

AVIAT NETWORKS, INC.  
Form DEF 14A  
January 23, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A

(Rule 14a-101)

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to § 240.14a-12

Aviat Networks, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

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☒ No fee required

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(1) Title of each class of securities to which transaction applies:

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AVIAT NETWORKS, INC.

5200 Great America Parkway

Santa Clara, CA 95054

Notice of 2014 Annual Meeting of Stockholders

To Be Held on Tuesday, February 24, 2015

TO THE HOLDERS OF COMMON STOCK OF AVIAT NETWORKS, INC.

NOTICE IS HEREBY GIVEN that the 2014 Annual Meeting of Stockholders (the "Annual Meeting") of Aviat Networks, Inc. (the "Company") will be held at our facilities, located at 5200 Great America Parkway, Santa Clara, California 95054, on Tuesday, February 24, 2015, at 11:00 a.m., local time, for the following purposes:

1. To elect eight directors to serve until the Company's 2015 Annual Meeting of Stockholders or until their successors have been elected and qualified.
2. To vote on the ratification of the appointment by our Audit Committee of KPMG LLP as the Company's independent registered public accounting firm for fiscal year 2015.
3. To hold an advisory, non-binding vote to approve the Company's named executive officer compensation.
4. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement or other delay thereof.

Only holders of common stock at the close of business on January 15, 2015, are entitled to notice of and to vote at the Annual Meeting.

Whether or not you expect to attend the Annual Meeting in person, we urge you to submit a proxy to vote your shares. This will help ensure the presence of a quorum at the Annual Meeting.

By Order of the Board of Directors

/s/ Meena Elliott

Senior Vice President, General Counsel and Secretary

January 23, 2015

Important Notice Regarding the Availability of Proxy Materials

for the Stockholder Meeting to Be Held on February 24, 2015

The proxy statement and annual report to stockholders are available at

<https://www.proxyonline.com/docs/aviatnetwork2015/>

Your vote is important regardless of the number of shares you own. The Board of Directors urges you to sign, date and return the enclosed proxy card by mail (using the enclosed postage-paid envelope) as promptly as possible, or vote electronically or by telephone as described in the attached proxy statement. If you have any questions or need assistance in voting your shares, please contact the Company's proxy solicitor, D.F. King & Co., toll-free at (800) 622-1573.

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AVIAT NETWORKS, INC.

PROXY STATEMENT

FOR THE ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON TUESDAY, FEBRUARY 24, 2015

This proxy statement (this “Proxy Statement”) applies to the solicitation of proxies by the Board of Directors (the “Board”) of Aviat Networks, Inc. (which we refer to as “Aviat,” the “Company,” “we,” “our,” and “ours”) for use at the 2014 Annual Meeting of Stockholders and any adjournment, postponement or other delay thereof (the “Annual Meeting”), to be held at 11:00 a.m., local time, on Tuesday, February 24, 2015. The Annual Meeting will be held at our facilities located at 5200 Great America Parkway, Santa Clara, California 95054. The telephone number at that location is (408) 567-7000. These proxy materials are being made available on or about January 23, 2015, to our stockholders entitled to notice of and to vote at the Annual Meeting.

ABOUT THE ANNUAL MEETING

What is the purpose of the Annual Meeting?

The purpose of the Annual Meeting is to obtain stockholder action on the matters outlined in the notice of meeting included with this Proxy Statement. All holders of shares of common stock at the close of business on January 15, 2015, are entitled to notice of and to vote at the Annual Meeting. At the Annual Meeting, our stockholders will vote (i) to elect eight directors; (ii) on the ratification of the appointment by our Audit Committee of KPMG LLP as our independent registered public accounting firm for fiscal year 2015; and (iii) on an advisory, non-binding resolution to approve the Company’s named executive officer compensation.

What is the record date, and who is entitled to vote at the Annual Meeting?

The record date for the stockholders entitled to vote at the Annual Meeting is January 15, 2015 (the “Record Date”). The Record Date was established by the Board as required by the Delaware General Corporation Law and our Bylaws.

Owners of shares of our common stock at the close of business on the Record Date are entitled to receive notice of the Annual Meeting and to vote at the Annual Meeting. You may vote all shares that you owned as of the Record Date.

What are the voting rights of the holders of common stock at the Annual Meeting?

Each outstanding share of our common stock is entitled to one vote on each matter considered at the Annual Meeting. As of the Record Date, there were 62,328,265 shares of our common stock outstanding.

Who may attend the Annual Meeting?

Subject to space availability, all stockholders as of the Record Date, or their duly appointed proxies, may attend the Annual Meeting. Since seating is limited, admission to the Annual Meeting will be on a first-come, first-served basis. If your shares are held in “street name” (that is, through a bank, broker or other holder of record) and you wish to attend the Annual Meeting, you must bring to the Annual Meeting a copy of a bank or brokerage statement reflecting your stock ownership as of the Record Date.

Each stockholder may be asked to present valid picture identification, such as a driver’s license or passport. Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting. You may contact us by calling (408) 567-7000 for directions to the Annual Meeting.

#### How do I vote?

Stockholders of record can vote by proxy as follows:

• Via the Internet: Stockholders may submit voting instructions through the Internet by following the instructions included with the proxy card.

• By Telephone: Stockholders may submit voting instructions by telephone by following the instructions included with the proxy card.

• By Mail: Stockholders may sign, date and return their proxy card in the pre-addressed, postage-paid envelope provided.

• At the Annual Meeting: If you attend the Annual Meeting, you may vote in person by ballot, even if you have previously returned a proxy card.

If you hold your shares in “street name,” the bank, broker or other holder of record holding your shares will send you separate instructions describing the procedure for voting your shares. If you hold your shares in “street name,” you will not be able to vote in person by ballot at the Annual Meeting unless you have previously requested and obtained a “legal proxy” from your broker, bank or other holder of record and present it at the Annual Meeting.

How can I access the proxy materials and annual report on the Internet?

