



Unaudited GAAP Income Statement	Q105 Sep-04	Q205 Dec-04	Q305 Mar-05	Q405 Jun-05	FY05 Jun-05	Q106 Sep-05	Q206 Dec-05	Q306 Mar-06	Q406 Jun-06	FY06 Jun-06	Q107 Sep-06	Q207 Dec-06	Q307 Mar-07	Q407 Jun-07	FY07 Jun-07
<i>(\$ in millions, except per share amounts)</i>															
Revenue	\$ 194.5	\$ 180.5	\$ 166.3	\$ 170.9	\$ 712.2	\$ 258.3	\$ 312.9	\$ 314.9	\$ 318.2	\$1,204.3	\$ 318.1	\$ 366.3	\$ 361.7	\$ 350.7	\$1,396.8
Cost of sales	151.6	150.7	141.5	142.8	586.6	206.7	208.7	199.4	212.6	827.4	210.2	219.2	226.9	228.3	884.6
Amortization of acquired developed technology	3.1	3.3	3.3	3.7	13.4	7.6	9.3	9.6	9.9	36.4	9.9	10.0	9.8	10.5	40.2
Gross profit	39.8	26.5	21.5	24.4	112.2	44.0	94.9	105.9	95.7	340.5	98.0	137.1	125.0	111.9	472.0
Operating expenses:															
Research and development	24.5	24.4	22.5	22.3	93.7	33.7	40.7	41.3	39.8	155.5	40.0	42.8	43.4	42.2	168.4
Selling, general and administrative	37.2	43.5	38.0	38.6	157.3	70.4	83.3	88.2	83.4	325.3	83.0	94.4	95.7	95.3	368.4
Amortization of other intangibles	1.6	1.5	1.5	1.8	6.4	4.7	6.3	6.7	6.7	24.4	6.4	6.9	6.6	6.9	26.8
Reduction of goodwill	-	-	-	53.7	53.7	-	-	-	22.4	22.4	-	-	-	-	-
Acquired in-process R&D	-	-	-	1.1	1.1	19.6	0.3	0.1	0.3	20.3	-	-	-	5.1	5.1
Reduction of other long-lived assets	3.6	0.1	3.2	24.7	31.6	6.0	(1.4)	(0.2)	1.2	5.6	0.1	3.0	3.8	0.9	7.8
Restructuring charges	5.3	3.8	1.5	7.6	18.2	4.8	14.9	8.8	6.5	35.0	5.2	5.5	(0.1)	4.1	14.7
Total operating expenses	72.2	73.3	66.7	149.8	362.0	139.2	144.1	144.9	160.3	588.5	134.7	152.6	149.4	154.5	591.2
Income (loss) from operations	(32.4)	(46.8)	(45.2)	(125.4)	(249.8)	(95.2)	(49.2)	(39.0)	(64.6)	(248.0)	(36.7)	(15.5)	(24.4)	(42.6)	(119.2)
Interest/other income, net	1.8	5.4	6.0	(22.1)	(8.9)	3.1	5.7	8.5	10.4	27.7	17.8	14.2	14.4	19.7	66.1
Reduction in fair value of investments	(2.3)	(2.7)	(3.4)	(0.8)	(9.2)	(2.3)	(0.2)	(0.4)	(1.3)	(4.2)	-	-	-	(0.2)	(0.2)
Gain (loss) on sale of investments	0.3	2.0	2.0	15.7	20.0	33.3	1.8	37.7	0.4	73.2	0.3	28.2	(0.1)	0.6	29.0
Gain (loss) on equity method investments	(2.9)	(0.8)	0.2	(3.2)	(6.7)	(0.4)	0.3	(0.2)	-	(0.3)	0.1	-	(0.1)	-	-
Income (loss) before income taxes	(35.5)	(42.9)	(40.4)	(135.8)	(254.6)	(61.5)	(41.6)	6.6	(55.1)	(151.6)	(18.5)	26.9	(10.2)	(22.5)	(24.3)
Income tax expense (benefit)	0.5	(1.9)	(1.8)	9.9	6.7	5.5	0.5	2.9	(9.3)	(0.4)	(1.1)	3.7	4.0	(4.6)	2.0
Net income (loss)	\$ (36.0)	\$ (41.0)	\$ (38.6)	\$ (145.7)	\$ (261.3)	\$ (67.0)	\$ (42.1)	\$ 3.7	\$ (45.8)	\$ (151.2)	\$ (17.4)	\$ 23.2	\$ (14.2)	\$ (17.9)	\$ (26.3)
Earnings (loss) per share, basic	\$ (0.20)	\$ (0.23)	\$ (0.21)	\$ (0.80)	\$ (1.45)	\$ (0.34)	\$ (0.20)	\$ 0.02	\$ (0.22)	\$ (0.73)	\$ (0.08)	\$ 0.11	\$ (0.07)	\$ (0.08)	\$ (0.12)
Earnings (loss) per share, diluted	\$ (0.20)	\$ (0.23)	\$ (0.21)	\$ (0.80)	\$ (1.45)	\$ (0.34)	\$ (0.20)	\$ 0.02	\$ (0.22)	\$ (0.73)	\$ (0.08)	\$ 0.10	\$ (0.07)	\$ (0.08)	\$ (0.12)
Shares used in per-share calculation (basic)	180.3	180.5	180.8	181.0	180.7	197.6	207.0	209.9	210.6	206.2	210.9	211.1	211.3	213.7	211.7
Shares used in per-share calculation (diluted)	180.3	180.5	180.8	181.0	180.7	197.6	207.0	212.3	210.6	206.2	210.9	223.5	211.3	213.7	211.7
Unaudited % Total GAAP Revenue	Q105 Sep-04	Q205 Dec-04	Q305 Mar-05	Q405 Jun-05	FY05 Jun-05	Q106 Sep-05	Q206 Dec-05	Q306 Mar-06	Q406 Jun-06	FY06 Jun-06	Q107 Sep-06	Q207 Dec-06	Q307 Mar-07	Q407 Jun-07	FY07 Jun-07
Gross margin	20.5%	14.7%	12.9%	14.3%	15.8%	17.0%	30.3%	33.6%	30.1%	28.3%	30.8%	37.4%	34.6%	31.9%	33.8%
Research and development	12.6%	13.5%	13.5%	13.0%	13.2%	13.0%	13.0%	13.1%	12.5%	12.9%	12.6%	11.7%	12.0%	12.0%	12.1%
Selling, general and administrative	19.1%	24.1%	22.9%	22.6%	22.1%	27.3%	26.6%	28.0%	26.2%	27.0%	26.1%	25.8%	26.5%	27.2%	26.4%
Total operating expenses	37.1%	40.6%	40.1%	87.7%	50.8%	53.9%	46.1%	46.0%	50.4%	48.9%	42.3%	41.7%	41.3%	44.1%	42.3%
Operating margin	-16.7%	-25.9%	-27.2%	-73.4%	-35.1%	-36.9%	-15.7%	-12.4%	-20.3%	-20.6%	-11.5%	-4.2%	-6.7%	-12.1%	-8.5%



