



Unaudited	FY09 Q4 Jun-09	FY10 Q1 Sep-09	FY10 Q2 Dec-09	FY10 Q3 Mar-10	FY10 Q4 Jun-10	Notes
Historical Analysis of Operations (\$ in thousands except shares and per share data)						
Revenues						
License	\$ 13,091	\$ 10,425	\$ 13,283	\$ 12,546	\$ 15,684	
Maintenance and support	16,224	15,798	16,168	15,224	14,993	
Services	<u>18,622</u>	<u>23,619</u>	<u>20,291</u>	<u>12,333</u>	<u>12,940</u>	
Total revenues	47,937	49,842	49,742	40,103	43,617	
Cost of revenues						
License	323	230	255	51	121	(1)
Maintenance and support	4,043	4,278	4,626	4,400	4,608	(1)
Services	13,818	17,697	15,039	9,505	9,466	(1)
Amortization of purchased technology and contract intangibles	420	420	420	420	420	
Stock based compensation	<u>92</u>	<u>114</u>	<u>68</u>	<u>98</u>	<u>68</u>	
Total cost of revenues	18,696	22,739	20,408	14,474	14,683	
Gross profit	29,241	27,103	29,334	25,629	28,934	
Operating expenses						
Research and development	10,871	9,766	9,625	10,583	10,740	(1)
Sales and marketing	11,643	10,565	10,925	10,893	10,182	(1)
General and administrative	6,404	7,392	6,006	5,656	7,156	(1)
Costs and reimbursements associated with unusual events	(44)	344	503	689	557	(4)
Restructuring and related costs	2,274	422	1,353	1,984	1,374	
Stock based compensation	<u>458</u>	<u>433</u>	<u>370</u>	<u>443</u>	<u>420</u>	
Total operating expenses	31,606	28,922	28,782	30,248	30,429	
Operating income (loss) from continuing operations	(2,365)	(1,819)	552	(4,619)	(1,495)	
Interest and other, net	<u>(172)</u>	<u>(1,209)</u>	<u>(220)</u>	<u>1,471</u>	<u>(70)</u>	
Income (loss) from continuing operations before income taxes	(2,537)	(3,028)	332	(3,148)	(1,565)	
Income taxes	<u>907</u>	<u>498</u>	<u>119</u>	<u>1,053</u>	<u>1,294</u>	
Net income before cumulative effect of change in accounting principle						
Cumulative effect of change in accounting principle						
Net income (loss) from continuing operations	(3,444)	(3,526)	213	(4,201)	(2,859)	
Diluted net income (loss) from continuing operations per share	\$ (0.04)	\$ (0.04)	\$ 0.00	\$ (0.05)	\$ (0.03)	
Discontinued operations gain/(loss)	-	4,516	-	-	-	
Net income (loss)	\$ (3,444)	\$ 990	\$ 213	\$ (4,201)	\$ (2,859)	
Diluted net income (loss) per share	\$ (0.04)	\$ 0.01	\$ 0.00	\$ (0.05)	\$ (0.03)	
Shares used in computing GAAP net income (loss) per share	83,177	83,295	84,910	83,559	83,740	(2)