This Proxy Statement, the form of proxy card, the Notice and our annual report on Form 10-K for the fiscal year ended June 27, 2014 are available at [www.proxyonline.com](http://www.proxyonline.com).

Why is Aviat soliciting proxies?

In lieu of personally attending and voting at the Annual Meeting, you may appoint a proxy to vote on your behalf. The Board has designated proxy holders to whom you may submit your voting instructions. The proxy holders for the Annual Meeting are Charles Kissner, Chairman of the Board, Michael Pangia, President and CEO, and Meena Elliott, Senior Vice President, General Counsel and Secretary.

How do I revoke my proxy?

If you are a stockholder of record, you may revoke your proxy at any time before your shares are voted at the Annual Meeting by:

• delivering a written notice of revocation to the Company’s Secretary, Meena Elliott, at 5200 Great America Parkway, Santa Clara, CA 95054;

• signing, dating and returning a proxy card bearing a later date;

• submitting another proxy by Internet or telephone (the latest dated proxy will control); or

• attending the Annual Meeting and voting in person by ballot.

If you hold your shares in “street name,” you should follow the directions provided by the bank, broker or other holder of record to revoke your proxy. Regardless of how you hold your shares, your attendance at the Annual Meeting after having executed and delivered a valid proxy card will not in and of itself constitute a revocation of your proxy.

What vote is required to approve each item?

Proposal No. 1 (election of directors): the director nominees will be elected by a plurality. However, Aviat’s Corporate Governance Guidelines provide for certain procedures if a director nominee fails to receive more “for” votes than “withhold” votes. See “How is the majority voting policy applied to the election of directors?” below.

Stockholders may not cumulate votes in the election of directors. The Board recommends a vote “FOR” all nominees. Proposal No. 2 (ratification of KPMG LLP as the Company’s independent registered public accounting firm): the affirmative vote by the holders of common stock entitled to cast a majority of the voting power of all of the common stock present in person or represented by proxy at the Annual Meeting and entitled to vote on the proposal is necessary for approval of Proposal No. 2. The Board recommends a vote “FOR” Proposal No. 2.

Proposal No. 3 (advisory, non-binding vote on named executive officer compensation): the affirmative vote by the holders of common stock entitled to cast a majority of the voting power of all of the common stock present in person or represented by proxy at the Annual Meeting and entitled to vote on the proposal is necessary for approval of Proposal No. 3. The Board recommends a vote “FOR” Proposal No. 3.

How is the majority voting policy applied to the election of directors?

Aviat’s Corporate Governance Guidelines provide for a majority voting policy in uncontested elections of directors. An uncontested election is one in which the number of nominees for director does not exceed the number of directors to be elected. The director election taking place at this Annual Meeting is uncontested, and Aviat’s majority voting policy will apply. Under Aviat’s majority voting policy, in order for a nominee to remain on the Board, the votes cast “for” such nominee’s election must exceed the votes “withheld” from such nominee’s election.

Aviat’s majority voting policy requires an incumbent director nominee who receives a greater number of votes “withheld” from his election than votes “for” his election to promptly offer his resignation from the Board for consideration by the Governance and Nominating Committee and the Board. The Governance and Nominating Committee will then recommend to the Board the action to be taken with respect to such offer of resignation, and the Board will determine whether to accept the nominee’s resignation. See “Majority Vote Policy in Director Elections” for additional information.

What constitutes a quorum, abstention and broker “non-vote”?

The presence at the Annual Meeting either in person or by proxy of the holders of common stock entitled to cast a majority of the voting power of all of the common stock issued and outstanding and entitled to vote at the Annual Meeting constitutes a quorum for the transaction of business at the Annual Meeting.

Abstentions and broker “non-votes” are counted as present and are, therefore, included for purposes of determining whether a quorum is present at the Annual Meeting. An abstention occurs when a stockholder does not vote for or against a proposal but specifically abstains from voting. A broker “non-vote” occurs when a bank, broker or other holder of record holding shares in street name for a beneficial owner signs and submits a proxy or votes with respect to shares of common stock held in a fiduciary capacity, but does not vote on a particular matter because the bank, broker or other holder of record does not have discretionary voting power with respect to that matter and has not received instructions from the beneficial owner or because the bank, broker or other holder of record elects not to vote on a matter as to which it does have discretionary voting power. Under the rules governing banks, brokers and other holders of record who are voting with respect to shares held in street name, such entities have the discretion to vote such shares on routine matters but not on non-routine matters. Only Proposal No. 2 is a routine matter.

For Proposal No. 1, abstentions and broker “non-votes” will be disregarded and have no effect on the outcome of the vote. For Proposals No. 2 and No. 3, abstentions will have the same effect as voting against the proposal, and broker non-votes, if any, will be disregarded and have no effect on the outcome of the vote.

Who pays for the cost of solicitation?

We will bear the entire cost of solicitation, including the preparation, assembly, printing, and mailing of this Proxy Statement, the proxy card, the Notice and any additional solicitation materials that may be furnished to our stockholders and the maintenance and operation of the website providing Internet access to these proxy materials. We will reimburse banks, brokers and other holders of record for reasonable expenses incurred in sending proxy materials to beneficial owners of our common stock and maintaining Internet access for such materials and the submission of proxies. We may supplement the original solicitation of proxies by mail through solicitation by telephone, email, over the Internet or by other means by our directors, officers and other employees. No additional compensation will be paid to these individuals for any such services.





In addition, the Company has retained AST Phoenix Advisors to assist it in the solicitation of proxies. The Company has agreed to pay D.F. King & Co. a fee of \$9,500, plus reimbursement for their reasonable out-of-pocket expenses. The Company has also agreed to indemnify D.F. King & Co. against certain liabilities and expenses, including certain liabilities and expenses under the federal securities laws.

What is the deadline for submitting proposals and director nominations for the 2015 Annual Meeting?

