



Unaudited	FY09 Q1 Sep-08	FY09 Q2 Dec-08	FY09 Q3 Mar-09	FY09 Q4 Jun-09	FY10 Q1 Sep-09	Notes
Historical Analysis of Operations (\$ in thousands except shares and per share data)						
Revenues						
License	\$ 14,327	\$ 13,849	\$ 16,690	\$ 13,091	\$ 10,425	
Maintenance and support	16,378	15,917	15,420	16,224	15,798	
Services	<u>20,340</u>	<u>18,298</u>	<u>12,542</u>	<u>18,622</u>	<u>23,619</u>	
Total revenues	51,045	48,064	44,652	47,937	49,842	
Cost of revenues						
License	1,154	475	295	323	230	(1)
Maintenance and support	4,169	4,472	4,168	4,043	4,278	(1)
Services	14,281	13,260	10,481	13,818	17,697	(1)
Amortization of purchased technology and contract intangibles	1,129	1,103	653	420	420	(1)
Stock based compensation	<u>238</u>	<u>214</u>	<u>112</u>	<u>92</u>	<u>114</u>	(1)
Total cost of revenues	20,971	19,524	15,709	18,696	22,739	
Gross profit	30,074	28,540	28,943	29,241	27,103	
Operating expenses						
Research and development	11,910	11,552	10,808	10,871	9,766	(1)
Sales and marketing	10,612	9,866	9,779	11,643	10,565	(1)
General and administrative	8,265	6,893	7,366	6,404	7,392	(1)
Professional fees associated with unusual events	2,004	743	207	(44)	344	(4)
Restructuring and related costs	1,903	427	5,061	2,274	422	
Amortization of other intangibles and impairment of goodwill	152	59,669	47	-	-	(1)
Stock based compensation	<u>733</u>	<u>715</u>	<u>594</u>	<u>458</u>	<u>433</u>	(1)
Total operating expenses	35,579	89,865	33,862	31,606	28,922	
Operating income (loss) from continuing operations	(5,505)	(61,325)	(4,919)	(2,365)	(1,819)	
Interest and other, net	<u>(6,496)</u>	<u>(1,436)</u>	<u>(2,259)</u>	<u>(172)</u>	<u>(1,209)</u>	
Income (loss) from continuing operations before income taxes	(12,001)	(62,761)	(7,178)	(2,537)	(3,028)	
Income taxes	<u>503</u>	<u>1,029</u>	<u>590</u>	<u>907</u>	<u>498</u>	
Net income (loss) from continuing operations	(12,504)	(63,790)	(7,768)	(3,444)	(3,526)	
Diluted net income (loss) from continuing operations per share	\$ (0.15)	\$ (0.77)	\$ (0.09)	\$ (0.04)	\$ (0.04)	
Discontinued operations gain/(loss)	2,000	(371)	-	-	4,516	
Net income (loss)	\$ (10,504)	\$ (64,161)	\$ (7,768)	\$ (3,444)	\$ 990	
Diluted net income (loss) per share	\$ (0.13)	\$ (0.77)	\$ (0.09)	\$ (0.04)	\$ 0.01	
Shares used in computing GAAP net income (loss) per share	82,773	82,855	83,023	83,177	83,295	(2)