Unaudited Non-GAAP Income Statement	Q105 Sep-04	Q205 Dec-04	Q305 Mar-05	Q405 Jun-05	FY05 Jun-05	Q106 Sep-05	Q206 Dec-05	Q306 Mar-06	Q406 Jun-06	FY06 Jun-06	Q107 Sep-06	Q207 Dec-06	Q307 Mar-07	Q407 Jun-07	FY07 Jun-07
<i>(\$ in millions, except per share amounts)</i>															
Revenue	\$ 194.5	\$ 180.5	\$ 166.3	\$ 170.9	\$ 712.2	\$ 259.2	\$ 315.0	\$ 315.5	\$ 318.6	\$ 1,208.3	\$ 318.2	\$ 366.4	\$ 361.8	\$ 350.8	\$ 1,397.2
Cost of sales	150.3	150.2	139.5	140.8	580.8	177.2	200.6	197.2	210.5	785.5	207.9	217.5	225.6	219.7	870.7
Gross profit	44.2	30.3	26.8	30.1	131.4	82.0	114.4	118.3	108.1	422.8	110.3	148.9	136.2	131.1	526.5
Operating expenses:															
Research and development	24.5	24.0	22.6	22.2	93.3	32.6	39.7	39.4	38.2	149.9	38.0	40.6	41.4	40.5	160.5
Selling, general and administrative	36.0	42.1	34.9	37.0	150.0	66.3	80.2	86.0	80.6	313.1	79.3	88.8	91.5	94.9	354.5
Total operating expenses	60.5	66.1	57.5	59.2	243.3	98.9	119.9	125.4	118.8	463.0	117.3	129.4	132.9	135.4	515.0
Operating income (loss)	(16.3)	(35.8)	(30.7)	(29.1)	(111.9)	(16.9)	(5.5)	(7.1)	(10.7)	(40.2)	(7.0)	19.5	3.3	(4.3)	11.5
Interest/other income, net	2.7	5.1	5.4	7.7	20.9	3.4	4.6	7.7	9.6	25.3	12.7	14.2	13.0	14.7	54.6
Income (loss) before income taxes	(13.6)	(30.7)	(25.3)	(21.4)	(91.0)	(13.5)	(0.9)	0.6	(1.1)	(14.9)	5.7	33.7	16.3	10.4	66.1
Income tax expense (benefit)	0.5	(1.9)	(1.8)	(0.9)	(4.1)	1.9	2.6	3.4	1.0	8.9	(1.1)	3.7	4.0	(4.6)	2.0
Net income (loss)	\$ (14.1)	\$ (28.8)	\$ (23.5)	\$ (20.5)	\$ (86.9)	\$ (15.4)	\$ (3.5)	\$ (2.8)	\$ (2.1)	\$ (23.8)	\$ 6.8	\$ 30.0	\$ 12.3	\$ 15.0	\$ 64.1
Earnings (loss) per share, basic	\$ (0.08)	\$ (0.16)	\$ (0.13)	\$ (0.11)	\$ (0.48)	\$ (0.08)	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.12)	\$ 0.03	\$ 0.14	\$ 0.06	\$ 0.07	\$ 0.30
Earnings (loss) per share, diluted	\$ (0.08)	\$ (0.16)	\$ (0.13)	\$ (0.11)	\$ (0.48)	\$ (0.08)	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.12)	\$ 0.03	\$ 0.13	\$ 0.06	\$ 0.07	\$ 0.29
Shares used in per-share calculation (basic)	180.3	180.5	180.8	181.0	180.7	197.6	207.0	209.9	210.6	206.2	210.9	211.1	211.3	213.7	211.7
Shares used in per-share calculation (diluted)	180.3	180.5	180.8	181.0	180.7	197.6	207.0	209.9	210.6	206.2	223.4	223.5	223.0	224.5	223.6