In order for any stockholder to submit nominations of directors or propose business to be considered before our 2015 Annual Meeting, a stockholder of record must submit a written notice thereof, which notice must be received by our Corporate Secretary at our principal executive offices not less than 60 days nor more than 90 days prior to the date of the 2015 Annual Meeting. We will announce the date of the 2015 Annual Meeting at least 70 days in advance. The full requirements for the submission of nominations of directors and proposals of business to be considered are contained in Article II, Sections 13 and 14, respectively, of our Bylaws, which are available for review at our website, [www.aviatnetworks.com](http://www.aviatnetworks.com).

Stockholder proposals intended for inclusion in next year's proxy statement pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 (the "Exchange Act") must be directed to the Corporate Secretary, Aviat Networks, Inc., at our principal executive offices, and must be received by September 25, 2015.

In accordance with the rules of the SEC, the proxies solicited by the Board for the 2015 Annual Meeting will confer discretionary authority on the proxy holders to vote on any director nomination or stockholder proposal presented at the 2015 Annual Meeting if the Company fails to receive notice of such matter in accordance with the periods specified above.

Who will count the votes?

D.F. King & Co. will tabulate the votes cast by proxy. The Company has retained an independent inspector of elections in connection with Aviat's solicitation of proxies for the Annual Meeting. Aviat intends to notify stockholders of the results of the Annual Meeting by filing a Form 8-K with the SEC.

#### CORPORATE GOVERNANCE

We believe in and are committed to sound corporate governance principles. Consistent with our commitment to and continuing evolution of corporate governance principles, we adopted a Code of Business Ethics, corporate governance guidelines and written charters for the Governance and Nominating Committee, Audit Committee and Compensation Committee. Each of our Board committees is required to conduct an annual review of its charter and applicable guidelines.

#### Board Members

The authorized size of the Board is currently eight. Directors are nominated by the Governance and Nominating Committee of the Board.

In January 2015, we reconstituted the Board and Clifford H. Higgerson, Raghavendra Rau, Dr. Moshen Sohi and Edward F. Thompson retired from the Board. At that time, James R. Henderson, John Mutch, Robert G. Pearse and John J. Quicke were appointed to the Board. The Board thanks Messrs. Higgerson, Rau and Thompson and Dr. Sohi for their distinguished service to the Company.

The following are the members of the Board as of the date of this Proxy Statement. See Proposal No. 1 for additional information regarding the nominees for director.

Name	Title and Positions
Charles D. Kissner	Director, Chairman of the Board
William A. Hasler	Director
James R. Henderson	Director
John Mutch	Director
Michael A. Pangia	Director, President and Chief Executive Officer
Robert G. Pearse	Director
John J. Quicke	Director
Dr. James C. Stoffel	Lead Independent Director

The Board has determined that each of our current directors except Mr. Kissner and Mr. Pangia has no relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and is otherwise independent in accordance with listing rules of the NASDAQ Stock Market (the “NASDAQ Listing Rules”). All of our directors are requested to attend our annual meetings of stockholders. Seven of our directors serving at that time attended the 2013 Annual Meeting.

#### Board and Committee Meetings and Attendance

During fiscal year 2014, the Board held nine meetings. Each of the Board members attended at least 77% of the total number of Board meetings and at least 78% of the total number of meetings of the committee or committees on which the member served during fiscal year 2014.

#### Board Member Qualifications

Our Board believes that its members should encompass a range of talents, skills and expertise, which enables the Board to provide sound guidance with respect to the Company’s operations and interest. Our Board prefers a variety of professional experiences and backgrounds among its members. In addition to considering a candidate’s experiences and background, candidates are reviewed in the context of the current composition of the Board and evolving needs of our businesses. In particular, the Board has sought to include members that have experience in establishing, growing and leading communications companies in senior management positions and serving on the board of directors of other companies. In determining that each of the members of the Board is qualified to be a director, the Board has relied on the attributes listed below and, where applicable, on the direct personal knowledge of each of the members’ prior service on the Board.

Our bylaws provide that a director may not be older than 75 years of age on the date of his or her election or appointment to the Board unless otherwise specifically approved by a resolution passed by the Board.

#### Directors’ Biographies

The following is a brief description of the business experience and background of each nominee for director, including the capacities in which each has served during at least the past five years:

Mr. Charles D. Kissner, age 67, currently serves as Chairman of the Board. Mr. Kissner served as our Executive Chairman from July 2011 to July 2012 and again from July 2014 to December 2014, and served as non-Executive Chairman from July 2012 to July 2014 and again after December 2014. Mr. Kissner served as CEO and Chairman of the Board of Aviat from July 2010 to July 2011. He was CEO of Stratex Networks, Inc., one of our predecessor companies (“Stratex”), from July 1995 through May 2000, and again from October 2001 to May 2006. He was elected a director of Stratex in July 1995 and Chairman in August 1996. Mr. Kissner also served as Vice President and General Manager of M/A-COM, Inc., a manufacturer of radio and microwave communications products, from July 1993 to July 1995. Prior to that, he was President and CEO of Aristacom International Inc. (“Aristacom”), a communications software company, and Executive Vice President and a Director of Fujitsu Network Switching, Inc. He also held a number of executive positions at AT&T (now Alcatel-Lucent). Mr. Kissner currently serves as Chairman of the Board of Directors of ShoreTel, Inc., an IP business telephony systems company. He also serves on the Board of Directors of Meru Networks Inc., a provider of advanced enterprise wireless networking systems, Rambus, Inc., a technology licensing company focusing on the development of technologies that enrich the end-user experience of electronic systems, and KQED Public Media, a non-profit organization.



Mr. Kissner brings extensive knowledge of our business, having served on our Board as non-executive Chairman for over three years. He also brings nearly fifteen years of relevant CEO experience having served in that capacity at technology driven companies such as Stratex and Aristacom. Mr. Kissner also brings extensive public company directorship and committee experience to the Board, which has been an invaluable resource as our company regularly assesses its corporate governance, corporate compliance and risk management obligations. Mr. Kissner has also directly supervised nearly thirty merger and acquisition activities, which experience has been vital to the assessment and integration of acquisition opportunities.

