



Unaudited	FY10 Q4	FY11 Q1	FY11 Q2	FY11 Q3	FY11 Q4	Notes
	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	
<b>Historical Analysis of Operations (\$ in thousands except shares and per share data)</b>						
<b>Revenues</b>						
License	\$ 15,684	\$ 12,332	\$ 10,072	\$ 11,935	\$ 10,273	
Maintenance and support	14,993	13,993	13,913	11,513	10,677	
Services	12,940	11,203	15,925	15,436	14,254	
Patents	n/a	4,000	1	8	10	
<b>Total revenues</b>	<b>43,617</b>	<b>41,528</b>	<b>39,911</b>	<b>38,892</b>	<b>35,214</b>	
<b>Cost of revenues</b>						
License	121	30	78	74	424	(1)
Maintenance and support	4,608	4,096	3,935	4,128	3,932	(1)
Services	9,466	8,828	11,548	12,363	11,909	(1)
Amortization of purchased technology and contract intangibles	420	420	409	409	409	
Stock based compensation	68	104	86	108	73	
<b>Total cost of revenues</b>	<b>14,683</b>	<b>13,478</b>	<b>16,056</b>	<b>17,082</b>	<b>16,747</b>	
<b>Gross profit</b>	<b>28,934</b>	<b>28,050</b>	<b>23,855</b>	<b>21,810</b>	<b>18,467</b>	
<b>Operating expenses</b>						
Research and development	10,740	11,299	10,324	9,792	9,750	(1)
Sales and marketing	10,182	10,665	11,196	12,700	11,390	(1)
General and administrative	7,156	6,342	5,201	5,758	5,852	(1)
Amounts associated with unusual events	557	-	-	822	1,044	(4)
Restructuring and related costs	1,374	708	856	2,164	524	
Stock based compensation	420	557	532	548	475	
<b>Total operating expenses</b>	<b>30,429</b>	<b>29,571</b>	<b>28,109</b>	<b>31,784</b>	<b>29,035</b>	
<b>Operating income (loss) from continuing operations</b>	<b>(1,495)</b>	<b>(1,521)</b>	<b>(4,254)</b>	<b>(9,974)</b>	<b>(10,568)</b>	
Interest and other, net	(70)	37	210	(467)	(433)	
<b>Income (loss) from continuing operations before income taxes</b>	<b>(1,565)</b>	<b>(1,484)</b>	<b>(4,044)</b>	<b>(10,441)</b>	<b>(11,001)</b>	
Income taxes	1,294	681	491	383	370	
<b>Net income (loss) from continuing operations</b>	<b>(2,859)</b>	<b>(2,165)</b>	<b>(4,535)</b>	<b>(10,824)</b>	<b>(11,371)</b>	
<b>Diluted net income (loss) from continuing operations per share</b>	<b>\$ (0.03)</b>	<b>\$ (0.03)</b>	<b>\$ (0.05)</b>	<b>\$ (0.13)</b>	<b>\$ (0.13)</b>	
Discontinued operations, net	-	2,236	-	-	3,411	
<b>Net income (loss)</b>	<b>\$ (2,859)</b>	<b>\$ 71</b>	<b>\$ (4,535)</b>	<b>\$ (10,824)</b>	<b>\$ (7,960)</b>	
<b>Diluted net income (loss) per share</b>	<b>\$ (0.03)</b>	<b>\$ 0.00</b>	<b>\$ (0.05)</b>	<b>\$ (0.13)</b>	<b>\$ (0.09)</b>	
Shares used in computing GAAP net income (loss) per share	83,740	84,017	84,324	84,761	85,216	(2)