Unaudited	FY09 Q4 Jun-09	FY10 Q1 Sep-09	FY10 Q2 Dec-09	FY10 Q3 Mar-10	FY10 Q4 Jun-10	Notes
Reconciliation of GAAP to Non-GAAP Expense Categories						
GAAP cost of license revenue	\$ 732	\$ 639	\$ 664	\$ 460	\$ 530	(3)
Deduct amortization of purchased technology	<u>409</u>	<u>409</u>	<u>409</u>	<u>409</u>	<u>409</u>	
Non-GAAP cost of license revenue	\$ 323	\$ 230	\$ 255	\$ 51	\$ 121	
GAAP cost of maintenance and support	\$ 4,086	\$ 4,327	\$ 4,669	\$ 4,449	\$ 4,647	(3)
Deduct amortization of purchased contract intangibles	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	
Deduct stock-based compensation	<u>32</u>	<u>38</u>	<u>32</u>	<u>38</u>	<u>28</u>	
Non-GAAP cost of maintenance and support	\$ 4,043	\$ 4,278	\$ 4,626	\$ 4,400	\$ 4,608	
GAAP cost of services	\$ 13,878	\$ 17,773	\$ 15,075	\$ 9,565	\$ 9,506	(3)
Deduct stock-based compensation	<u>60</u>	<u>76</u>	<u>36</u>	<u>60</u>	<u>40</u>	
Non-GAAP cost of services	\$ 13,818	\$ 17,697	\$ 15,039	\$ 9,505	\$ 9,466	
GAAP research and development	\$ 11,025	\$ 9,864	\$ 9,667	\$ 10,679	\$ 10,835	(3)
Deduct stock-based compensation	<u>154</u>	<u>98</u>	<u>42</u>	<u>96</u>	<u>95</u>	
Non-GAAP research and development	\$ 10,871	\$ 9,766	\$ 9,625	\$ 10,583	\$ 10,740	
GAAP sales and marketing	\$ 11,768	\$ 10,711	\$ 11,052	\$ 11,030	\$ 10,303	(3)
Deduct stock-based compensation	<u>125</u>	<u>146</u>	<u>127</u>	<u>137</u>	<u>121</u>	
Non-GAAP sales and marketing	\$ 11,643	\$ 10,565	\$ 10,925	\$ 10,893	\$ 10,182	
GAAP general and administrative	\$ 6,539	\$ 7,925	\$ 6,710	\$ 6,555	\$ 7,917	(3)
Deduct costs and reimbursements associated with unusual events	<u>(44)</u>	<u>344</u>	<u>503</u>	<u>689</u>	<u>557</u>	
Deduct stock-based compensation	<u>179</u>	<u>189</u>	<u>201</u>	<u>210</u>	<u>204</u>	
Non-GAAP general and administrative	\$ 6,404	\$ 7,392	\$ 6,006	\$ 5,656	\$ 7,156	



Unaudited	FY09 Q4 Jun-09	FY10 Q1 Sep-09	FY10 Q2 Dec-09	FY10 Q3 Mar-10	FY10 Q4 Jun-10	Notes
Non-GAAP Net Income (Loss) (\$ in thousands except shares and per share data)						
GAAP net income (loss)	\$ (3,444)	\$ 990	\$ 213	\$ (4,201)	\$ (2,859)	
Add back:						
Restructuring and related costs	2,274	422	1,353	1,984	1,374	
Acquisition-related costs and amortization	420	420	420	420	420	
Stock based compensation	550	547	438	541	488	
Costs and reimbursements associated with unusual events	(44)	344	503	(986)	557	(4)
Realized losses and impairment of investments and non-marketable equi	-	1,385	651	236	-	
Discontinued operations	-	(4,516)	-	-	-	(5)
Tax impact of the above reconciling items	(34)	(51)	(51)	(41)	(41)	
Non-GAAP net income (loss)	\$ (278)	(459)	3,527	(2,047)	(61)	
Fully diluted non-GAAP net income (loss) per share	\$ (0.00)	\$ (0.01)	\$ 0.04	\$ (0.02)	\$ (0.00)	
Shares used in computing pro forma fully diluted net income per share	83,177	83,295	84,910	83,559	83,740	
% of Revenue						
License revenues	27.3%	20.9%	26.7%	31.3%	36.0%	
Maintenance and support revenues	33.8%	31.7%	32.5%	38.0%	34.4%	
Services revenues	38.9%	47.4%	40.8%	30.8%	29.7%	
License gross margin	97.5%	97.8%	98.1%	99.6%	99.2%	(1)
Maintenance and support gross margin	75.1%	72.9%	71.4%	71.1%	69.3%	(1)
Services gross margin	<u>25.8%</u>	<u>25.1%</u>	<u>25.9%</u>	<u>22.9%</u>	<u>26.8%</u>	(1)
Non-GAAP gross margin	62.1%	55.4%	60.0%	65.2%	67.5%	
Amortization of purchased technology and contract intangibles	0.9%	0.8%	0.9%	1.1%	1.1%	
Stock based compensation	<u>0.2%</u>	<u>0.2%</u>	<u>0.1%</u>	<u>0.2%</u>	<u>0.2%</u>	
Gross margin (GAAP)	61.0%	54.4%	59.0%	63.9%	66.3%	
Research and development, excluding stock-based compensation	22.7%	19.6%	19.3%	26.4%	24.6%	(1)
Sales and marketing, excluding stock-based compensation	24.3%	21.2%	22.0%	27.2%	23.3%	(1)
General and administrative, excluding stock-based compensation	<u>13.4%</u>	<u>14.8%</u>	<u>12.1%</u>	<u>14.1%</u>	<u>16.4%</u>	(1)
Non-GAAP operating expenses	60.4%	55.6%	53.4%	67.7%	64.4%	(1, 6)
Costs and reimbursements associated with unusual events	-0.1%	0.7%	1.0%	1.7%	1.3%	
Restructuring and related costs	4.7%	0.8%	2.7%	4.9%	3.2%	
Amortization of other intangibles and impairment of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	
Stock based compensation	<u>1.0%</u>	<u>0.9%</u>	<u>0.7%</u>	<u>1.1%</u>	<u>1.0%</u>	
Total operating expenses (GAAP)	66.0%	58.0%	57.8%	75.4%	69.8%	
Operating profit /(loss) from continuing operations	-4.9%	-3.6%	1.1%	-11.5%	-3.4%	
Net profit /(loss) from continuing operations	-7.2%	-7.1%	0.4%	-10.5%	-6.6%	