Unaudited % Total Non-GAAP Revenue	Q105 Sep-04	Q205 Dec-04	Q305 Mar-05	Q405 Jun-05	FY05 Jun-05	Q106 Sep-05	Q206 Dec-05	Q306 Mar-06	Q406 Jun-06	FY06 Jun-06	Q107 Sep-06	Q207 Dec-06	Q307 Mar-07	Q407 Jun-07	FY07 Jun-07
Gross margin	22.7%	16.8%	16.1%	17.6%	18.4%	31.6%	36.3%	37.5%	33.9%	35.0%	34.7%	40.6%	37.6%	37.4%	37.7%
Research and development	12.6%	13.3%	13.6%	13.0%	13.1%	12.6%	12.6%	12.5%	12.0%	12.4%	11.9%	11.1%	11.4%	11.5%	11.5%
Selling, general and administrative	18.5%	23.3%	21.0%	21.7%	21.1%	25.6%	25.5%	27.3%	25.3%	25.9%	24.9%	24.2%	25.3%	27.1%	25.4%
Total operating expenses	31.1%	36.6%	34.6%	34.6%	34.2%	38.2%	38.1%	39.7%	37.3%	38.3%	36.9%	35.3%	36.7%	38.6%	36.9%
Operating margin	-8.4%	-19.8%	-18.5%	-17.0%	-15.7%	-6.5%	-1.7%	-2.3%	-3.4%	-3.3%	-2.2%	5.3%	0.9%	-1.2%	0.8%
Unaudited GAAP to Non-GAAP Reconciliation	Q105 Sep-04	Q205 Dec-04	Q305 Mar-05	Q405 Jun-05	FY05 Jun-05	Q106 Sep-05	Q206 Dec-05	Q306 Mar-06	Q406 Jun-06	FY06 Jun-06	Q107 Sep-06	Q207 Dec-06	Q307 Mar-07	Q407 Jun-07	FY07 Jun-07
GAAP net income (loss)						\$ (67.0)	\$ (42.1)	\$ 3.7	\$ (45.8)	\$ (151.2)	\$ (17.4)	\$ 23.2	\$ (14.2)	\$ (17.9)	\$ (26.3)
Deferral of revenues related to acquisition activities						0.9	2.1	0.6	0.4	4.0	0.1	0.1	0.1	0.1	0.4
Other acquisition-related expenses						29.1	6.9	1.3	1.1	38.4	1.5	0.4	0.3	7.6	9.8
Stock-based compensation expenses						3.3	3.4	4.0	4.3	15.0	6.6	8.7	7.5	6.9	29.7
Other non-recurring charges						2.3	1.9	1.0	1.1	6.3	(0.1)	0.4	(0.3)	(3.8)	(3.8)
Amortization of intangibles						12.3	15.6	16.3	16.6	60.8	16.3	16.9	16.4	17.4	67.0
Acquired in-process research and development						19.6	0.3	0.1	0.3	20.3	-	-	-	5.1	5.1
Reduction of goodwill						-	-	-	22.4	22.4	-	-	-	-	-
Reduction of intangibles & other long-lived assets						6.0	(1.4)	(0.2)	1.2	5.6	0.1	3.0	3.8	0.9	7.8
Restructuring charges						4.8	14.9	8.8	6.5	35.0	5.2	5.5	(0.1)	4.1	14.7
Interest and other income						3.0	(1.2)	(0.2)	(0.8)	0.8	(5.1)	-	(1.3)	(4.8)	(11.3)
Gain, loss, or reduction in fair value of investments						(33.3)	(1.8)	(37.7)	0.9	(71.9)	(0.4)	(28.2)	0.1	(0.6)	(29.0)
Income tax expense (benefit)						3.6	(2.1)	(0.5)	(10.3)	(9.3)	-	-	-	-	-
Non-GAAP net income (loss)						\$ (15.4)	\$ (3.5)	\$ (2.8)	\$ (2.1)	\$ (23.8)	\$ 6.8	\$ 30.0	\$ 12.3	\$ 15.0	\$ 64.1