Unaudited	FY09 Q1 Sep-08	FY09 Q2 Dec-08	FY09 Q3 Mar-09	FY09 Q4 Jun-09	FY10 Q1 Sep-09	Notes
Reconciliation of GAAP to Non-GAAP Expense Categories						
GAAP cost of license revenue	\$ 2,266	\$ 1,567	\$ 937	\$ 732	\$ 639	(3)
Deduct amortization of purchased technology	<u>1,112</u>	<u>1,092</u>	<u>642</u>	<u>409</u>	<u>409</u>	
Non-GAAP cost of license revenue	\$ 1,154	\$ 475	\$ 295	\$ 323	\$ 230	
GAAP cost of maintenance and support	\$ 4,258	\$ 4,518	\$ 4,232	\$ 4,086	\$ 4,327	(3)
Deduct amortization of purchased contract intangibles	17	11	11	11	11	
Deduct stock-based compensation	<u>72</u>	<u>35</u>	<u>53</u>	<u>32</u>	<u>38</u>	
Non-GAAP cost of maintenance and support	\$ 4,169	\$ 4,472	\$ 4,168	\$ 4,043	\$ 4,278	
GAAP cost of services	\$ 14,447	\$ 13,439	\$ 10,540	\$ 13,878	\$ 17,773	(3)
Deduct stock-based compensation	<u>166</u>	<u>179</u>	<u>59</u>	<u>60</u>	<u>76</u>	
Non-GAAP cost of services	\$ 14,281	\$ 13,260	\$ 10,481	\$ 13,818	\$ 17,697	
GAAP research and development	\$ 12,286	\$ 12,055	\$ 11,055	\$ 11,025	\$ 9,864	(3)
Deduct amortization of acquisition-related costs	126	126	42	-	-	
Deduct stock-based compensation	<u>250</u>	<u>377</u>	<u>205</u>	<u>154</u>	<u>98</u>	
Non-GAAP research and development	\$ 11,910	\$ 11,552	\$ 10,808	\$ 10,871	\$ 9,766	
GAAP sales and marketing	\$ 10,744	\$ 10,032	\$ 9,931	\$ 11,768	\$ 10,711	(3)
Deduct stock-based compensation	<u>132</u>	<u>166</u>	<u>152</u>	<u>125</u>	<u>146</u>	
Non-GAAP sales and marketing	\$ 10,612	\$ 9,866	\$ 9,779	\$ 11,643	\$ 10,565	
GAAP general and administrative	\$ 10,620	\$ 7,808	\$ 7,810	\$ 6,539	\$ 7,925	(3)
Deduct professional fees associated with unusual events	2,004	743	207	(44)	344	
Deduct stock-based compensation	<u>351</u>	<u>172</u>	<u>237</u>	<u>179</u>	<u>189</u>	
Non-GAAP general and administrative	\$ 8,265	\$ 6,893	\$ 7,366	\$ 6,404	\$ 7,392	



Unaudited	FY09 Q1 Sep-08	FY09 Q2 Dec-08	FY09 Q3 Mar-09	FY09 Q4 Jun-09	FY10 Q1 Sep-09	Notes
Non-GAAP Net Income (Loss) (\$ in thousands except shares and per share data)						
GAAP net income (loss)	\$ (10,504)	\$ (64,161)	\$ (7,768)	\$ (3,444)	\$ 990	
Add back:						
Restructuring and related costs	1,903	427	5,061	2,274	422	
Acquisition-related costs and amortization	1,281	1,255	700	420	420	
Stock based compensation	971	929	706	550	547	
Professional fees associated with unusual events	2,004	743	207	(44)	344	(4)
Impairment of Goodwill	-	59,517	-	-	-	
Impairment of investments and non-marketable equity securities	5,632	2,536	1,612	-	1,464	
Discontinued operations	(2,000)	371	-	-	(4,516)	(5)
Tax impact of the above reconciling items	(293)	(267)	(133)	(34)	(51)	
Non-GAAP net income (loss)	\$ (1,006)	\$ 1,350	\$ 385	\$ (278)	\$ (380)	
Fully diluted non-GAAP net income (loss) per share	\$ (0.01)	\$ 0.02	\$ 0.00	\$ (0.00)	\$ (0.00)	
Shares used in computing pro forma fully diluted net income per share	82,773	82,855	83,025	83,177	83,295	
% of Revenue						
License revenues	28.1%	28.8%	37.4%	27.3%	20.9%	
Maintenance and support revenues	32.1%	33.1%	34.5%	33.8%	31.7%	
Services revenues	39.8%	38.1%	28.1%	38.8%	47.4%	
License gross margin	91.9%	96.6%	98.2%	97.5%	97.8%	(1)
Maintenance and support gross margin	74.5%	71.9%	73.0%	75.1%	72.9%	(1)
Services gross margin	<u>29.8%</u>	<u>27.5%</u>	<u>16.4%</u>	<u>25.8%</u>	<u>25.1%</u>	(1)
Non-GAAP gross margin	61.6%	62.1%	66.5%	62.1%	55.4%	
Amortization of purchased technology and contract intangibles	2.2%	2.3%	1.5%	0.9%	0.8%	
Stock based compensation	<u>0.5%</u>	<u>0.4%</u>	<u>0.2%</u>	<u>0.2%</u>	<u>0.2%</u>	
Gross margin (GAAP)	58.9%	59.4%	64.8%	61.0%	54.4%	
Research and development, excluding stock-based compensation	23.3%	24.0%	24.2%	22.7%	19.6%	(1)
Sales and marketing, excluding stock-based compensation	20.8%	20.5%	21.9%	24.3%	21.2%	(1)
General and administrative, excluding stock-based compensation	<u>16.2%</u>	<u>14.3%</u>	<u>16.5%</u>	<u>13.4%</u>	<u>14.8%</u>	(1)
Non-GAAP operating expenses	60.3%	58.9%	62.6%	60.3%	55.6%	(1, 6)
Professional fees associated with unusual events	3.9%	1.5%	0.5%	-0.1%	0.7%	
Restructuring and related costs	3.7%	0.9%	11.3%	4.7%	0.8%	
Amortization of other intangibles and impairment of goodwill	0.3%	124.1%	0.1%	0.0%	0.0%	
Stock based compensation	<u>1.5%</u>	<u>1.6%</u>	<u>1.3%</u>	<u>1.0%</u>	<u>0.9%</u>	
Total operating expenses (GAAP)	69.7%	187.0%	75.8%	65.9%	58.0%	
Operating profit /(loss) from continuing operations	-10.8%	-127.6%	-11.0%	-4.9%	-3.6%	
Net profit /(loss) from continuing operations	-24.5%	-132.7%	-17.4%	-7.2%	-7.1%	