Unaudited	FY09 Q4 Jun-09	FY10 Q1 Sep-09	FY10 Q2 Dec-09	FY10 Q3 Mar-10	FY10 Q4 Jun-10	Notes
Reconciliation of GAAP to Non-GAAP % of Revenue Categories						
GAAP license margin	94.4%	93.9%	95.0%	96.3%	96.6%	
Amortization of purchased technology	<u>3.1%</u>	<u>3.9%</u>	<u>3.1%</u>	<u>3.3%</u>	<u>2.6%</u>	
Non-GAAP license margin	97.5%	97.8%	98.1%	99.6%	99.2%	
GAAP maintenance and support margin	74.8%	72.6%	71.1%	70.8%	69.0%	
Amortization of purchased contract intangibles	0.1%	0.1%	0.1%	0.1%	0.1%	
Stock-based compensation	<u>0.2%</u>	<u>0.2%</u>	<u>0.2%</u>	<u>0.2%</u>	<u>0.2%</u>	
Non-GAAP maintenance and support margin	75.1%	72.9%	71.4%	71.1%	69.3%	
GAAP services margin	25.5%	24.8%	25.7%	22.4%	26.5%	
Stock-based compensation	<u>0.3%</u>	<u>0.3%</u>	<u>0.2%</u>	<u>0.5%</u>	<u>0.3%</u>	
Non-GAAP services margin	25.8%	25.1%	25.9%	22.9%	26.8%	
GAAP research and development	23.0%	19.8%	19.4%	26.6%	24.8%	
Amortization of acquisition-related costs	0.0%	0.0%	0.0%	0.0%	0.0%	
Stock-based compensation	<u>-0.3%</u>	<u>-0.2%</u>	<u>-0.1%</u>	<u>-0.2%</u>	<u>-0.2%</u>	
Non-GAAP research and development	22.7%	19.6%	19.3%	26.4%	24.6%	
GAAP sales and marketing	24.6%	21.5%	22.3%	27.5%	23.6%	
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	24.3%	21.2%	22.0%	27.2%	23.3%	
GAAP general and administrative	13.7%	15.9%	13.5%	16.3%	18.2%	
Costs and reimbursements associated with unusual activities	0.1%	-0.7%	-1.0%	-1.7%	-1.3%	
Stock-based compensation	<u>-0.4%</u>	<u>-0.4%</u>	<u>-0.4%</u>	<u>-0.5%</u>	<u>-0.5%</u>	
Non-GAAP general and administrative	13.4%	14.8%	12.1%	14.1%	16.4%	



