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## Network Equipment Technologies, Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator instructions) And your first question comes from Anton Wahlman. Please proceed.

#### Anton Wahlman – ThinkEquity Partners

John, I have a mathematical question for you and something is not agreeing in my Excel and I can't get it to change. Basically your pro forma non-GAAP income statement says \$2.607 million non-GAAP net income and it 35,756,000 shares. When I do that division I don't end up with \$0.09 but rather with – as you have in your table – but with \$0.07.

#### John McGrath

Sure, Anton, this is one of those tricky things in the accounting literature that oftentimes don't makes sense to the average reader. But what isn't seen in the calculation is when you do the diluted earnings per share and it relates to the convertible debt that we issued in December, you have to add back the interest net of tax to the income and then you divide it by the increased number of shares. And so our interest net of tax is roughly around \$500,000. And then hopefully that math will work.

#### Operator

And your next question comes from Greg Mesniaeff. Please proceed.

#### Greg Mesniaeff – Needham & Co.

Yes, thank you. I was wondering if you could repeat the percentage of revenues in the quarter that was from government, that's my first part of my question.

#### John McGrath

Product revenue from our government business increased 15% [ph] from Q3 to \$24.6 million. So essentially it's 24.6 divided by 30.2.

#### Operator

And your next question comes from Eric Buck. Please proceed.

#### Eric Buck – Brean Murray

Yes, it's Eric Buck. Actually I was hoping you could go through kind of the full breakdown of the revenue stream between NX, VX, legacy products.

**John McGrath**

Yes, let me get those numbers in front of me. For the quarter – our – okay, for the quarter we have about a little less than 40% of our revenue comes from our voice products, which is a combination of the VX as well as the Tenor which we got from the Quintum acquisition. And then for the NX – for the Promina it's about 50 – it's pretty consistent with what we have been running for the prior quarters at about 55%-ish and then the rest is NX.

**Operator**

(Operator instructions) And we have a follow-up from Greg Mesniaeff. Please proceed.

**Greg Mesniaeff – Needham & Co.**

Yes, thank you. I think the questions got abbreviated. I was still in the midst of my question, which is if you look ahead given what you said about the expected slowdown in the government business, what are you – what kind of visibility do you have on the enterprise side particularly given the relationships you've been building with the various channel partners for UC?

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