

Regulation G - Reconciliation of GAAP to Non-GAAP Financial Measures

(in thousands, except per share data)

(unaudited)

	Q106	FY 2005	Q405	Q305	Q205	Q105
GAAP net income	\$ 4,514	\$ 19,158	\$ 9,098	\$ 2,255	\$ 4,228	\$ 3,577
Stock-based compensation from options and employee stock purchase plan	2,734	-	-	-	-	-
Amortization of purchased intangible assets	394	1,557	400	401	400	356
Stock-based compensation from acquisitions	102	901	222	227	222	230
Tax impact of above	(517)	(320)	27	(119)	(123)	(105)
Non-GAAP net income	\$ 7,227	\$ 21,296	\$ 9,747	\$ 2,764	\$ 4,727	\$ 4,058
Basic non-GAAP net income per share	\$ 0.21	\$ 0.63	\$ 0.29	\$ 0.08	\$ 0.14	\$ 0.12
Shares used in computing basic non-GAAP net income per share	34,416	33,823	34,069	33,924	33,747	33,546
Diluted non-GAAP net income per share	\$ 0.20	\$ 0.61	\$ 0.28	\$ 0.08	\$ 0.14	\$ 0.12
Shares used in computing diluted non-GAAP net income per share	35,377	35,065	34,952	35,098	34,993	35,211
GAAP cost of revenues	\$ 7,819	\$ 29,295	\$ 8,039	\$ 6,629	\$ 7,457	\$ 7,170
Stock-based compensation from options and employee stock purchase plan	265	-	-	-	-	-
Amortization of purchased intangible assets	394	1,557	400	401	400	356
Non-GAAP cost of revenues	\$ 7,160	\$ 27,738	\$ 7,639	\$ 6,228	\$ 7,057	\$ 6,814
GAAP research & development expenses	\$ 6,456	\$ 21,778	\$ 5,603	\$ 5,524	\$ 5,463	\$ 5,188
Stock-based compensation from options and employee stock purchase plan	718	-	-	-	-	-
Stock-based compensation from acquisitions	99	867	217	217	216	218
Non-GAAP research & development expenses	\$ 5,639	\$ 20,911	\$ 5,386	\$ 5,307	\$ 5,247	\$ 4,970
GAAP sales & marketing expenses	\$ 10,954	\$ 38,276	\$ 10,179	\$ 8,888	\$ 9,300	\$ 9,909
Stock-based compensation from options and employee stock purchase plan	1,057	-	-	-	-	-
Stock-based compensation from acquisitions	2	25	3	8	4	10
Non-GAAP sales & marketing expenses	\$ 9,895	\$ 38,251	\$ 10,176	\$ 8,880	\$ 9,296	\$ 9,899
GAAP general & administrative expenses	\$ 2,922	\$ 7,222	\$ 2,193	\$ 1,786	\$ 1,292	\$ 1,951
Stock-based compensation from options and employee stock purchase plan	694	-	-	-	-	-
Stock-based compensation from acquisitions	1	9	2	2	2	2
Non-GAAP general & administrative expenses	\$ 2,227	\$ 7,213	\$ 2,191	\$ 1,784	\$ 1,290	\$ 1,949
GAAP operating income	\$ 4,134	\$ 16,370	\$ 5,837	\$ 2,008	\$ 4,665	\$ 3,860
Stock-based compensation from options and employee stock purchase plan	2,734	-	-	-	-	-
Amortization of purchased intangible assets	394	1,557	400	401	400	356
Stock-based compensation from acquisitions	102	901	222	227	222	230
Non-GAAP operating income	\$ 7,364	\$ 18,828	\$ 6,459	\$ 2,636	\$ 5,287	\$ 4,446