Unaudited Segment	Q105 Sep-04	Q205 Dec-04	Q305 Mar-05	Q405 Jun-05	FY05 Jun-05	Q106 Sep-05	Q206 Dec-05	Q306 Mar-06	Q406 Jun-06	FY06 Jun-06	Q107 Sep-06	Q207 Dec-06	Q307 Mar-07	Q407 Jun-07	FY07 Jun-07
Net revenue:															
Optical Communications	\$ 106.6	\$ 107.6	\$ 101.7	\$ 106.3	\$ 422.2	\$ 100.5	\$ 109.6	\$ 127.4	\$ 133.0	\$ 470.5	\$ 138.0	\$ 132.7	\$ 128.7	\$ 112.7	\$ 512.1
Communications Test & Measurement	-	-	-	-	-	95.4	146.0	126.8	126.3	494.5	116.8	168.2	162.9	171.3	619.2
Advanced Optical Technologies	72.0	60.0	50.8	48.2	231.0	44.1	41.3	40.7	36.7	162.8	39.3	40.4	45.6	44.7	170.0
All Other	15.9	12.9	13.8	16.4	59.0	19.2	18.1	20.6	22.6	80.5	24.1	25.1	24.6	22.1	95.9
Deferred revenue related to purchase accounting adjustment	-	-	-	-	-	(0.9)	(2.1)	(0.6)	(0.4)	(4.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)
Net revenue	\$ 194.5	\$ 180.5	\$ 166.3	\$ 170.9	\$ 712.2	\$ 258.3	\$ 312.9	\$ 314.9	\$ 318.2	\$ 1,204.3	\$ 318.1	\$ 366.3	\$ 361.7	\$ 350.7	\$ 1,396.8
Operating income (loss)															
Optical Communications	\$ (8.1)	\$ (11.8)	\$ (8.8)	\$ (7.3)	\$ (36.0)	\$ (16.7)	\$ (10.2)	\$ 2.2	\$ (1.9)	\$ (26.6)	\$ 2.2	\$ (0.1)	\$ (1.3)	\$ (9.2)	\$ (8.4)
Communications Test & Measurement	-	-	-	-	-	19.6	26.5	15.3	9.3	70.7	6.8	35.8	22.1	26.2	90.9
Advanced Optical Technologies	13.0	6.0	2.6	6.4	28.0	9.8	9.4	8.2	8.8	36.2	11.0	12.7	15.8	13.1	52.6
All Other	2.1	(0.6)	(1.2)	(4.4)	(4.1)	0.1	(0.8)	-	0.7	-	1.7	2.2	0.5	(0.2)	4.2
Corporate	(23.3)	(29.4)	(23.3)	(23.8)	(99.8)	(29.7)	(30.4)	(32.8)	(27.6)	(120.5)	(28.7)	(31.1)	(33.8)	(34.2)	(127.8)
Total segment operating income (loss)	\$ (16.3)	\$ (35.8)	\$ (30.7)	\$ (29.1)	\$ (111.9)	\$ (16.9)	\$ (5.5)	\$ (7.1)	\$ (10.7)	\$ (40.2)	\$ (7.0)	\$ 19.5	\$ 3.3	\$ (4.3)	\$ 11.5
Unallocated amounts:															
Stock based compensation	-	-	-	(0.7)	(0.7)	(3.2)	(3.4)	(4.1)	(4.3)	(15.0)	(6.6)	(8.7)	(7.5)	(6.9)	(29.7)
Acquisition-related charges and amortization of intangibles	(4.7)	(4.8)	(4.8)	(7.7)	(22.0)	(61.9)	(24.1)	(18.2)	(17.6)	(121.8)	(17.1)	(17.0)	(16.4)	(30.2)	(80.7)
Reduction of other long-lived assets	(3.5)	(0.1)	(3.2)	(78.5)	(85.3)	(6.0)	1.5	0.1	(23.6)	(28.0)	(0.1)	(3.0)	(3.8)	(0.9)	(7.8)