Unaudited	FY09 Q1 Sep-08	FY09 Q2 Dec-08	FY09 Q3 Mar-09	FY09 Q4 Jun-09	FY10 Q1 Sep-09	Notes
Reconciliation of GAAP to Non-GAAP % of Revenue Categories						
GAAP license gross margin	84.3%	88.7%	94.4%	94.4%	93.9%	
Deduct amortization of purchased technology	<u>-7.8%</u>	<u>-7.9%</u>	<u>-3.8%</u>	<u>-3.1%</u>	<u>-3.9%</u>	
Non-GAAP license gross margin	91.9%	96.6%	98.2%	97.5%	97.8%	
GAAP maintenance and support gross margin	74.0%	71.6%	72.6%	74.8%	72.6%	
Deduct amortization of purchased technology	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	
Deduct stock-based compensation	<u>-0.4%</u>	<u>-0.2%</u>	<u>-0.3%</u>	<u>-0.2%</u>	<u>-0.2%</u>	
Non-GAAP maintenance and support gross margin	74.5%	71.9%	73.0%	75.1%	73.0%	
GAAP services gross margin	29.0%	26.7%	16.0%	25.5%	24.8%	
Deduct stock-based compensation	<u>-0.8%</u>	<u>-0.8%</u>	<u>-0.4%</u>	<u>-0.3%</u>	<u>-0.3%</u>	
Non-GAAP services gross margin	29.8%	27.5%	16.4%	25.8%	25.1%	
GAAP research and development gross margin	24.2%	25.1%	24.8%	23.0%	19.8%	
Deduct amortization of acquisition-related costs	0.2%	0.3%	0.1%	0.0%	0.0%	
Deduct stock-based compensation	<u>0.5%</u>	<u>0.8%</u>	<u>0.5%</u>	<u>0.3%</u>	<u>0.2%</u>	
Non-GAAP research and development gross margin	23.3%	24.0%	24.2%	22.7%	19.6%	
GAAP sales and marketing gross margin	21.1%	21.0%	22.2%	24.6%	21.5%	
Deduct stock-based compensation	<u>0.3%</u>	<u>0.3%</u>	<u>0.3%</u>	<u>0.3%</u>	<u>0.3%</u>	
Non-GAAP sales and marketing gross margin	20.8%	20.5%	21.9%	24.3%	21.2%	
GAAP general and administrative gross margin	20.8%	16.2%	17.5%	13.7%	15.9%	
Deduct professional fees associated with unusual events	3.9%	1.5%	0.5%	-0.1%	0.7%	
Deduct stock-based compensation	<u>0.7%</u>	<u>0.4%</u>	<u>0.5%</u>	<u>0.4%</u>	<u>0.4%</u>	
Non-GAAP general and administrative gross margin	16.2%	14.3%	16.5%	13.4%	14.8%	