Mr. William A. Hasler, age 73, has served as a member of the Board since January 2007. He also serves on the Board of Directors of Globalstar, Inc. (“Globalstar”), a supplier of satellite communication services, and Rubicon, Ltd. (“Rubicon”), which holds subsidiaries focused in forestry biotechnology. Mr. Hasler served as a member of the Stratex Board of Directors from August 2001 through January 2007, and was Chairman of the Nominating and Corporate Governance Committee and a member of the Audit Committee. Mr. Hasler served as Chairman of the Board of Directors of Solectron Corporation from 2003 to 2007 and was a member of that Board from 1998 to 2007. He was co-CEO and a Director of Aphton Corp., a biopharmaceutical company, from 1998 to 2003. From 1991 to 1998, Mr. Hasler was Dean of both the Graduate and Undergraduate Schools of Business at the University of California, Berkeley. Prior to his deanship at UC Berkeley, Mr. Hasler was Vice Chairman of KPMG Peat Marwick. He also served as a trustee of Schwab Funds.

Mr. Hasler’s current and prior service on the boards of several technology-driven companies, including Globalstar and Rubicon, and his prior service as Chairman of a large publicly traded company provide him with an extensive knowledge base of complex management, financial, operational and governance issues faced by public companies with international operations. He is a member of the audit committee of various public and private companies. Mr. Hasler has extensive experience in Silicon Valley companies and this experience brings our Board important knowledge and expertise related to corporate finance and accounting, strategic planning, manufacturing and operations. He brings valuable financial expertise, including extensive knowledge of accounting, auditing and investments in both public and private companies. Additionally, through his service on public company boards, Mr. Hasler has gained an understanding and expertise in public company governance.

Mr. James R. Henderson, age 57, has served as a director and Chairman of the Board of Directors of School Specialty, Inc. (“School Specialty”), a distributor of supplies, furniture and both supplemental and curriculum products to the education marketplace, since June 2013 and served as its Chief Executive Officer from July 2013 to April 2014. From August 2013 to April 2014, Mr. Henderson also served as the interim Chief Executive Officer of School Specialty. Mr. Henderson has been a director of RELM Wireless Corporation, a maker of high-specification two-way communications equipment, since March 2014 and as a director of GenCorp Inc., a technology-based manufacturer of aerospace and defense products and systems, since 2008. Mr. Henderson served as Chairman of the Board and Chief Executive Officer of Point Blank Solutions, Inc., a designer and producer of technologically advanced body armor systems, from June 2009 until October 2011, having previously served as its Chairman of the Board from August 2008 until June 2009 and as Acting Chief Executive Officer from April 2009 until June 2009. He subsequently served as Chief Executive Officer of Point Blank Enterprises, Inc., the successor to the business of Point Blank Solutions, Inc., from October 2011 to September 2012. Mr. Henderson was also a Managing Director and operating partner of Steel Partners LLC, a subsidiary of Steel Partners Holdings L.P., until April 2011. In addition, Mr. Henderson was associated with Steel Partners LLC and its affiliates from August 1999 until April 2011. Mr. Henderson served as a director of DGT Holdings Corp., a developer, manufacturer and marketer of medical and dental imaging systems and power conversion subsystems and components (“DGT”), from November 2003 until December 2011, as a director of SL Industries, Inc., a designer, manufacturer and marketer of power electronics, motion control, power protection, power quality electromagnetic and specialized communication equipment, from January 2002 to March 2010 and as a director of Angelica Corporation, a provider of textile rental and linen management services (“Angelica”), from August 2006 to August 2008.

Mr. Henderson brings to the Board significant experience as a member of the Boards of Directors of several public companies. He also has extensive experience as a senior executive at a number of companies.

Mr. John Mutch, age 58, has served on the Board of Directors of Steel Excel Inc., a provider of drilling and production services to the oil and gas industry and a provider of event-based sports services and other health-related

services (“Steel Excel”), since 2007. From December 2008 to January 2014, he served as Chairman of the Board of Directors and Chief Executive Officer of Beyondtrust Software, a privately-held security software company. Mr. Mutch has been the founder and managing partner of MV Advisors LLC (“MV Advisors”), a strategic block investment firm that provides focused investment and strategic guidance to small and mid-cap technology companies, since December 2005. Prior to founding MV Advisors, in March 2003, Mr. Mutch was appointed by the U.S. Bankruptcy court to the Board of Directors of Peregrine Systems, Inc. (“Peregrine Systems”), a provider of enterprise asset and service management solutions. He assisted that company in a bankruptcy work-out proceeding and was named President and Chief Executive Officer in July 2003. Previous to running Peregrine Systems, Mr. Mutch served as President, Chief Executive Officer and a director of HNC Software, an enterprise

analytics software provider. Before HNC Software, Mr. Mutch spent seven years at Microsoft Corporation in a variety of executive sales and marketing positions. Mr. Mutch previously served on the Boards of Directors of Phoenix Technologies Ltd., a leader in core systems software products, services and embedded technologies, Edgar Online, Inc., a provider of financial data, analytics and disclosure management solutions, Aspyra, Inc., a provider of clinical and diagnostic information systems for the healthcare industry, Overland Storage, Inc., a provider of unified data management and data protection solutions, and Brio Software, Inc., a provider of business intelligence software. He has served as a director at Agilysys, Inc., a provider of information technology solutions, since March 2009.

Mr. Mutch brings to the Board extensive experience as an executive in the technology sector. He also has experience as a director at several public companies in the technology sector. He is or has been a member of the audit committee of various public and private companies, and brings valuable financial expertise to the Board.

Mr. Michael A Pangia, age 53, has been our President and CEO and a member of the Board since July 18, 2011. From March 2009 to July 2011, he served as our Chief Sales Officer where he was responsible for company-wide operations of the Global Sales and Services organization. Prior to joining Aviat, Mr. Pangia served as senior vice president, Global Sales Operations and Strategy, at Nortel, where he was responsible for all operational aspects of the Global Sales function. Prior to that, he was president of Nortel's Asia region, where his key responsibilities included sales and overall business management for all countries in the region where Nortel did business.

