

**OPENWAVE SYSTEMS INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS-UNAUDITED**  
(In thousands)

	<u>September 30,</u> <u>2009</u>	<u>June 30,</u> <u>2009</u>
<b>Assets</b>		
Current Assets:		
Cash, cash equivalents and short-term investments	\$ 104,834	\$ 109,082
Accounts receivable, net	36,397	31,107
Prepaid and other current assets	19,119	26,801
Total current assets	<u>160,350</u>	<u>166,990</u>
Property and equipment, net	10,487	11,566
Long-term investments and restricted cash and investments	16,798	17,618
Deposits and other assets	8,459	8,313
Goodwill	267	-
Intangible assets, net	3,461	3,880
Total assets	<u>\$ 199,822</u>	<u>\$ 208,367</u>
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities:		
Accounts payable	\$ 3,427	\$ 5,348
Accrued liabilities	19,325	23,079
Accrued restructuring costs	13,929	15,327
Deferred revenue	39,968	38,349
Total current liabilities	<u>76,649</u>	<u>82,103</u>
Accrued restructuring costs, less current portion	32,093	34,843
Deferred revenue, less current portion	9,881	11,901
Deferred rent obligations and long-term taxes payable	5,625	6,824
Total liabilities	<u>124,248</u>	<u>135,671</u>
Stockholders' equity	<u>75,574</u>	<u>72,696</u>
Total liabilities and stockholders' equity	<u>\$ 199,822</u>	<u>\$ 208,367</u>

**OPENWAVE SYSTEMS INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS-UNAUDITED**  
(In thousands, except per share data)

	Three Months Ended		
	September 30, 2009	June 30, 2009	September 30, 2008
Revenues:			
License	\$ 10,425	\$ 13,091	\$ 14,327
Maintenance and support	15,798	16,224	16,378
Services	23,619	18,622	20,340
Total revenues	<u>49,842</u>	<u>47,937</u>	<u>51,045</u>
Cost of revenues:			
License	230	323	1,154
Maintenance and support	4,316	4,075	4,241
Services	17,773	13,878	14,447
Amortization of intangible assets	420	420	1,129
Total cost of revenues	<u>22,739</u>	<u>18,696</u>	<u>20,971</u>
Gross profit	<u>27,103</u>	<u>29,241</u>	<u>30,074</u>
Operating Expenses:			
Research and development	9,864	11,025	12,160
Sales and marketing	10,711	11,768	10,744
General and administrative	7,925	6,539	10,620
Restructuring and other related costs	422	2,274	1,903
Acquisition-related costs and amortization	-	-	152
Total operating expenses	<u>28,922</u>	<u>31,606</u>	<u>35,579</u>
Operating loss from continuing operations	(1,819)	(2,365)	(5,505)
Interest and other income (expense), net	(1,209)	(172)	(6,496)
Pre-tax loss from continuing operations	<u>(3,028)</u>	<u>(2,537)</u>	<u>(12,001)</u>
Income taxes	498	907	503
Net loss from continuing operations	<u>(3,526)</u>	<u>(3,444)</u>	<u>(12,504)</u>
Gain on sale of discontinued operations	4,516	-	2,000
Net income (loss)	<u>\$ 990</u>	<u>\$ (3,444)</u>	<u>\$ (10,504)</u>
Basic and diluted net income (loss) per share from:			
Continuing operations	\$ (0.04)	\$ (0.04)	\$ (0.15)
Discontinued operations	0.05	-	0.02
Net income (loss) per share	<u>\$ 0.01</u>	<u>\$ (0.04)</u>	<u>\$ (0.13)</u>
Shares used in basic and diluted net income (loss) per share	83,295	83,177	82,773
Stock-based compensation by category:			
Maintenance and support	\$ 38	\$ 32	\$ 72
Services	76	60	166
Research and development	98	154	250
Sales and marketing	146	125	132
General and administrative	189	179	351
	<u>\$ 547</u>	<u>\$ 550</u>	<u>\$ 971</u>

