



Unaudited	FY08 Q4 Jun-08	FY09 Q1 Sep-08	FY09 Q2 Dec-08	FY09 Q3 Mar-09	FY09 Q4 Jun-09	Notes
Historical Analysis of Operations (\$ in thousands except shares and per share data)						
Revenues						
License	\$ 13,477	\$ 14,327	\$ 13,849	\$ 16,690	\$ 13,091	
Maintenance and support	20,217	16,378	15,917	15,420	16,224	
Services	<u>19,793</u>	<u>20,340</u>	<u>18,298</u>	<u>12,542</u>	<u>18,622</u>	
Total revenues	53,487	51,045	48,064	44,652	47,937	
Cost of revenues						
License	816	1,154	475	295	323	(1)
Maintenance and support	4,510	4,169	4,472	4,168	4,043	(1)
Services	13,996	14,281	13,260	10,481	13,818	(1)
Amortization of purchased technology and contract intangibles	1,130	1,129	1,103	653	420	(1)
Stock based compensation	<u>229</u>	<u>238</u>	<u>214</u>	<u>112</u>	<u>92</u>	(1)
Total cost of revenues	20,681	20,971	19,524	15,709	18,696	
Gross profit	32,806	30,074	28,540	28,943	29,241	
Operating expenses						
Research and development	12,149	11,910	11,552	10,808	10,871	(1)
Sales and marketing	13,885	10,612	9,866	9,779	11,643	(1)
General and administrative	8,960	8,265	6,893	7,366	6,404	(1)
Professional fees associated with unusual events	11,504	2,004	743	207	(44)	(4)
Restructuring and related costs	1,253	1,903	427	5,061	2,274	
Amortization of other intangibles and impairment of goodwill	153	152	59,669	47	-	(1)
Stock based compensation	<u>783</u>	<u>733</u>	<u>715</u>	<u>594</u>	<u>458</u>	(1)
Total operating expenses	48,687	35,579	89,865	33,862	31,606	
Operating income (loss) from continuing operations	(15,881)	(5,505)	(61,325)	(4,919)	(2,365)	
Interest and other, net	<u>(651)</u>	<u>(6,496)</u>	<u>(1,436)</u>	<u>(2,259)</u>	<u>(172)</u>	
Income (loss) from continuing operations before income taxes	(16,532)	(12,001)	(62,761)	(7,178)	(2,537)	
Income taxes	<u>1,519</u>	<u>503</u>	<u>1,029</u>	<u>590</u>	<u>907</u>	
Net income (loss) from continuing operations	(18,051)	(12,504)	(63,790)	(7,768)	(3,444)	
Diluted net income (loss) from continuing operations per share	(0.21)	(0.15)	(0.77)	(0.09)	(0.04)	
Discontinued operations	20,208	2,000	(371)	-	-	
Net income (loss)	\$ 2,157	\$ (10,504)	\$ (64,161)	\$ (7,768)	\$ (3,444)	
Diluted net income (loss) per share	\$ 0.03	\$ (0.13)	\$ (0.77)	\$ (0.09)	\$ (0.04)	
Shares used in computing GAAP net income (loss) per share	82,682	82,773	82,855	83,023	83,177	(2)