Mr. Pangia's current and prior service as a senior executive officer with large technology driven companies with international operations provide him with an extensive knowledge base of complex management, financial, operational and governance issues faced by public companies with global operations. He also brings a high level of financial literacy to the Board through both formal education and over 15 years' experience in multiple finance functional areas, including cost accounting, financial planning and analysis, and mergers and acquisitions.

Mr. Robert G. Pearce, age 55, currently serves as a Managing Partner at Yucatan Rock Ventures, a firm he co-founded in 2004. Mr. Pearce has served as a director for Crossroads Systems, Inc., an intellectual property development company and global provider of data storage solutions, since 2013. From 2005 to 2012, Mr. Pearce served as Vice President of Strategy and Market Development at NetApp, Inc., a provider of storage solutions, from 1987 to 2004, Mr. Pearce held leadership positions at Hewlett-Packard, a global technology company, most recently as the vice president of Strategy and Corporate Development from 2001 to 2004. Mr. Pearce's professional experience also includes positions at PricewaterhouseCoopers LLP, Eastman Chemical Company and General Motors Company. Mr. Pearce brings to the Board extensive operational experience in the technology sector.

Mr. John J. Quicke, age 65, has served on the Board of Directors of Steel Excel since 2007 and served as its Interim President and Chief Executive Officer from January 2010 until March 2013. In March 2013, he was named President and Chief Executive Officer of Steel Excel's Steel Energy segment. Mr. Quicke is a Managing Director and operating partner of Steel Partners LLC, a subsidiary of Steel Partners Holdings L.P. Mr. Quicke has been associated with Steel Partners and its affiliates since September 2005. Previously, Mr. Quicke served in various capacities at Sequa Corporation, a diversified manufacturer, including Vice Chairman and Executive Officer, President, and as a director of the company. Mr. Quicke has served as a director of Rowan Companies, plc, an offshore contract drilling company, since January 2009. He has served as a director of JPS Industries, Inc., a manufacturer of mechanically formed glass and aramid substrate materials for specialty applications, since May 2013. Mr. Quicke also serves as a Vice President of Handy & Harman Ltd. ("H&H"), a diversified manufacturer of engineered niche industrial products, a position he has held since October 2005. Mr. Quicke previously served as a director, President and Chief Executive Officer of DGT and as a director of Angelica, Layne Christensen Company, a global solutions provider for essential natural resources, NOVT Corporation, a vascular brachytherapy business, and H&H.

Mr. Quicke brings to the Board significant experience as a member of the Boards of Directors of several public companies. He also has extensive experience as a senior executive at a number of companies.

Dr. James C. Stoffel, age 68, currently serves as our lead independent director and has served as a member of the Board since January 2007. Presently, Dr. Stoffel is on the Board of Directors of Harris Corporation, of which he has been a member since August 2003, and is also a member of its Business Conduct and Corporate Responsibility Committee and Corporate Governance Committee. Additionally, he serves as General Partner of Trillium International, LLC, a private equity company, and is a senior advisor to other private equity companies. He also serves on the boards of the following privately held companies: Display Data, Omni-ID Ltd., Quintel Ltd., Clear Momentum

and Intrinsic Ltd. Prior to his retirement, Dr. Stoffel was Senior Vice President, Chief Technical Officer and Director of Research and Development of Eastman Kodak Company



(“Kodak”). He held this position from 2000 to April 2005. He joined Kodak in 1997 as Vice President and Director, Electronic Imaging Products Research and Development, and became Director of Research and Engineering in 1998. Prior to joining Kodak, he was with Xerox Corporation (“Xerox”), where he began his career in 1972. His most recent position with Xerox was Vice President, Corporate Research and Technology. Dr. Stoffel serves on the Advisory Board for Research and Graduate Studies at the University of Notre Dame and is a member of the advisory board of the Applied Science and Technology Research Institute, Hong Kong.

Dr. Stoffel’s prior service as a senior executive of large, publicly traded, technology driven companies, and his more than 30 years’ experience focused on technology development, provide him with an extensive knowledge of the complex technical research and development, management, financial and governance issues faced by a public company with international operations. This experience brings our Board important knowledge and expertise related to research and development, new product introductions, strategic planning, manufacturing, operations and corporate finance. His experience as an advisor to private equity firms also provides him with additional knowledge related to strategic planning, capital raising, mergers and acquisitions and economic analysis. Dr. Stoffel also has gained an understanding of public company governance and executive compensation through his service on public company boards, including as a lead independent director.

#### Board Leadership

The Board does not have a policy regarding the separation of the roles of CEO and Chairman of the Board as the Board believes that it is in the best interests of the Company for the Board to make that determination based on the position and direction of the Company and the membership of the Board. The members of the Board possess considerable experience and unique knowledge of the challenges and opportunities that the Company faces, and are in the best position to evaluate the needs of the Company and how to best organize the capabilities of the directors and management to meet those needs.

When the CEO also serves as Chairman of the Board, our Corporate Governance Guidelines provide for the appointment of a lead independent director. Accordingly, when our Chairman, Charles Kissner, was appointed CEO in June 2010, the Board appointed Dr. Stoffel, an independent director, as lead independent director. Although, currently, the roles of the CEO and the Chairman remain separate, upon the recommendation of the Governance and Nominating Committee, the Board has determined to continue the role of the lead independent director for the present time.

The lead independent director is responsible for coordinating the activities of the other independent directors and has the authority to preside at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors. The lead independent director may also recommend the retention of outside advisors and consultants who report directly to the Board. The Board believes that appointing a lead independent director to serve along with a CEO and a non-executive Chairman of the Board has enhanced the Board’s oversight of, and independence from, Company management, the ability of the Board to carry out its roles and responsibilities on behalf of our stockholders and our overall corporate governance.