Unaudited	FY09 Q1 Sep-08	FY09 Q2 Dec-08	FY09 Q3 Mar-09	FY09 Q4 Jun-09	FY10 Q1 Sep-09	Notes
% Qtr-over-Qtr Growth						
License revenues	6%	-3%	21%	-22%	-20%	
Maintenance and support revenues	-19%	-3%	-3%	5%	-3%	
Services revenues	3%	-10%	-31%	48%	27%	
Total revenues	-5%	-6%	-7%	7%	4%	
Geographic Information						
Revenue (\$ in millions)						
Americas	32.1	28.4	30.1	33.3	32.3	
EMEA	6.6	8.3	6.4	5.6	7.0	
Asia	12.3	11.4	8.2	9.0	10.5	
% of total revenues						
Americas	63%	59%	67%	69%	65%	
EMEA	13%	17%	14%	12%	14%	
Asia	24%	24%	18%	19%	21%	
Disaggregate Revenue Information (\$ in millions)						
Revenue (\$ in millions)						
Service Mediation	27.0	22.0	25.7	20.1	22.2	
Messaging	16.3	16.9	13.7	22.1	20.1	
Other	7.9	9.2	5.2	5.7	7.5	
% of total revenues						
Service Mediation	53%	46%	58%	42%	45%	
Messaging	32%	35%	31%	46%	40%	
Other	15%	19%	12%	12%	15%	
Balance Sheet & Other (\$ in millions except days and per share data)						
Bookings	29.3	39.3	37.6	49.1	47.3	(7, 13)
Backlog	226	217	198	197	193	(7)
Accounts receivable, (net)	57.4	54.6	31.6	31.1	36.4	(8)
Deferred revenue	61.0	62.6	51.0	50.3	49.8	(8)
Billed DSO	53.7	61.4	39.0	34.8	51.6	(8, 9)
Unbilled DSO	47.4	40.9	24.7	23.6	14.1	(8, 9)
Cash & investments	127.4	119.0	121.7	126.7	121.6	
Cash & investments per fully diluted share	1.54	1.44	1.47	1.52	1.46	
Capital expenditure, net	0.5	0.0	1.8	1.2	0.6	(8)
Depreciation & amortization of intangibles	2.8	2.9	2.3	2.0	1.9	(8, 10)



Unaudited	FY09 Q1 Sep-08	FY09 Q2 Dec-08	FY09 Q3 Mar-09	FY09 Q4 Jun-09	FY10 Q1 Sep-09	Notes
Headcount						
Functional						
Research and development	184	187	182	155	164	
Sales and marketing	105	115	119	117	114	
Services	217	211	211	210	216	(11)
General and administrative	<u>112</u>	<u>114</u>	<u>118</u>	<u>108</u>	<u>114</u>	
Total permanent employees	618	627	630	590	608	
Geographic						
Americas	354	361	368	339	353	
EMEA	179	178	176	170	175	
Asia	<u>85</u>	<u>88</u>	<u>86</u>	<u>81</u>	<u>80</u>	
Total permanent employees	618	627	630	590	608	
Carrier Service Provider (CSP) Information						
CSP's with revenue >10%						(12)
A	26% (s)	26% (s)	32% (a)	34% (s)	40%	(s)
B	13% (a)	14% (a)	20% (s)		10%	(a)
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NOTES

- (1) Numbers presented exclude amortization of intangibles and stock based compensation which is noted separately.
- (2) Share count becomes diluted upon profitability.
- (3) Agrees to classification in Openwave's most current 10Q and 10K filing.
- (4) Includes costs related to the stock option lawsuit and special investigation, net of insurance reimbursements.
- (5) Includes gain on sale of discontinued operations.
- (6) Excludes Professional fees associated with unusual events, restructuring charges, intangible amortization, stock based compensation and goodwill impairment.
- (7) Excludes activity related to Content and Client product lines.
- (8) Includes activity related to Client product line.
- (9) Days Sales Outstanding calculation is (end of quarter accounts receivable / revenue for quarter) x 90.
- (10) Depreciation and amortization includes depreciation on fixed assets and amortization of intangible assets.
- (11) Services headcount includes employees engaged in maintenance & support, customer education, consulting and customer advocacy functions.
- (12) Letter in parentheses represents the customer name: (a) for ATT, (s) for Sprint (including Nextel)
- (13) 3Q'F09 bookings amount shown reflects the value of new orders prior to debookings.
- Totals may not sum due to rounding.

The data are derived from our historical consolidated financial statements and internal records. Certain data are estimated by Openwave based on internal company records. The data should be read in conjunction with Openwave's most recent reports filed with the SEC on forms 10-K, 10-Q and 8K, which are available on the company's website or at www.sec.gov.