Restructuring charges	(5.3)	(3.8)	(1.5)	(7.6)	(18.2)	(4.8)	(14.9)	(8.8)	(6.5)	(35.0)	(5.2)	(5.5)	0.1	(4.1)	(14.7)
Other realignment charges	(2.6)	(2.3)	(5.0)	(1.8)	(11.7)	(2.4)	(2.7)	(1.0)	(1.9)	(8.0)	(0.7)	(0.8)	(0.1)	3.8	2.2
Interest and other, net	1.8	5.4	6.0	(22.1)	(8.9)	3.1	5.6	8.6	10.4	27.7	17.8	14.2	14.3	19.7	66.0
Gain on sale of investments	0.3	2.0	2.0	15.7	20.0	33.3	1.8	37.7	0.4	73.2	0.3	28.2	(0.1)	0.6	29.0
Reduction in fair value of investments	(2.3)	(2.7)	(3.4)	(0.8)	(9.2)	(2.3)	(0.2)	(0.4)	(1.3)	(4.2)	-	-	-	(0.2)	(0.2)
Gain (loss) on equity method investments	(2.9)	(0.8)	0.2	(3.2)	(6.7)	(0.4)	0.3	(0.2)	-	(0.3)	0.1	-	-	-	0.1
Income (loss) before income taxes	\$ (35.5)	\$ (42.9)	\$ (40.4)	\$ (135.8)	\$ (254.6)	\$ (61.5)	\$ (41.6)	\$ 6.6	\$ (55.1)	\$ (151.6)	\$ (18.5)	\$ 26.9	\$ (10.2)	\$ (22.5)	\$ (24.3)
Unaudited Non-GAAP Revenue by Region (\$ in millions)															
Americas	\$ 126.0	\$ 122.2	\$ 106.8	\$ 111.9	\$ 466.9	\$ 160.5	\$ 195.6	\$ 190.6	\$ 193.3	\$ 740.0	\$ 181.0	\$ 206.7	\$ 194.2	\$ 185.3	\$ 767.2
Europe	\$ 34.0	\$ 32.2	\$ 32.8	\$ 32.2	\$ 131.2	\$ 60.5	\$ 75.0	\$ 76.0	\$ 71.9	\$ 283.4	\$ 81.5	\$ 100.4	\$ 96.8	\$ 97.4	\$ 376.1
Asia-Pacific	\$ 34.5	\$ 26.1	\$ 26.7	\$ 26.8	\$ 114.1	\$ 38.2	\$ 44.4	\$ 48.9	\$ 53.4	\$ 184.9	\$ 55.7	\$ 59.3	\$ 70.8	\$ 68.1	\$ 253.9
Total	\$ 194.5	\$ 180.5	\$ 166.3	\$ 170.9	\$ 712.2	\$ 259.2	\$ 315.0	\$ 315.5	\$ 318.6	\$ 1,208.3	\$ 318.2	\$ 366.4	\$ 361.8	\$ 350.8	\$ 1,397.2
(% of total Non-GAAP revenue)															
Americas	65%	68%	64%	65%	66%	62%	62%	60%	61%	61%	57%	57%	54%	53%	55%
Europe	17%	18%	20%	19%	18%	23%	24%	24%	23%	23%	26%	27%	27%	28%	27%
Asia-Pacific	18%	14%	16%	16%	16%	15%	14%	15%	17%	15%	18%	16%	19%	19%	18%
Unaudited Non-GAAP Revenue by Segment (%)															
Optical Communications	54.8%	59.6%	61.2%	62.2%	59.3%	38.8%	34.8%	40.4%	41.7%	38.9%	43.4%	36.2%	35.6%	32.1%	36.7%
Communications Test & Measurement	-	-	-	-	-	36.8%	46.3%	40.2%	39.6%	40.9%	36.7%	45.9%	45.0%	48.8%	44.3%
Advanced Optical Technologies	37.0%	33.2%	30.5%	28.2%	32.4%	17.0%	13.1%	12.9%	11.5%	13.5%	12.4%	11.0%	12.6%	12.7%	12.2%
All Other - Commercial Lasers	8.2%	7.1%	8.3%	9.6%	8.3%	7.4%	5.7%	6.5%	7.1%	6.7%	7.6%	6.9%	6.8%	6.3%	6.9%