Unaudited	FY09 Q4 Jun-09	FY10 Q1 Sep-09	FY10 Q2 Dec-09	FY10 Q3 Mar-10	FY10 Q4 Jun-10	Notes
% Qtr-over-Qtr Growth						
License revenues	-22%	-20%	27%	-6%	25%	
Maintenance and support revenues	5%	-3%	2%	-6%	-2%	
Services revenues	48%	27%	-14%	-39%	5%	
Total revenues	7%	4%	0%	-19%	9%	
Geographic Information						
Revenue (\$ in millions)						
Americas	33.3	32.3	30.6	21.3	22.1	
EMEA	5.6	7.0	6.5	6.4	8.7	
Asia	9.0	10.5	12.7	12.4	12.8	
Total revenues	47.9	49.7	49.8	40.1	43.6	
Americas	69%	65%	61%	53%	51%	
EMEA	12%	14%	13%	16%	20%	
Asia	19%	21%	26%	31%	29%	
Disaggregate Revenue Information (\$ in millions)						
Revenue (\$ in millions)						
Service Mediation	20.1	22.2	23.7	17.8	22.7	
Messaging	22.1	20.1	18.7	16.5	15.8	
Other	5.7	7.5	7.4	5.8	5.1	
% of total revenues						
Service Mediation	42%	45%	48%	44%	52%	
Messaging	46%	40%	37%	41%	36%	
Other	12%	15%	15%	15%	12%	
Balance Sheet & Other (\$ in millions except days and per share data)						
Bookings	49.1	47.3	46.5	41.1	35.8	
Backlog	197	193	189	186	171	
Accounts receivable, (net)	31.1	36.4	30.4	25.7	31.2	
Deferred revenue	50.3	49.8	48.0	43.4	46.9	
Total DSO	58	66	55	58	64	(7)
Cash & investments	126.7	121.6	128.5	123.6	119.4	
Cash & investments per fully diluted share	1.52	1.46	1.51	1.48	1.43	
Net cash provided by (used for) operating activities	4.5	(8.8)	6.3	(3.3)	(3.3)	
Capital expenditure, net	1.2	0.6	0.3	1.1	1.2	
Depreciation & amortization of intangibles	2.0	1.9	1.9	1.7	1.6	(8)



Unaudited	FY09 Q4 Jun-09	FY10 Q1 Sep-09	FY10 Q2 Dec-09	FY10 Q3 Mar-10	FY10 Q4 Jun-10	Notes
Headcount						
Functional						
Research and development	155	164	155	139	149	
Sales and marketing	117	114	114	120	122	
Services	210	216	214	214	202	(9)
General and administrative	<u>108</u>	<u>114</u>	<u>113</u>	<u>106</u>	<u>111</u>	
Total permanent employees	590	608	596	579	584	
Geographic						
Americas	339	353	347	321	326	
EMEA	170	175	170	174	175	
Asia	<u>81</u>	<u>80</u>	<u>79</u>	<u>84</u>	<u>83</u>	
Total permanent employees	590	608	596	579	584	
Carrier Service Provider (CSP) Information						
CSP's with revenue >10%						
A	34% (s)	40% (s)	37% (s)	27% (s)	27% (s)	(10)
B		10% (a)				
C						

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 lawsuits and other unusual events, net of insurance reimbursements.
- (5) Includes gain on sale of discontinued operations.
- (6) Excludes amounts associated with certain unusual events, restructuring, impairments, amortization of intangibles and stock-based compensation.
- (7) Days Sales Outstanding calculation is (end of quarter accounts receivable / revenue for quarter) x 90.
- (8) Depreciation and amortization includes depreciation on fixed assets and amortization of intangible assets.
- (9) Services headcount includes employees engaged in maintenance & support, customer education, consulting and customer advocacy functions.
- (10) Letter in parentheses represents the customer name: (a) for ATT, (s) for Sprint (including Nextel and Virgin Mobile USA).
- 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.