

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

	Three Months Ended		
	September 30, 2009	June 30, 2009	September 30, 2008
GAAP gross margin	\$ 8,948	\$ 8,028	\$ 10,751
Stock-based compensation expense	133	104	72
Non-GAAP gross margin	<u>\$ 9,081</u>	<u>\$ 8,132</u>	<u>\$ 10,823</u>
GAAP research and product-development expenses	\$ 3,762	\$ 4,035	\$ 5,004
Stock-based compensation expense	(297)	(258)	(243)
Non-GAAP research and product-development expenses	<u>\$ 3,465</u>	<u>\$ 3,777</u>	<u>\$ 4,761</u>
GAAP selling, general and administrative expenses	\$ 6,219	\$ 6,417	\$ 6,727
Stock-based compensation expense	(621)	(529)	(313)
Non-GAAP selling, general and administrative expenses	<u>\$ 5,598</u>	<u>\$ 5,888</u>	<u>\$ 6,414</u>
GAAP operating expenses	\$ 11,681	\$ 10,665	\$ 11,731
Stock-based compensation expense	(918)	(787)	(556)
Restructuring charges	-	(213)	-
Loss on litigation settlement	(1,700)	-	-
Non-GAAP operating expenses	<u>\$ 9,063</u>	<u>\$ 9,665</u>	<u>\$ 11,175</u>
GAAP net loss	\$ (2,631)	\$ (2,415)	\$ (659)
Stock-based compensation expense	1,051	891	628
Restructuring charges	-	213	-
Loss on litigation settlement	1,700	-	-
Non-GAAP net (income) loss	<u>\$ 120</u>	<u>\$ (1,311)</u>	<u>\$ (31)</u>
GAAP basic net loss per share	\$ (0.13)	\$ (0.12)	\$ (0.03)
Stock-based compensation expense	0.06	0.05	0.03
Restructuring charges	-	0.01	-
Loss on litigation settlement	0.08	-	-
Non-GAAP basic net income (loss) per share	<u>\$ 0.01</u>	<u>\$ (0.06)</u>	<u>\$ -</u>