

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

	Three Months Ended		
	June 30, 2009	March 31, 2009	June 30, 2008
GAAP gross margin	\$ 8,028	\$ 8,174	\$ 10,095
Stock-based compensation expense	(104)	(89)	(111)
Non-GAAP gross margin	<u>\$ 8,132</u>	<u>\$ 8,263</u>	<u>\$ 10,206</u>
GAAP research and product-development expenses	\$ 4,035	\$ 4,389	\$ 4,774
Stock-based compensation expense	(258)	(223)	(329)
Non-GAAP research and product-development expenses	<u>\$ 3,777</u>	<u>\$ 4,166</u>	<u>\$ 4,445</u>
GAAP selling, general and administrative expenses	\$ 6,417	\$ 6,947	\$ 8,185
Stock-based compensation expense	(529)	(431)	(458)
Non-GAAP selling, general and administrative expenses	<u>\$ 5,888</u>	<u>\$ 6,516</u>	<u>\$ 7,727</u>
GAAP operating expenses	\$ 10,665	\$ 11,336	\$ 12,959
Stock-based compensation expense	(787)	(654)	(787)
Restructuring charges	(213)	-	-
Non-GAAP operating expenses	<u>\$ 9,665</u>	<u>\$ 10,682</u>	<u>\$ 12,172</u>
GAAP net loss	\$ (2,415)	\$ (3,030)	\$ (2,659)
Stock-based compensation expense	891	743	898
Restructuring charges	213	-	-
Terawave related divestiture charge	-	-	37
Non-GAAP net loss	<u>\$ (1,311)</u>	<u>\$ (2,287)</u>	<u>\$ (1,724)</u>
GAAP basic net loss per share	\$ (0.12)	\$ (0.15)	\$ (0.13)
Stock-based compensation expense	0.05	0.04	0.04
Restructuring charges	0.01	-	-
Terawave related divestiture charge	-	-	-
Non-GAAP basic net loss per share	<u>\$ (0.06)</u>	<u>\$ (0.11)</u>	<u>\$ (0.09)</u>