The Board has determined that having Mr. Kissner serve as Chairman is in the best interest of the Company at this time. This structure ensures a greater role for the independent directors in the oversight of the Company and active participation of the independent directors in setting agendas and establishing Board priorities and procedures, and is useful in establishing a system of corporate checks and balances. Separating the Chairman position from the CEO position allows the CEO to focus on setting the strategic direction of the Company and the day-to-day leadership and performance of the Company, while the Chairman leads the Board in its role of, among other things, providing advice to, and overseeing the performance of, the CEO. In addition, managing the Board can be a time-intensive responsibility, and this structure permits Mr. Pangia, our CEO, to focus on the management of the Company’s day-to-day operations.

In January 2015, Mr. Kissner announced that he would step down as Chairman after the Annual Meeting. The Board has selected Mr. Mutch to serve as Chairman after the Annual Meeting.

#### The Board’s Role in Risk Oversight

Assessing and managing risk is the responsibility of the management of the Company. The Board, through the Governance and Nominating Committee, oversees and reviews certain aspects of the Company’s risk management efforts, focusing on the adequacy of the Company’s risk management and risk mitigation processes. At the Board’s

request, management proposed a process for identifying, evaluating and monitoring material risks and such process has been approved by the Board and is currently in effect. This risk management program is overseen by senior management who, in connection with their regular review of the overall business, identify and prioritize a broad range of material risks (e.g., financial, strategic,

compliance and operational). Senior management also discusses mitigation plans to address such material risks. Prioritized risks and management's plans for mitigating such risks are regularly presented to the full Board for discussion and in order to ensure monitoring. In addition to the risk management program, the Board encourages management to promote a corporate culture that incorporates risk management into the Company's corporate strategy and day-to-day business operations.

A discussion of risk factors in the Company's compensation design can be found below under the heading "Risk Considerations in Our Compensation Program."

#### Principles of Corporate Governance, Bylaws and Other Governance Documents

The Board has adopted Corporate Governance Guidelines and other corporate governance documents that supplement certain provisions of our Bylaws and relate to, among other things, the composition, structure, interaction and operation of the Board. Some of the key governance features of our Corporate Governance Guidelines, Bylaws and other governance documents are summarized below.

**Majority Vote Policy in Director Elections.** Aviat's Corporate Governance Guidelines provide that any nominee for director in an uncontested election (i.e., an election where the number of nominees is not greater than the number of directors to be elected) who receives a greater number of votes "withheld" from his election than votes "for" such election must, promptly following certification of the stockholder vote, offer his resignation to the Board for consideration in accordance with the following procedures. All of these procedures will be completed within 90 days following certification of the stockholder vote.

The Board, through its Qualified Independent Directors (as defined below), will evaluate the best interests of the Company and its stockholders and decide the action to be taken with respect to such offered resignation, which can include, without limitation: (i) accepting the resignation; (ii) accepting the resignation effective as of a future date not later than 180 days following certification of the stockholder vote; (iii) rejecting the resignation but addressing what the Qualified Independent Directors believe to be the underlying cause of the withhold votes; (iv) rejecting the resignation but resolving that the director will not be re-nominated in the future for election; or (v) rejecting the resignation.

In reaching their decision, the Qualified Independent Directors will consider all factors they deem relevant, including but not limited to: (i) any stated reasons why stockholders withheld votes from such director; (ii) the extent to which the "withhold" votes exceed the votes "for" the election of the director and whether the "withhold" votes represent a majority of the outstanding shares of common stock; (iii) any alternatives for curing the underlying cause of the withheld votes; (iv) the director's tenure; (v) the director's qualifications; (vi) the director's past and expected future contributions to the Company; (vii) the overall composition of the Board, including whether accepting the resignation would cause the Company to fail or potentially fail to comply with any applicable law, rule or regulation of the SEC or the NASDAQ Listing Rules; and (viii) whether such director's continued service on the Board for a specified period of time is appropriate in light of current or anticipated events involving the Company.

Following the Board's determination, the Company will, within four business days, disclose publicly in a document furnished or filed with the SEC the Board's decision as to whether or not to accept the resignation offer. The disclosure will also include a description of the process by which the decision was reached, including, if applicable, the reason or reasons for rejecting the offered resignation.

A director who is required to offer his or her resignation in accordance with this policy may not be present during the deliberations or voting whether to accept his or her resignation or, except as otherwise provided below, a resignation offered by any other director in accordance with this policy. Prior to voting, the Qualified Independent Directors may afford the affected director an opportunity to provide any information or statement that he or she deems relevant.

For purposes of this policy, “Qualified Independent Directors” means all directors who (i) are independent directors (as defined in accordance with the NASDAQ Listing Rules); and (ii) are not required to offer their resignation in connection with an election in accordance with this majority voting policy. If there are fewer than three independent directors then serving on the Board who are not required to offer their resignations in accordance with this majority voting policy, then the Qualified Independent Directors means all of the independent directors, and each independent director who is required to offer his resignation in accordance with this majority voting policy must recuse himself from the deliberations and voting only with respect to his individual offer to resign.

All nominees for election as a director in an uncontested election are deemed to have agreed to abide by this majority voting policy and will offer to resign and will resign if requested to do so in accordance with this majority voting policy (and

will if requested submit an irrevocable resignation letter, subject to this majority voting policy, as a condition to being nominated for election).

**Prohibition Against Pledging Aviat Securities and Hedging Transactions.** In accordance with Aviat's Code of Conduct, directors and executive officers are prohibited from pledging Aviat securities and engaging in hedging transactions with respect to Aviat securities. Aviat specifically prohibits directors and executive officers from holding Aviat securities in any margin account for investment purposes or otherwise using Aviat securities as collateral for a loan. Such persons are also prohibited from purchasing certain instruments (including prepaid variable forward contracts, equity swaps, and collars) and engaging in transactions designed to hedge or offset any decrease in the value of Aviat securities.

#### Board Committees

The Board maintains an Audit Committee, a Compensation Committee and a Governance and Nominating Committee. Copies of the charters for the Audit Committee, the Compensation Committee and the Governance and Nominating Committee are available on our website at [www.investors.aviatnetworks.com/documents.cfm](http://www.investors.aviatnetworks.com/documents.cfm). The following table shows, for fiscal year 2014, the Chairman and members of each committee, the number of committee meetings held and the principal functions performed by each committee.

