

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

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

	FY 2007	Q307	Q207	Q107	FY 2006	Q406	Q306	Q206	Q106
GAAP net income (loss)	\$ (13,610)	\$ (1,895)	\$ (5,628)	\$ (6,087)	\$ 4,904	\$ 894	\$ 301	\$ (805)	\$ 4,514
Stock-based compensation from options and employee stock purchase plan	8,890	2,737	2,908	3,245	13,311	3,891	3,827	2,859	2,734
Stock-based compensation from acquisitions	66	22	22	22	484	192	94	96	102
Amortization of purchased intangible assets	2,854	951	951	952	2,941	952	951	644	394
In-process research & development	-	-	-	-	1,800	-	-	1,800	-
Tax impact of above	(3,517)	(1,133)	(1,121)	(1,264)	(967)	(1)	(204)	(245)	(517)
Non-GAAP net income (loss)	\$ (5,317)	\$ 682	\$ (2,868)	\$ (3,132)	\$ 22,473	\$ 5,928	\$ 4,969	\$ 4,349	\$ 7,227
Basic non-GAAP net income(loss) per share	\$ (0.15)	\$ 0.02	\$ (0.08)	\$ (0.09)	\$ 0.64	\$ 0.17	\$ 0.14	\$ 0.13	\$ 0.21
Shares used in computing basic non-GAAP net income (loss) per share	35,942	36,115	35,967	35,740	34,848	35,725	34,990	34,701	34,416
Diluted non-GAAP net income(loss) per share	\$ (0.15)	\$ 0.02	\$ (0.08)	\$ (0.09)	\$ 0.63	\$ 0.16	\$ 0.14	\$ 0.12	\$ 0.20
Shares used in computing diluted non-GAAP net income per share	35,942	36,444	35,967	35,740	35,740	36,215	35,814	35,706	35,377
GAAP cost of revenues	\$ 33,436	\$ 11,575	\$ 9,921	\$ 11,940	\$ 39,085	\$ 12,753	\$ 9,924	\$ 8,589	\$ 7,819
Stock-based compensation from equity-based award programs	815	217	272	325	1,146	318	316	247	265
Amortization of purchased intangible assets	1,905	635	635	635	2,150	635	635	486	394
Non-GAAP cost of revenues	\$ 30,716	\$ 10,723	\$ 9,014	\$ 10,980	\$ 35,789	\$ 11,800	\$ 8,973	\$ 7,856	\$ 7,160
GAAP research & development expenses	\$ 27,752	\$ 8,962	\$ 9,563	\$ 9,227	\$ 30,646	\$ 8,594	\$ 8,322	\$ 7,274	\$ 6,456
Stock-based compensation from equity-based award programs	2,786	794	895	1,098	3,900	1,194	1,159	829	718
Stock-based compensation from acquisitions	66	22	22	22	471	172	100	100	99
Non-GAAP research & development expenses	\$ 24,899	\$ 8,146	\$ 8,646	\$ 8,107	\$ 26,275	\$ 7,228	\$ 7,063	\$ 6,345	\$ 5,639
GAAP sales & marketing expenses	\$ 49,922	\$ 15,879	\$ 16,695	\$ 17,348	\$ 57,889	\$ 17,872	\$ 15,327	\$ 13,736	\$ 10,954
Stock-based compensation from equity-based award programs	3,092	1,033	1,018	1,042	5,233	1,451	1,590	1,135	1,057
Stock-based compensation from acquisitions	-	-	-	-	8	11	-	(5)	2
Amortization of purchased intangible assets	949	316	316	317	791	316	317	158	-
Non-GAAP sales & marketing expenses	\$ 45,881	\$ 14,530	\$ 15,361	\$ 15,990	\$ 51,857	\$ 16,094	\$ 13,420	\$ 12,448	\$ 9,895
GAAP general & administrative expenses	\$ 12,393	\$ 3,921	\$ 4,392	\$ 4,080	\$ 13,949	\$ 4,101	\$ 3,770	\$ 3,156	\$ 2,922
Stock-based compensation from equity-based award programs	2,197	694	723	780	3,031	927	762	648	694
Stock-based compensation from acquisitions	-	-	-	-	6	10	(6)	1	1
Non-GAAP general & administrative expenses	\$ 10,196	\$ 3,227	\$ 3,669	\$ 3,300	\$ 10,912	\$ 3,164	\$ 3,014	\$ 2,507	\$ 2,227
GAAP in-process research & development	\$ -	\$ -	\$ -	\$ -	\$ 1,800	\$ -	\$ -	\$ 1,800	\$ -
In-process research & development	-	-	-	-	1,800	-	-	1,800	-
Non-GAAP in-process research & development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GAAP operating income (loss)	\$ (19,946)	\$ (3,950)	\$ (8,129)	\$ (7,867)	\$ 1,754	\$ (637)	\$ (1,357)	\$ (386)	\$ 4,134
Stock-based compensation from equity-based award programs	8,890	2,737	2,908	3,245	13,311	3,891	3,827	2,859	2,734
Stock-based compensation from acquisitions	66	22	22	22	484	192	94	96	102
Amortization of purchased intangible assets	2,854	951	951	952	2,941	952	951	644	394
In-process research & development	-	-	-	-	1,800	-	-	1,800	-
Non-GAAP operating income	\$ (8,136)	\$ (240)	\$ (4,248)	\$ (3,648)	\$ 20,289	\$ 4,398	\$ 3,514	\$ 5,013	\$ 7,364