-downs of property, plant, manufacturing and test equipment. Additionally, $3.4 million in charges were recorded for inventory purchase commitments.

Note C - Amortization of purchased technology - Adjustment for the three quarters ended April 2, 2010 and April 3, 2009 to remove amortization of purchased intangibles.

Note D - Research and development expenses - Adjustment for the three quarters ended April 2, 2010 to remove non-cash share-based compensation expense of $0.4 million.

For the three quarters ended April 3, 2009, adjustment is to remove non-cash share-based compensation expense of $0.5 million.

Note E - Selling and administrative expenses - Includes adjustment for the three quarters ended April 2, 2010 to remove purchase accounting adjustments related to the amortization of the step-up in the value of fixed assets ($0.3 million), to remove non-cash share-based compensation expense ($1.4 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 ($1.3 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 ($1.1 million). Also includes $0.6 million in severance costs to move certain executive positions to our California office.

For the three quarters ended April 3, 2009, includes adjustment to remove purchase accounting adjustments related to the amortization of the step-up in the value of fixed assets ($1.0 million) and non-cash share-based compensation expense ($1.3 million).

Note F - Amortization of intangible assets - Adjustment for the three quarters ended April 2, 2010 and April 3, 2009 to remove amortization of purchased intangibles.

Note G — Acquired in-process research and development — Adjustment to remove charges incurred during the three quarters ended April 3, 2009 from the Telsima acquisition, which occurred on February 27, 2009.

Note H — Software impairment charges — Adjustments for the three quarters ended April 3, 2009 to remove charges for impairment of software.

Note I — Goodwill and Trade name impairment charges — Adjustment to remove charges for impairment incurred during the three quarters ended April 3, 2009.

Note J - Restructuring charges - Adjustment to remove charges for restructuring incurred during the three quarters ended April 2, 2010 and April 3, 2009.

Note K - Provision for income taxes - Adjustment to reflect a zero percent pro forma tax rate for the three quarters ended April 2, 2010 and a pro forma 24 percent tax rate for the three quarters ended April 3, 2009. The adjustment in the three quarters ended April 3, 2009 primarily consisted of removing the effect of a $20.8 million increase in the valuation allowance on certain deferred tax assets.

Table 3

AVIAT NETWORKS, INC.

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

	Quarter Ended					
	April 2, 2010			April 3, 2009		
	(In millions)					
	As Reported	Non-GAAP Adjustments	Non-GAAP	As Reported	Non-GAAP Adjustments	Non-GAAP
North America (1)	**$ 39.6**	**$—**	**$ 39.6**	$ 43.0	$—	$ 43.0
International (1):						
Africa	**37.7**	—	**37.7**	63.6	—	63.6
Europe, Middle East, and Russia	**22.9**	—	**22.9**	33.0	—	33.0
Latin America and AsiaPac	**19.8**	—	**19.8**	18.4	—	18.4
Total International	**80.4**	—	**80.4**	115.0	—	115.0
	$ 120.0	**$—**	**$ 120.0**	$ 158.0	$—	$ 158.0

(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 4

AVIAT NETWORKS, INC.

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

	Three Quarters Ended					
	April 2, 2010			April 3, 2009		
	(In millions)					
	As Reported	Non-GAAP Adjustments	Non-GAAP	As Reported	Non-GAAP Adjustments	Non-GAAP
North America (1)	**$ 137.0**	**$—**	**$ 137.0**	$ 172.6	$—	$ 172.6
International (1):						
Africa	**86.2**	—	**86.2**	181.1	—	181.1
Europe, Middle East, and Russia	**71.4**	—	**71.4**	119.6	—	119.6
Latin America and AsiaPac	**68.0**	—	**68.0**	71.4	—	71.4
Total International	**225.6**	—	**225.6**	372.1	—	372.1
	$ 362.6	**$—**	**$ 362.6**	$ 544.7	$—	$ 544.7

(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.