

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

(in thousands, except per share data)
(unaudited)

	Q205	Q105
GAAP net income	\$ 4,228	\$ 3,577
Amortization of purchased intangible assets	400	356
Amortization of deferred stock-based compensation	222	230
Tax impact of above	(123)	(105)
Non-GAAP net income	<u>\$ 4,727</u>	<u>\$ 4,058</u>
Basic non-GAAP net income per share	\$ 0.14	\$ 0.12
Shares used in computing basic non-GAAP net income per share	33,747	33,546
Diluted non-GAAP net income per share	\$ 0.14	\$ 0.12
Shares used in computing diluted non-GAAP net income per share	34,993	35,211
GAAP cost of revenues	\$ 7,457	\$ 7,170
Amortization of purchased intangible assets	400	356
Non-GAAP cost of revenues	<u>\$ 7,057</u>	<u>\$ 6,814</u>
GAAP research & development expenses	\$ 5,463	\$ 5,188
Amortization of deferred stock-based compensation	216	218
Non-GAAP research & development expenses	<u>\$ 5,247</u>	<u>\$ 4,970</u>
GAAP sales & marketing expenses	\$ 9,300	\$ 9,909
Amortization of deferred stock-based compensation	4	10
Non-GAAP sales & marketing expenses	<u>\$ 9,296</u>	<u>\$ 9,899</u>
GAAP general & administrative expenses	\$ 1,292	\$ 1,951
Amortization of deferred stock-based compensation	2	2
Non-GAAP general & administrative expenses	<u>\$ 1,290</u>	<u>\$ 1,949</u>
GAAP operating income	\$ 4,665	\$ 3,860
Amortization of purchased intangible assets	400	356
Amortization of deferred stock-based compensation	222	230
Non-GAAP operating income	<u>\$ 5,287</u>	<u>\$ 4,446</u>