

OCCAM NETWORKS, INC. AND SUBSIDIARY
GAAP to Non-GAAP Reconciliation
(In thousands, except per share data)
(Unaudited)

	Three Months Ended			Six Months Ended	
	June 30, 2010	March 31, 2010	June 30, 2009	June 30, 2010	June 30, 2009
GAAP gross margin	\$ 9,769	\$ 9,833	\$ 8,028	\$ 19,602	\$ 16,202
Stock-based compensation expense	84	87	104	171	193
Non-GAAP gross margin	<u>\$ 9,853</u>	<u>\$ 9,920</u>	<u>\$ 8,132</u>	<u>\$ 19,773</u>	<u>\$ 16,395</u>
GAAP research and product-development expenses	\$ 3,835	\$ 3,765	\$ 4,035	\$ 7,600	\$ 8,424
Stock-based compensation expense	(199)	(249)	(258)	(448)	(481)
Non-GAAP research and product-development expenses	<u>\$ 3,636</u>	<u>\$ 3,516</u>	<u>\$ 3,777</u>	<u>\$ 7,152</u>	<u>\$ 7,943</u>
GAAP selling, general and administrative expenses	\$ 6,252	\$ 6,670	\$ 6,417	\$ 12,922	\$ 13,364
Stock-based compensation expense	(424)	(447)	(529)	(871)	(960)
Non-GAAP selling, general and administrative expenses	<u>\$ 5,828</u>	<u>\$ 6,223</u>	<u>\$ 5,888</u>	<u>\$ 12,051</u>	<u>\$ 12,404</u>
GAAP operating expenses	\$ 10,087	\$ 10,435	\$ 10,665	\$ 20,522	\$ 22,001
Stock-based compensation expense	(623)	(696)	(787)	(1,319)	(1,441)
Restructuring charges	-	-	(213)	-	(213)
Non-GAAP operating expenses	<u>\$ 9,464</u>	<u>\$ 9,739</u>	<u>\$ 9,665</u>	<u>\$ 19,203</u>	<u>\$ 20,347</u>
GAAP net loss	\$ (320)	\$ (610)	\$ (2,415)	\$ (930)	\$ (5,445)
Stock-based compensation expense	707	783	891	1,490	1,634
Restructuring charges	-	-	213	-	213
Non-GAAP net income (loss)	<u>\$ 387</u>	<u>\$ 173</u>	<u>\$ (1,311)</u>	<u>\$ 560</u>	<u>\$ (3,598)</u>
GAAP basic net loss per share	\$ (0.02)	\$ (0.03)	\$ (0.12)	\$ (0.04)	\$ (0.27)
Stock-based compensation expense	0.04	0.04	0.05	0.07	0.08
Restructuring charges	-	-	0.01	-	0.01
Non-GAAP basic net income (loss) per share	<u>\$ 0.02</u>	<u>\$ 0.01</u>	<u>\$ (0.06)</u>	<u>\$ 0.03</u>	<u>\$ (0.18)</u>