Committee	Number of Meetings in Fiscal Year 2014	Members	Principal Functions
Audit	19	Edward F. Thompson* William A. Hasler Raghavendra Rau	<ul style="list-style-type: none"> <li>• Selects our independent registered public accounting firm</li> <li>• Reviews reports of our independent registered public accounting firm</li> <li>• Reviews and pre-approves the scope and cost of all services, including all non-audit services, provided by the firm selected to conduct the audit</li> <li>• Monitors the effectiveness of the audit process</li> <li>• Reviews management's assessment of the adequacy of financial reporting and operating controls</li> <li>• Monitors corporate compliance program</li> </ul>
Compensation	4	Dr. James C. Stoffel* Clifford H. Higgerson Dr. Mohsen Sohi	<ul style="list-style-type: none"> <li>• Reviews our executive compensation policies and strategies</li> <li>• Oversees and evaluates our overall compensation structure and programs</li> </ul>
Governance and Nominating	5	William A. Hasler* James C. Stoffel Clifford H. Higgerson	<ul style="list-style-type: none"> <li>• Develops and implements policies and practices relating to corporate governance</li> <li>• Reviews and monitors implementation of our policies and procedures</li> <li>• Reviews the process by which management identifies and mitigates key areas of risk and reviews critical risk areas with the Board</li> <li>• Assists in developing criteria for open positions on the Board</li> <li>• Reviews and recommends nominees for election of directors to the Board</li> </ul>

- Reviews and recommends policies, if needed for selection of candidates for directors

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\* Chairman of Committee

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In January 2015, the Board reconstituted the membership of its committees as follows:

Audit Committee	Governance and Nominating Committee	Compensation Committee
John Mutch*	John J. Quicke*	Dr. James C. Stoffel*
James R. Henderson	Robert G. Pearce	John J. Quicke
William A. Hasler	William A. Hasler	Robert G. Pearce

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\* Chairman of Committee

#### Audit Committee

The Audit Committee is primarily responsible for selecting, and approving the services performed by, our independent registered public accounting firm, as well as reviewing our accounting practices, corporate financial reporting and system of internal controls over financial reporting. During fiscal year 2014, the Audit Committee consisted of Messrs. Thompson (Chairman), Hasler and Rau. No material amendments to the Audit Committee Charter were made during fiscal year 2014. During fiscal year 2014, the Audit Committee was comprised of independent, non-employee members of our Board who were “financially sophisticated” under the NASDAQ Listing Rules.

For fiscal year 2014, the Board has determined that each of Messrs. Thompson and Hasler qualified as an “audit committee financial expert,” as defined under Item 407(d)(5)(i) of Regulation S-K under the Securities Act of 1933 and the Exchange Act. Following the reconstitution of the Board, the Board determined that each of Messrs. Hasler and Mutch qualifies as an “audit committee financial expert.” Such status does not impose on any director duties, liabilities or obligations that are greater than the duties, liabilities or obligations otherwise imposed on a director as members of our Audit Committee and the Board.

#### Compensation Committee

The Compensation Committee has the authority and responsibility to approve our overall executive compensation strategy, to administer our annual and long-term compensation plans and to review and make recommendations to the Board regarding executive compensation. The Compensation Committee is comprised of independent, non-employee members of the Board in accordance with NASDAQ Listing Rules. During fiscal year 2014, the Compensation Committee utilized Pearl Meyer & Partners, LLC (“Pearl Meyer”) as an independent, third-party consulting firm.

#### Compensation Committee Interlock and Insider Participation

During fiscal year 2014, the Compensation Committee consisted of Messrs. Stoffel (Chairman), Higgerson and Sohi. None of these individuals was an officer or employee or former officer of the Company. None of our executive officers currently serves or in the past year has served as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our Board or Compensation Committee.

#### Governance and Nominating Committee

During fiscal year 2014, the Governance and Nominating Committee consisted of Messrs. Hasler (Chairman), Higgerson and Stoffel. Each member of the Governance and Nominating Committee met the independence requirements of the NASDAQ Listing Rules.

The Governance and Nominating Committee develops and implements policies and practices related to corporate governance consistent with sound corporate governance principles. The Governance and Nominating Committee also reviews the process by which management identifies and mitigates key areas of risk and reviews critical risk areas with the Board.

The Governance and Nominating Committee also recommends candidates to the Board and periodically reviews whether a more formal selection policy should be adopted. There is no difference in the manner in which the committee members evaluate nominees for director based on whether the nominee is recommended by a stockholder. We currently do not pay a third party to identify or assist in identifying or evaluating potential nominees, although we may in the future utilize the services of such third parties.

In reviewing potential candidates for the Board, the Governance and Nominating Committee considers the individual's experience and background. Candidates for the position of director should exhibit proven leadership capabilities, high integrity, exercise high level responsibilities within their chosen career, and possess an ability to quickly grasp complex principles of business, finance, international transactions and communications technologies. In general, candidates who have held an established executive level position in business, finance, law, education, research, government or civic activity will be preferred.

Although the Governance and Nominating Committee has not adopted a formal diversity policy with regard to the selection of director nominees, diversity is one of the factors that the committee considers in identifying director nominees. When identifying and recommending director nominees, the Governance and Nominating Committee views diversity expansively to include, without limitation, concepts such as race, gender, national origin, differences of viewpoint, professional experience, education, skill and other qualities or attributes that contribute to board diversity. As part of this process, the Governance and Nominating Committee evaluates how a particular candidate would strengthen and increase the diversity of the Board in terms of how that candidate may contribute to the Board's overall balance of perspectives, backgrounds, knowledge, experience, skill sets and expertise in substantive matters pertaining to the Company's business.

In making its recommendations, the Governance and Nominating Committee bears in mind that the foremost responsibility of a director of a corporation is to represent the interests of the stockholders as a whole. The Governance and Nominating Committee intends to continue to evaluate candidates for election to the Board on the basis of the foregoing criteria.