Use of Non-GAAP (Adjusted) Financial Measures

The Company provides non-GAAP revenue, non-GAAP net income (loss), non-GAAP net income (loss) per share, EBITDA and adjusted EBITDA financial measures as supplemental information regarding the Company's operational performance. The Company evaluates Company-wide segment performance using, among other things, the measures disclosed in this release for the purposes of evaluating the Company's historical and prospective financial performance, as well as its performance relative to its competitors. Specifically, management uses these items to further its own understanding of the Company's core operating performance. The Company believes its "core operating performance" represents the Company's performance in the ordinary, ongoing and customary course of its operations. Accordingly, management excludes from "core operating performance" those items, such as those relating to restructuring, investing, stock-based compensation expense and non-cash activities that management does not believe are reflective of such ordinary, ongoing and customary course activities.

The Company believes that providing this information to its investors, in addition to the GAAP presentation, allows investors to see Company results "through the eyes" of management. The Company further believes that providing this information allows Company investors to both better understand the Company's financial performance and, importantly, to evaluate the efficacy of the methodology and information used by management to evaluate and measure such performance.

The non-GAAP adjustments described in this release have historically been excluded by the Company from its non-GAAP measures. The non-GAAP adjustments, and the basis for excluding them, are outlined below.

Restructuring Activities

Cost of goods sold, costs of research and development and costs of selling, general and administrative related to restructuring events: The Company has incurred periodic expenses, included in its GAAP presentation of gross margin and operating expenses primarily due to additional depreciation from changes in estimated useful life and the write-down of certain property and equipment that has been identified for disposal but remained in use until the date of disposal, workforce related charges such as retention bonuses and employee relocation costs related to a formal restructuring plan, building costs for facilities not required for ongoing operations, and costs related to the relocation of certain facilities and equipment from buildings which the Company has disposed of or plans to dispose. The Company excludes these items, for the purposes of calculating non-GAAP net income (loss), non-GAAP net income (loss) per share, EBITDA and adjusted EBITDA, when it evaluates the continuing operational performance of the Company. The Company believes that these items do not reflect expected future gross profits or operating expenses nor does the Company believe that they provide a meaningful evaluation of current versus past core operational performance.

Investment Activities

Gain or loss on sale of available for-sale investments and reduction in the fair value of investments: The Company has sold investments or adjusted the value of investments from time to time based on market conditions. The Company's activities in this respect are included in the Company's GAAP presentation of net income (loss) and net income (loss) per share. The Company's core business does not include making financial investments in third parties, and such investments do not constitute a material portion of the Company's assets. Moreover, the amount and timing of gains and losses and adjustments to the value of investments are unpredictable. Consequently, the Company believes that gains or losses on these sales and adjustments to the value of investments are not related to the ongoing core business and operating performance of the Company. The Company excludes these items, for the purposes of calculating non-GAAP net income (loss), non-GAAP net income (loss) per share, EBITDA and adjusted EBITDA, when it evaluates the continuing operational performance of the Company. The Company believes the GAAP measure is not indicative of the Company's core operating performance.