Unaudited

	FY08 Q4 Jun-08	FY09 Q1 Sep-08	FY09 Q2 Dec-08	FY09 Q3 Mar-09	FY09 Q4 Jun-09	Notes
Reconciliation of GAAP to Non-GAAP Expense Categories						
GAAP cost of license revenue	\$ 1,929	\$ 2,266	\$ 1,567	\$ 937	\$ 732	(3)
Deduct amortization of purchased technology	1,113	1,112	1,092	642	409	
Non-GAAP cost of license revenue	\$ 816	\$ 1,154	\$ 475	\$ 295	\$ 323	
GAAP cost of maintenance and support	\$ 4,575	\$ 4,258	\$ 4,518	\$ 4,232	\$ 4,086	(3)
Deduct amortization of purchased contract intangibles	17	17	11	11	11	
Deduct stock-based compensation	48	72	35	53	32	
Non-GAAP cost of maintenance and support	\$ 4,510	\$ 4,169	\$ 4,472	\$ 4,168	\$ 4,043	
GAAP cost of services	\$ 14,177	\$ 14,447	\$ 13,439	\$ 10,540	\$ 13,878	(3)
Deduct stock-based compensation	181	166	179	59	60	
Non-GAAP cost of services	\$ 13,996	\$ 14,281	\$ 13,260	\$ 10,481	\$ 13,818	
GAAP research and development	\$ 12,429	\$ 12,286	\$ 12,055	\$ 11,055	\$ 11,025	(3)
Deduct amortization of acquisition-related costs	126	126	126	42	-	
Deduct stock-based compensation	154	250	377	205	154	
Non-GAAP research and development	\$ 12,149	\$ 11,910	\$ 11,552	\$ 10,808	\$ 10,871	
GAAP sales and marketing	\$ 14,143	\$ 10,744	\$ 10,032	\$ 9,931	\$ 11,768	(3)
Deduct stock-based compensation	258	132	166	152	125	
Non-GAAP sales and marketing	\$ 13,885	\$ 10,612	\$ 9,866	\$ 9,779	\$ 11,643	
GAAP general and administrative	\$ 20,835	\$ 10,620	\$ 7,808	\$ 7,810	\$ 6,539	(3)
Deduct professional fees associated with unusual events	11,504	2,004	743	207	(44)	
Deduct stock-based compensation	371	351	172	237	179	
Non-GAAP general and administrative	\$ 8,960	\$ 8,265	\$ 6,893	\$ 7,366	\$ 6,404	



Unaudited	FY08 Q4 Jun-08	FY09 Q1 Sep-08	FY09 Q2 Dec-08	FY09 Q3 Mar-09	FY09 Q4 Jun-09	Notes
Non-GAAP Net Income (Loss) (\$ in thousands except shares and per share data)						
GAAP net income (loss)	\$ 2,157	\$ (10,504)	\$ (64,161)	\$ (7,768)	\$ (3,444)	
Add back:						
Restructuring and related costs	1,253	1,903	427	5,061	2,274	
Acquisition-related costs and amortization	1,283	1,281	1,255	700	420	
Stock based compensation	1,012	971	929	706	550	
Professional fees associated with unusual events	11,504	2,004	743	207	(44)	(4)
Impairment of Goodwill	-	-	59,517	-	-	
Impairment of investments and non-marketable equity securities	1,206	5,632	2,536	1,612	-	
Discontinued operations	(20,208)	(2,000)	371	-	-	(5)
Tax impact of the above reconciling items	(111)	(293)	(267)	(133)	(34)	
Non-GAAP net income (loss)	\$ (1,904)	\$ (1,006)	\$ 1,350	\$ 385	\$ (278)	
Fully diluted non-GAAP net income (loss) per share	\$ (0.02)	\$ (0.01)	\$ 0.02	\$ 0.00	\$ (0.00)	
Shares used in computing non-GAAP fully diluted net income (loss) per share	82,682	82,773	82,855	83,025	83,177	
% of Revenue						
License revenues	25.2%	28.1%	28.8%	37.4%	27.3%	
Maintenance and support revenues	37.8%	32.1%	33.1%	34.5%	33.8%	
Services revenues	37.0%	39.8%	38.1%	28.1%	38.8%	
License gross margin	93.9%	91.9%	96.6%	98.2%	97.5%	(1)
Maintenance and support gross margin	77.7%	74.5%	71.9%	73.0%	75.1%	(1)
Services gross margin	<u>29.3%</u>	<u>29.8%</u>	<u>27.5%</u>	<u>16.4%</u>	<u>25.8%</u>	(1)
Non-GAAP gross margin	63.9%	61.6%	62.1%	66.5%	62.1%	
Amortization of purchased technology and contract intangibles	2.1%	2.2%	2.3%	1.5%	0.9%	
Stock based compensation	<u>0.5%</u>	<u>0.5%</u>	<u>0.4%</u>	<u>0.2%</u>	<u>0.2%</u>	
Gross margin (GAAP)	61.3%	58.9%	59.4%	64.8%	61.0%	
Research and development, excluding stock-based compensation	22.7%	23.3%	24.0%	24.2%	22.7%	(1)
Sales and marketing, excluding stock-based compensation	26.0%	20.8%	20.5%	21.9%	24.3%	(1)
General and administrative, excluding stock-based compensation	<u>16.8%</u>	<u>16.2%</u>	<u>14.3%</u>	<u>16.5%</u>	<u>13.4%</u>	(1)
Non-GAAP operating expenses	65.4%	60.3%	58.9%	62.6%	60.3%	(1, 6)
Professional fees associated with unusual events	21.5%	3.9%	1.5%	0.5%	-0.1%	
Restructuring and related costs	2.3%	3.7%	0.9%	11.3%	4.7%	
Amortization of other intangibles and impairment of goodwill	0.3%	0.3%	124.1%	0.1%	0.0%	
Stock based compensation	<u>1.5%</u>	<u>1.5%</u>	<u>1.6%</u>	<u>1.3%</u>	<u>1.0%</u>	
Total operating expenses (GAAP)	91.0%	69.7%	187.0%	75.8%	65.9%	
Operating profit /(loss) from continuing operations	-29.7%	-10.8%	-127.6%	-11.0%	-4.9%	
Net profit /(loss) from continuing operations	-33.7%	-24.5%	-132.7%	-17.4%	-7.2%	

