

ESI - Non-GAAP Financials

Quarterly Trend

(\$000's)

	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1
Bookings	59,572	37,562	16,039	16,054	28,669	29,318	61,225	54,193	64,059
Shipments	63,954	48,136	26,571	17,292	23,087	28,351	33,804	66,002	55,865
Backlog	37,703	28,574	18,041	16,804	23,346	25,016	52,437	40,638	48,831
Revenue	64,024	49,610	25,618	18,061	22,603	27,638	39,048	59,604	58,471
Gross Profit	25,787	21,583	7,883	5,040	6,465	10,065	15,358	26,191	22,044
Gross Margin	40.3%	43.5%	30.8%	27.9%	28.6%	36.4%	39.3%	43.9%	37.7%
Research & Development	9,363	8,161	7,920	7,718	7,115	7,068	8,388	9,559	9,798
Selling, service and administrative	13,757	12,809	11,228	9,551	9,751	9,697	10,690	12,072	11,321
Total OPEX	23,119	20,970	19,148	17,269	16,866	16,765	19,078	21,631	21,119
OPEX %	36.1%	42.3%	74.7%	95.6%	74.6%	60.7%	48.9%	36.3%	36.1%
Operating Income	2,668	613	(11,265)	(12,229)	(10,401)	(6,700)	(3,720)	4,560	925
Operating Income %	4.2%	1.2%	-44.0%	-67.7%	-46.0%	-24.2%	-9.5%	7.7%	1.6%
Other Income/(Expense)	860	1,117	1,020	196	342	357	369	289	58
Income Before Taxes	3,528	1,730	(10,245)	(12,034)	(10,059)	(6,343)	(3,351)	4,850	983
Tax Provision/(Benefit)	1,028	470	(4,469)	(4,959)	(3,861)	(2,487)	(2,463)	482	215
Tax Rate	29.2%	27.2%	43.6%	41.2%	38.4%	39.2%	73.5%	9.9%	21.9%
Non-GAAP Net Income/(Loss)	2,500	1,260	(5,776)	(7,075)	(6,198)	(3,856)	(888)	4,367	768
Net Income %	3.9%	2.5%	-22.5%	-39.2%	-27.4%	-14.0%	-2.3%	7.3%	1.3%
Non-GAAP EPS	0.09	0.05	(0.21)	(0.26)	(0.23)	(0.14)	(0.03)	0.16	0.03
Average Shares Outstanding	27,108	27,035	27,040	27,133	27,234	27,356	27,517	28,058	28,313
Operating Cash Flow	1,636	14,230	7,419	(5,530)	(911)	(1,178)	924	4,020	14,769
Headcount	701	686	654	567	565	569	573	581	597
Reconciliation to GAAP:									
Non-GAAP Net Income/(Loss)	2,500	1,260	(5,776)	(7,075)	(6,198)	(3,856)	(888)	4,367	768
Equity Compensation	(1,411)	(1,168)	(806)	(993)	(2,307)	(2,148)	(1,651)	(1,614)	(2,883)
Acquisition-Related Costs	(724)	(565)	(511)	(544)	(759)	(522)	(514)	(514)	(514)
Other One-Time Charges	(5,843)	(6,556)	(19,530)	(9,008)	4,517	-	-	(1,347)	889
Tax Effects	2,720	2,920	(2,635)	2,694	(783)	406	641	1,186	1,941
GAAP Net Income/(Loss)	(2,758)	(4,109)	(29,258)	(14,925)	(5,530)	(6,120)	(2,413)	2,078	201
EPS	(0.10)	(0.15)	(1.08)	(0.55)	(0.20)	(0.22)	(0.09)	0.07	0.01

Non - GAAP

ESI First Quarter 2011 Results

Reconciliation of GAAP to Non-GAAP Results

(000's)

	GAAP	Adjustments			Non-GAAP
		Acquisitions	Share-based Compensation	Other	
Revenue	58,471				58,471
Cost of Sales	36,998	(289)	(282)		36,427
Gross Profit	21,473	289	282	-	22,044
Gross Margin	36.7%				37.7%
Research & Development	10,211	(36)	(377)		9,798
Selling, service and administrative	12,845	(189)	(2,224)	889	11,321
Restructuring Costs	-				-
Total OPEX	23,056	(225)	(2,601)	889	21,119
OPEX %	39.4%				36.1%
Operating Income	(1,583)	514	2,883	(889)	925
Operating Income %	-2.7%				1.6%
Other Income/(Expense)	58	-	-	-	58
Income Before Taxes	(1,525)	514	2,883	(889)	983
Tax Provision/(Benefit)	(1,726)	398	2,231	(688)	215
Tax Rate	113.2%				21.9%
Non-GAAP Net Income/(Loss)	201	116	652	(201)	768
Net Income %	0.3%				1.3%
Non-GAAP EPS	0.01				0.03
Average Shares Outstanding	28,212				28,313