

Agenda

- ◆ Business Overview
- ◆ Operations Summary
- ◆ **Finance Summary**
- ◆ Q&A

Q1 FY2007 Revenue

(\$ in M's)		Q1 FY 07	Sequential Growth
Revenue			
	<i>Product</i>	\$51.6	-9.0%
	<i>Services</i>	19.5	-12.4%
Total Revenue		\$71.1	-9.9%
Total Deferred Revenue		\$90.6	-3.8%
International Revenue		\$12.1	
# of Customers		63	-1.6%

- ◆ Strong revenue performance driven by customer expansions
 - ◆ Existing customers expanding deployments
 - ◆ New customer network builds underway
- ◆ Q1 '07 major customer – at&t

Balance Sheet Overview

(\$000's)	Q1 '07	Q4 '06	Q2 '06
Assets			
Cash & Investments*	\$366,053	\$360,880	\$318,346
Accounts Receivable, net	59,711	70,726	77,472
Total Inventory	46,048	41,315	38,188
Property & Equipment, net	18,987	19,051	15,605
Total Deferred Tax Assets	71,215	74,421	1,321
Other Assets	23,897	23,211	19,664
Total	\$585,911	\$589,604	\$470,596
Liabilities			
Current Liabilities**	\$114,033	\$121,817	\$130,644
Other LT Liabilities**	35,225	35,254	27,667
Stockholders' Equity	436,653	432,533	312,285
Total	\$585,911	\$589,604	\$470,596

* Cash & Investments balance includes: Cash, cash equivalents, marketable debt securities & long-term investments

** Includes deferred revenue as follows:

(\$000's)	Q1'07	Q4'06	Q1'06
Current portion	\$ 58,544	\$ 60,383	\$ 73,383
Long-term portion	32,092	33,787	28,990
Total deferred revenue	\$ 90,636	\$ 94,170	\$ 102,373

Q1 FY2007 Inventory

(\$ in M's)	Q1 FY07	Sequential Growth	Year/Year Growth
On-hand Inventory*	\$17.6	12.1%	-16.1%
Unearned Inventory**	29.9	9.9%	58.6%
Evaluation Inventory	5.3	22.1%	13.9%
Total Inventory, gross	52.8	11.8%	18.6%
Reserve	(6.8)	13.9%	-7.8%
Total Inventory, net	46.0	11.5%	23.9%
Long-term portion	(19.0)	0.0%	487.8%
Current Inventory, net	\$27.0	21.3%	-20.4%

* On-hand inventory: in stock subassemblies and finished goods

**Unearned inventory represents direct materials related to products shipped but not recognized as revenue.

Q1 FY2007 Key Financial Metrics

(\$ in M's)

	Q1'07	FY06	Q4'06	Q3'06	Q2'06	Q1'06
Total Revenue	\$ 71.1	\$279.5	\$ 79.0	\$ 76.0	\$ 64.5	\$ 60.0
<i>Year-over-Year Change %</i>	<i>18.4%</i>	<i>43.1%</i>	<i>36.0%</i>	<i>65.3%</i>	<i>12.4%</i>	<i>76.7%</i>
Total Deferred Revenue	\$ 90.6	\$ 94.2	\$ 94.2	\$ 81.5	\$115.9	\$102.4
<i>Year-over-Year Change %</i>	<i>-11.5%</i>	<i>-22.9%</i>	<i>-22.9%</i>	<i>-28.5%</i>	<i>0.5%</i>	<i>8.5%</i>
*Cash & Investments	\$366.1	\$360.9	\$360.9	\$346.1	\$318.3	\$340.2
Headcount	913	850	850	817	784	761

* Cash & Investments balance includes: Cash, cash equivalents, marketable debt securities & long-term investments

Q1 FY2007 Key Financial Metrics (Continued)

(\$ in M's)	Q1'07	FY06	Q4'06	Q3'06	Q2'06	Q1'06	FY05
Total Accounts receivable, net	\$ 59.7	\$ 70.7	\$ 70.7	\$ 48.7	\$ 77.5	\$ 33.3	\$ 72.3
Unearned Accounts receivable	(12.5)	(29.2)	(29.2)	(17.4)	(17.6)	(13.3)	(23.8)
Accounts receivable excluding unearned portion, net	\$ 47.2	\$ 41.5	\$ 41.5	\$ 31.3	\$ 59.9	\$ 20.0	\$ 48.5
DSO, using Total AR *	82.5	74.1	68.0	74.7	77.3	79.2	94.9
DSO, using AR excluding unearned *	56.2	49.2	41.5	54.0	55.7	51.4	50.8
Total Inventory, net	\$ 46.0	\$ 41.3	\$ 41.3	\$ 30.5	\$ 38.2	\$ 37.2	\$ 37.7
Unearned Inventory	(29.9)	(27.2)	(27.2)	(14.0)	(21.7)	(18.8)	(21.0)
On-hand inventory, net	\$ 16.2	\$ 14.1	\$ 14.1	\$ 16.5	\$ 16.5	\$ 18.3	\$ 16.7
Inventory Turns, using Total Inventory **	1.6	1.9	2.2	2.2	1.7	1.7	1.7
Inventory Turns, using On-hand Inventory **	4.5	4.3	5.3	4.5	3.7	3.6	4.2

* DSO is calculated as the average of beginning and ending AR for the quarter divided by the daily average of current quarter revenue.

** Inventory Turns are calculated as Annualized Product Cost of Revenues divided by the average of beginning and ending inventory for the quarter.