Unaudited	FY08 Q4 Jun-08	FY09 Q1 Sep-08	FY09 Q2 Dec-08	FY09 Q3 Mar-09	FY09 Q4 Jun-09	Notes
Reconciliation of GAAP to Non-GAAP % of Revenue Categories						
GAAP license gross margin	85.6%	84.3%	88.7%	94.4%	94.4%	
Deduct amortization of purchased technology	<u>-8.3%</u>	<u>-7.8%</u>	<u>-7.9%</u>	<u>-3.8%</u>	<u>-3.1%</u>	
Non-GAAP license gross margin	93.9%	91.9%	96.6%	98.2%	97.5%	
GAAP maintenance and support gross margin	77.4%	74.0%	71.6%	72.6%	74.8%	
Deduct amortization of purchased technology	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	
Deduct stock-based compensation	<u>-0.2%</u>	<u>-0.4%</u>	<u>-0.2%</u>	<u>-0.3%</u>	<u>-0.2%</u>	
Non-GAAP maintenance and support gross margin	77.7%	74.5%	71.9%	73.0%	75.1%	
GAAP services gross margin	28.4%	29.0%	26.7%	16.0%	25.5%	
Deduct stock-based compensation	<u>-0.9%</u>	<u>-0.8%</u>	<u>-0.8%</u>	<u>-0.4%</u>	<u>-0.3%</u>	
Non-GAAP services gross margin	29.3%	29.8%	27.5%	16.4%	25.8%	
GAAP research and development gross margin	23.2%	24.2%	25.1%	24.8%	23.0%	
Deduct amortization of acquisition-related costs	0.2%	0.2%	0.3%	0.1%	0.0%	
Deduct stock-based compensation	<u>0.3%</u>	<u>0.5%</u>	<u>0.8%</u>	<u>0.5%</u>	<u>0.3%</u>	
Non-GAAP research and development gross margin	22.7%	23.3%	24.0%	24.2%	22.7%	
GAAP sales and marketing gross margin	26.5%	21.1%	21.0%	22.2%	24.6%	
Deduct stock-based compensation	<u>0.5%</u>	<u>0.3%</u>	<u>0.3%</u>	<u>0.3%</u>	<u>0.3%</u>	
Non-GAAP sales and marketing gross margin	26.0%	20.8%	20.5%	21.9%	24.3%	
GAAP general and administrative gross margin	39.0%	20.8%	16.2%	17.5%	13.7%	
Deduct professional fees associated with unusual events	21.5%	3.9%	1.5%	0.5%	-0.1%	
Deduct stock-based compensation	<u>0.7%</u>	<u>0.7%</u>	<u>0.4%</u>	<u>0.5%</u>	<u>0.4%</u>	
Non-GAAP general and administrative gross margin	16.8%	16.2%	14.3%	16.5%	13.4%	