#### Stockholder Communications with the Board

Stockholders who wish to communicate directly with the Board may do so by submitting a comment via the Company's website at [www.investors.aviatnetworks.com/contactBoard.cfm](http://www.investors.aviatnetworks.com/contactBoard.cfm) or by sending a letter addressed to: Aviat Networks, Inc., c/o Corporate Secretary, 5200 Great America Parkway, Santa Clara, CA 95054. The Corporate Secretary monitors these communications and provides a summary of all received messages to the Board at its regularly scheduled meetings. When warranted by the nature of communications, the Corporate Secretary will request prompt attention by the appropriate committee or independent director of the Board, independent advisors or management. The Corporate Secretary may decide in her judgment whether a response to any stockholder communication is appropriate.

#### Code of Conduct

We implemented our Code of Conduct effective January 26, 2007. All of our employees, including the CEO, CFO and Principal Accounting Officer, are required to abide by the Code of Conduct to help ensure that our business is conducted in a consistently ethical and legal manner. The Audit Committee has adopted a written policy, and management has implemented a reporting system, intended to encourage our employees to bring to the attention of management and the Audit Committee any complaints regarding the integrity of our internal system of controls over financial reporting, or the accuracy or completeness of financial or other information related to our financial statements.

#### TRANSACTIONS WITH RELATED PERSONS

During fiscal year 2014, we believe there were no transactions, or series of similar transactions, to which we were or are to be a party in which the amount exceeded \$120,000, and in which any of our directors or executive officers, any holders of more than 5% of our common stock or any members of any such person's immediate family, had or will have a direct or indirect material interest, other than compensation described in the sections titled "Director Compensation and Benefits" and "Executive Compensation."

It is the policy and practice of our Board to review and assess information concerning transactions involving related persons. Related persons include our directors and executive officers and their immediate family members. If the determination is made that a related person has a material interest in a transaction involving us, then the disinterested members of our Board would review and approve or ratify it, and we would disclose the transaction in accordance with SEC rules and regulations. If the related person is a member of our Board, or a family member of a director, then that director would not participate in any discussion involving the transaction at issue.

Our Code of Conduct prohibits all employees, including our executive officers, from benefiting personally from any transactions with us other than approved compensation benefits.





## DIRECTOR COMPENSATION AND BENEFITS

The form and amount of director compensation is reviewed and assessed from time to time by the Compensation Committee with changes, if any, recommended to the Board for action. Director compensation may take the form of cash, equity, and other benefits ordinarily available to directors.

Directors who are not employees of ours received the following fees, as applicable, for their services on our Board during fiscal year 2014:

- \$60,000 basic annual cash retainer, payable on a quarterly basis, which a director may elect to receive in the form of shares of common stock;

- \$18,000 annual cash retainer, payable on a quarterly basis, for service as the lead independent director of our Board;

- \$10,000 annual cash retainer, payable on a quarterly basis, for service as Chairman of the Audit Committee;

- \$5,000 annual cash retainer, payable on a quarterly basis, for service as Chairman of the Governance and Nominating Committee;

- \$8,000 annual cash retainer, payable on a quarterly basis, for service as Chairman of the Compensation Committee;

- Annual grant of restricted shares of common stock valued (based on market prices on the date of grant) at \$30,000, with 100% vesting in one year, subject to continuing service as a director; and

- Annual grant of options to purchase common stock valued (based on U.S. GAAP (as defined below) values of the options on the date of grant) at \$30,000, with an exercise price per share equal to the market price on the date of grant and with 100% vesting in one year, subject to continuing service as a director.

During fiscal year 2014, Mr. Kissner received \$130,000 for services provided concerning strategic transactions and investor relations, and was not paid a cash retainer in connection with this service as a director or as Chairman.

Directors are eligible to defer payment of all or a portion of the retainer fees and restricted stock awards that are payable to them. Directors may choose either a lump sum or installment distribution of such fees and awards.

Installment distributions are payable in annual installments over a period no longer than 10 years.

We reimburse each non-employee director for reasonable travel expenses incurred and in connection with attendance at Board and committee meetings on our behalf, and for expenses such as supplies and continuing director education costs, including travel for one course per year. Employee directors are not compensated for service as a director.

## Fiscal Year 2014 Compensation of Non-Employee Directors

Our non-employee directors received the following aggregate amounts of compensation in respect of fiscal year 2014.

Name	Fees Earned or Paid in Cash (1)	Stock Awards (2)	Option Awards (2)	Non-Equity Incentive Plan Compensation	Changes in Pension Value and Non-Qualified Deferred Compensation Earnings	All Other Compensation	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
William A. Hasler	65,000	29,253	29,239	—	—	—	123,492
Clifford H. Higgerson	60,000	29,253	29,239	—	—	—	118,492
Charles D. Kissner	130,000	29,253	29,239	—	—	—	188,492
Raghavendra Rau	60,000	29,253	29,239	—	—	—	118,492
Dr. Mohsen Sohi	60,000	29,253	29,239	—	—	—	118,492
Dr. James C. Stoffel	86,000	29,253	29,239	—	—	—	144,492
Edward F. Thompson	70,000	29,253	29,239	—	—	—	128,492

(1) During fiscal year 2014, Mr. Kissner received \$130,000 for services provided concerning strategic transactions and investor relations, and was not paid a cash retainer in connection with this service as a director or as Chairman.

The amounts shown in this column reflect the aggregate grant date fair value of the stock awards and option awards granted to our non-employee directors computed in accordance with FASB ASC Topic 718. The

(2) assumptions made in determining the fair values of our stock awards and option awards are set forth in Notes 1 and 10 to our fiscal year 2014 Consolidated Financial Statements in Part II, Item 8 of our Annual Report on Form 10-K for the fiscal year ended June 27, 2014, as filed with the SEC on December 22, 2014.

As of June 27, 2014, our non-employee directors held the following numbers of unvested restricted shares of common stock and stock options, all of which were granted under the 2007 Plan:

Name	Unvested Stock Awards
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