**OPENWAVE SYSTEMS INC.**  
**RECONCILIATION OF GAAP NET INCOME (LOSS) TO NON-GAAP NET LOSS**  
(In thousands, except per share data)

	Three Months Ended		
	September 30, 2009	June 30, 2009	September 30, 2008
Reconciliation between GAAP and Non-GAAP net income (loss):			
Net income (loss)	\$ 990	\$ (3,444)	\$ (10,504)
Exclude:			
Restructuring and other related costs	422	2,274	1,903
Acquisition-related costs and amortization(a)	420	420	1,281
Amortization of stock-based compensation	547	550	971
Professional fees associated with unusual events(b)	344	(44)	2,004
Discontinued operations, net of tax(c)	(4,516)	-	(2,000)
Other-than-temporary impairments of investments	1,464	-	5,632
Tax impact of reconciling items(d)	(51)	(34)	(293)
Non-GAAP net loss	<u>\$ (380)</u>	<u>\$ (278)</u>	<u>\$ (1,006)</u>
GAAP net income (loss) per share	\$ 0.01	\$ (0.04)	\$ (0.13)
Exclude:			
Restructuring and other related costs	\$ -	\$ 0.02	\$ 0.02
Acquisition-related costs and amortization(a)	\$ 0.01	\$ 0.01	\$ 0.02
Amortization of stock-based compensation	\$ 0.01	\$ 0.01	\$ 0.01
Professional fees associated with unusual events(b)	\$ -	\$ -	\$ 0.02
Discontinued operations, net of tax(c)	\$ (0.05)	\$ -	\$ (0.02)
Other-than-temporary impairments of investments	\$ 0.02	\$ -	\$ 0.07
Tax impact of reconciling items(d)	\$ -	\$ -	\$ -
Non-GAAP net loss per share	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0.01)</u>
Shares used in computing diluted earnings per share	83,295	83,177	82,773

(a)Acquisition-related costs relates to retention-based consideration under the terms of the Widerweb and Solomio acquisitions. Amortization relates to acquired intangible assets.

(b)Relates to legal fees regarding the stock option lawsuits and other unusual events, net of insurance reimbursements.

(c)Relates to the release of escrowed funds associated with the previous sale of Musiwave.

(d)The tax impact relates to tax benefits related to amortization of intangibles and stock-based compensation.

(more)

**OPENWAVE SYSTEMS INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS-UNAUDITED**  
(in thousands)

	Three Months Ended		
	September 30, 2009	June 30, 2009	September 30, 2008
Operating activities:			
Net income (loss)	\$ 990	\$ (3,444)	\$ (10,504)
Gain on sale of discontinued operation	(4,516)	-	(2,000)
Reconciling items:			
Depreciation, amortization of intangibles and stock-based compensation	2,449	2,519	3,770
Non-cash restructuring charges	391	390	447
Accelerated depreciation on restructured property and equipment	-	128	235
Provision for (recovery of) doubtful accounts	31	(595)	37
Other non-cash items, net	64	(8)	147
Other-than-temporary impairments of investments	1,464	-	5,632
Changes in operating assets and liabilities	(9,662)	5,487	(687)
Net cash provided by (used for) operating activities	(8,789)	4,477	(2,923)
Investing activities:			
Purchases of property and equipment, net	(607)	(1,161)	(477)
Sale of discontinued operation, net	4,516	-	9,718
Proceeds of investments, net	(700)	(70)	8,969
Maturities of restricted cash and investments, net	419	213	-
Net cash provided by (used for) investing activities	3,628	(1,018)	18,210
Financing activities:			
Payment on notes payable	-	-	(150,000)
Net proceeds from issuance of common stock	81	20	-
Employee stock purchase plan	-	66	-
Cash provided by (used for) financing activities	81	86	(150,000)
Net increase (decrease) in cash and cash equivalents	(5,080)	3,545	(134,713)
Cash and cash equivalents at beginning of period	91,545	88,000	196,150
Cash and cash equivalents at end of period, including discontinued operations	\$ 86,465	\$ 91,545	\$ 61,437

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