Unaudited	FY08 Q4 Jun-08	FY09 Q1 Sep-08	FY09 Q2 Dec-08	FY09 Q3 Mar-09	FY09 Q4 Jun-09	Notes
% Qtr over Qtr Growth						
License revenues	-2%	6%	-3%	21%	-22%	
Maintenance and support revenues	36%	-19%	-3%	-3%	5%	
Services revenues	8%	3%	-10%	-31%	48%	
Total revenues	14%	-5%	-6%	-7%	7%	
Geographic Information						
Revenue (\$ in millions)						
Americas	30.6	32.1	28.4	30.1	33.3	
EMEA	10.0	6.6	8.3	6.4	5.6	
Asia	12.9	12.3	11.4	8.2	9.0	
% of total revenues						
Americas	57%	63%	59%	67%	69%	
EMEA	19%	13%	17%	14%	12%	
Asia	24%	24%	24%	18%	19%	
Disaggregate Revenue Information (\$ in millions)						
Revenue (\$ in millions)						
Service Management	28.6	27.0	22.0	25.7	20.1	
Messaging	13.8	16.3	16.9	13.7	22.1	
Other	11.1	7.9	9.2	5.2	5.7	
% of total revenues						
Service Management	53%	53%	46%	58%	42%	
Messaging	26%	32%	35%	31%	46%	
Other	21%	16%	19%	12%	12%	
Balance Sheet & Other (\$ in millions except days and per share data)						
Bookings	60.1	29.3	39.3	37.6	49.1	(7, 13)
Backlog	242	226	217	198	197	(7)
Accounts receivable, (net)	78.6	57.4	54.6	31.6	31.1	(8)
Deferred revenue	65.9	61.0	62.6	51.0	50.3	(8)
Billed DSO	84.1	53.7	61.4	39.0	34.8	(8, 9)
Unbilled DSO	31.8	47.4	40.9	24.7	23.6	(8, 9)
Cash & investments	277.3	127.4	119.0	121.7	126.7	
Cash & investments per fully diluted share	3.35	1.54	1.44	1.47	1.52	
Capital expenditure, net	1.3	0.5	0.0	1.8	1.2	(8)
Depreciation & amortization of intangibles	4.5	2.8	2.9	2.3	2.0	(8, 10)



Unaudited	FY08 Q4 Jun-08	FY09 Q1 Sep-08	FY09 Q2 Dec-08	FY09 Q3 Mar-09	FY09 Q4 Jun-09	Notes
Headcount						
Functional						
Research and development	182	184	187	182	155	
Sales and marketing	126	105	115	119	117	
Services	232	217	211	211	210	(11)
General and administrative	<u>117</u>	<u>112</u>	<u>114</u>	<u>118</u>	<u>108</u>	
Total permanent employees	657	618	627	630	590	
Geographic						
Americas	388	354	361	368	339	
EMEA	178	179	178	176	170	
Asia	<u>91</u>	<u>85</u>	<u>88</u>	<u>86</u>	<u>81</u>	
Total permanent employees	657	618	627	630	590	
Carrier Service Provider (CSP) Information						
CSP's with revenue >10%						(12)
A	19% (s)	26% (s)	26% (s)	32% (a)	34% (s)	
B	17% (a)	13% (a)	14% (a)	20% (s)		
C	10% (t)					

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), (t) for Telstra
 - (13) Bookings amount shown for 3Q'F09 reflects the value of new orders prior to debookings, as applicable.
- 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.