Gain or loss on equity method investments: The Company records gains or losses on its equity investments based on our pro-rata share of gains or the net losses of the investment. The Company's activities in this respect are included in the Company's GAAP presentation of net income (loss) and net income (loss) per share. The Company's core business is not making financial investments in third parties, and such investments do not constitute a material portion of the Company's assets. Moreover, the timing and magnitude of gains or losses are unpredictable, as they are inherently based on the performance of the third party subject of a particular investment. The Company excludes these items, for the purposes of calculating non-GAAP net income (loss), non-GAAP net income (loss) per share, EBITDA and adjusted EBITDA, when it evaluates the continuing operational performance of the Company. The Company believes the GAAP measure is not indicative of its core operating performance.

Stock-based compensation expense: Non-GAAP net income (loss) and net income (loss) per share excludes stock-based compensation expense under SFAS 123R for fiscal 2006, and under APB 25 for earlier comparative periods. The Company excludes this item, for the purposes of calculating non-GAAP net income (loss), non-GAAP net income (loss) per share, EBITDA and adjusted EBITDA, when it evaluates the continuing operational performance of the Company. The Company believes this GAAP measure is not indicative of its core operating performance.

Non-Cash Activities

Amortization of intangibles from acquisitions: The Company incurs amortization of intangibles, included in its GAAP presentation of cost of goods sold and operating expense, related to the various acquisitions it has made. Management excludes these items, for the purposes of calculating non-GAAP operating expense, non-GAAP net income (loss), non-GAAP net income (loss) per share, EBITDA and adjusted EBITDA, when it evaluates the continuing operational performance of the Company. The Company believes that eliminating this expense from operating income is useful to investors because it believes the GAAP measure, alone, is not indicative of its core cost of goods sold and operating expenses and performance.

Reduction of goodwill and other long-lived assets: The Company incurs costs, included in its GAAP presentation of operating expense, related to the reduction of the carrying value of goodwill and other long-lived assets primarily related to SFAS 142 and SFAS 144 adjustments, respectively. SFAS 142 and SFAS 144 adjustments typically occur when the financial performance of the business utilizing the affected assets falls below certain thresholds or certain assets are designated as held for sale. Accordingly, SFAS 142 and SFAS 144 related asset value reductions are non-recurring and generally unpredictable. The Company believes that eliminating this item, for the purposes of calculating non-GAAP net income (loss), non-GAAP net income (loss) per share, EBITDA and adjusted EBITDA, is useful to investors. We believe this non-GAAP adjustment will assist investors to compare current versus past performance. The Company's historical adjustments to the carrying value of certain of its assets under SFAS 142 and SFAS 144, as well as the methodology used by the Company in assessing the same, are more particularly described in its quarterly reports on form 10-Q and annual reports on Form 10-K.

Interest, taxes, and depreciation expense: The Company incurs depreciation expense in its operating results. The Company's calculation of adjusted EBITDA excludes items as a result of interest, taxes, depreciation and amortization. Management believes adjusted EBITDA is indicative of the Company's core operational cash flow.

Acquired In-Process Research and Development: The Company recorded charges for acquired in-process research and development, included in its GAAP presentation of operating expense, in connection with its acquisitions. These amounts were expensed on the acquisition dates as the acquired technology had not yet reached technological feasibility and had no future alternative uses. There can be no assurance that acquisition of businesses, products or technologies in the future will not result in substantial charges for acquired IPR&D. Accordingly, acquired IPR&D are non-recurring and generally unpredictable. The Company believes that eliminating this expense, for the purposes of calculating non-GAAP net income (loss), non-GAAP net income (loss) per share, EBITDA and adjusted EBITDA, is useful to investors.

Non-GAAP financial measures are not in accordance with, or an alternative for, generally accepted accounting principles in the United States. The GAAP measure most directly comparable to non-GAAP net income (loss) is net income (loss). The GAAP measure most directly comparable to non-GAAP net income (loss) per share is net income (loss) per share. The GAAP measure most directly comparable to adjusted EBITDA is income (loss) from operations. The Company believes that these GAAP measures alone are not indicative of its core operating expenses and performance.