

Non-GAAP Financial Measures

In addition to disclosing financial results calculated in accordance with generally accepted accounting principles, or GAAP, this table contains a reconciliation from GAAP to non-GAAP financial measures for the three months ended March 31, 2008 and 2007. The table assumes the conversion of the preferred stock as of the beginning of the three months ended March 31, 2007, assumes the issuance of the shares in our initial public offering, or IPO, occurred at the beginning of the three months ended March 31, 2007 and assumes an effective tax rate of 40% for the three months ended March 31, 2008 and 2007. The Company believes that the non-GAAP financial measures included in the table provide meaningful supplemental information to both management and investors that is indicative of the Company's core operating results. The Company believes these non-GAAP financial measures facilitate comparison of operating results across reporting periods, and uses these non-GAAP financial measures when evaluating its financial results, as well as for internal planning and forecasting purposes. These non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP.

Net Income Per Share Calculated in Accordance with GAAP

Prior to the Company's initial public offering, net income per share was computed in accordance with Emerging Issues Task Force, or EITF, Issue No. 03-6, *Participating Securities and the Two-Class Method under Financial Accounting Standards Board, Statement 128*, which established standards regarding the computation of earnings per share, or EPS, by companies that have issued securities other than common stock that contractually entitle the holder to participate in dividends and earnings of the Company. EITF Issue No. 03-6 requires earnings for the period, after deduction of preferred stock dividends, to be allocated between the common and preferred stockholders based on their respective rights to receive dividends, whether or not declared. Basic net income per share is then calculated by dividing income allocable to common stockholders (after the reduction for any preferred stock dividends assuming current income for the period had been distributed) by the weighted average number of shares of common stock outstanding, net of shares subject to repurchase by the Company, during the period. EITF Issue No. 03-6 does not require the presentation of basic and diluted net income per share for securities other than common stock; therefore, net income per share amounts only pertain to the Company's common stock. The Company calculated diluted net income per share under the as-if-converted method unless the conversion of the preferred stock was anti-dilutive to basic net income per share. To the extent preferred stock was anti-dilutive, the Company calculated diluted net income per share under the two-class method.

Subsequent to the Company's IPO, EPS has been computed in accordance with Statement of Financial Accounting Standards, or SFAS, No. 128, *Earnings Per Share*. Basic EPS has been calculated by dividing the net income allocable to common stockholders by the weighted average number of common shares outstanding for the period, without consideration for common stock equivalents. Diluted EPS has been computed by dividing the net income allocable to common stockholders by the weighted average number of common shares outstanding for the period and the weighted average number of dilutive common stock equivalents outstanding for the period determined using the treasury-stock method. For purposes of this calculation, common stock subject to repurchase by the Company, convertible preferred stock, stock options, restricted stock units, and warrants are considered to be common stock equivalents and are only included in the calculation of diluted earnings per share when their effect is dilutive.

Reconciliation of GAAP Earnings Per Share to Non-GAAP Earnings Per Share (in thousands, except per share data)

| | Three Months Ended March 31, 2008 | | | Three Months Ended March 31, 2007 | | | | |
|---|-----------------------------------|---|-----------------|-----------------------------------|---|--|---|-----------------|
| | GAAP EPS | Assumed 40% Effective Tax Rate (1) | Non-GAAP EPS | GAAP EPS | Assumed 40% Effective Tax Rate (1) | Assumed Conversion of Preferred Stock (2) | Assumed Issuance of IPO Shares (3) | Non-GAAP EPS |
| Numerator: | | | | | | | | |
| Net Income | \$ 5,007 | | \$ 5,007 | \$ 1,325 | | | | \$ 1,325 |
| Income allocable to preferred stockholders | - | - | - | (1,325) | - | 1,325 | - | - |
| Adjustment to increase assumed effective tax rate to 40% | - | (1,937) | (1,937) | - | (499) | - | - | (499) |
| Net income allocable to common stockholders | \$ 5,007 | | \$ 3,070 | \$ - | | | | \$ 826 |
| Denominator: | | | | | | | | |
| Weighted average shares of common stock outstanding | 16,185 | - | 16,185 | 197 | - | - | - | 197 |
| Weighted average unvested shares of common stock subject to repurchase | (29) | - | (29) | (43) | - | - | - | (43) |
| Adjustments to reflect the weighted average effect of the assumed conversion of convertible preferred stock | - | - | - | - | - | 11,032 | - | 11,032 |
| Adjustments to reflect the weighted average effect of the assumed issuance of IPO shares at the beginning of 2007 | - | - | - | - | - | - | 4,736 | 4,736 |
| Weighted average shares of common stock outstanding - basic | 16,156 | | 16,156 | 154 | | | | 15,922 |
| Dilutive effect of common equivalent shares | 1,337 | - | 1,337 | - | - | 1,532 | - | 1,532 |
| Weighted average shares of common stock outstanding - diluted | 17,493 | | 17,493 | 154 | | | | 17,454 |
| Net income per share: | | | | | | | | |
| Basic | \$ 0.31 | | \$ 0.19 | \$ - | | | | \$ 0.05 |
| Diluted | \$ 0.29 | | \$ 0.18 | \$ - | | | | \$ 0.05 |

(1) Assumes an effective tax rate of 40% after realizing the benefit from our net operating loss carryforwards, as compared to our actual tax rate of 2.1% and 3.7% for the three months ended March 31, 2008 and 2007, respectively

(2) Assumes the conversion of all outstanding shares of preferred stock upon the completion of our IPO, as if such conversion had occurred as of the beginning of the three months ended March 31, 2007

(3) Assumes our IPO was completed at the beginning of the three months ended March 31, 2007