Unaudited	FY10 Q4	FY11 Q1	FY11 Q2	FY11 Q3	FY11 Q4	Notes
	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	
<b>Reconciliation of GAAP to Non-GAAP Expense Categories</b>						
GAAP cost of license revenue	\$ 530	\$ 439	\$ 481	\$ 483	\$ 833	(3)
Deduct amortization of purchased technology	<u>409</u>	<u>409</u>	<u>403</u>	<u>409</u>	<u>409</u>	
Non-GAAP cost of license revenue	\$ 121	\$ 30	\$ 78	\$ 74	\$ 424	
GAAP cost of maintenance and support	\$ 4,647	\$ 4,152	\$ 3,981	\$ 4,176	\$ 3,965	(3)
Deduct amortization of purchased contract intangibles	11	11	6	-	-	
Deduct stock-based compensation	<u>28</u>	<u>45</u>	<u>40</u>	<u>48</u>	<u>33</u>	
Non-GAAP cost of maintenance and support	\$ 4,608	\$ 4,096	\$ 3,935	\$ 4,128	\$ 3,932	
GAAP cost of services	\$ 9,506	\$ 8,887	\$ 11,594	\$ 12,423	\$ 11,949	(3)
Deduct stock-based compensation	<u>40</u>	<u>59</u>	<u>46</u>	<u>60</u>	<u>40</u>	
Non-GAAP cost of services	\$ 9,466	\$ 8,828	\$ 11,548	\$ 12,363	\$ 11,909	
GAAP research and development	\$ 10,835	\$ 11,430	\$ 10,439	\$ 9,911	\$ 9,836	(3)
Deduct stock-based compensation	<u>95</u>	<u>131</u>	<u>115</u>	<u>119</u>	<u>86</u>	
Non-GAAP research and development	\$ 10,740	\$ 11,299	\$ 10,324	\$ 9,792	\$ 9,750	
GAAP sales and marketing	\$ 10,303	\$ 10,821	\$ 11,357	\$ 12,842	\$ 11,508	(3)
Deduct stock-based compensation	<u>121</u>	<u>156</u>	<u>161</u>	<u>142</u>	<u>118</u>	
Non-GAAP sales and marketing	\$ 10,182	\$ 10,665	\$ 11,196	\$ 12,700	\$ 11,390	
GAAP general and administrative	\$ 7,917	\$ 6,612	\$ 5,457	\$ 6,867	\$ 7,167	(3)
Deduct amounts associated with unusual events	557	-	-	822	1,044	
Deduct stock-based compensation	<u>204</u>	<u>270</u>	<u>256</u>	<u>287</u>	<u>271</u>	
Non-GAAP general and administrative	\$ 7,156	\$ 6,342	\$ 5,201	\$ 5,758	\$ 5,852	



Unaudited	FY10 Q4	FY11 Q1	FY11 Q2	FY11 Q3	FY11 Q4	Notes
	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	
<b>Non-GAAP Net Income (Loss) (\$ in thousands except shares and per share data)</b>						
<b>GAAP net income (loss)</b>	<b>\$ (2,859)</b>	<b>\$ 71</b>	<b>\$ (4,535)</b>	<b>\$ (10,824)</b>	<b>\$ (7,960)</b>	
Add back:						
Restructuring costs	1,374	708	856	2,164	524	
Amortization of intangibles	420	420	409	409	409	
Stock-based compensation	488	661	618	656	548	
Amounts associated with unusual events	557	-	-	822	1,044	(4)
Realized losses and other-than-temporary impairments of investments	-	-	-	276	632	
Discontinued operations, net	-	(2,236)	-	-	(3,411)	(5)
Tax impact of the above reconciling items	(41)	(43)	(47)	(47)	(49)	
<b>Non-GAAP net income (loss)</b>	<b>(61)</b>	<b>(419)</b>	<b>(2,699)</b>	<b>(6,544)</b>	<b>(8,263)</b>	
<b>Fully diluted non-GAAP net income (loss) per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.03)</b>	<b>\$ (0.08)</b>	<b>\$ (0.10)</b>	
Shares used in computing pro forma fully diluted net income (loss) per share	83,740	84,017	84,324	84,761	85,216	
<b>% of Revenue</b>						
License revenues	36.0%	29.7%	25.2%	30.7%	29.2%	
Maintenance and support revenues	34.4%	33.7%	34.9%	29.6%	30.3%	
Services revenues	29.7%	27.0%	39.9%	39.7%	40.5%	
Patents	n/a	9.6%	0.0%	0.0%	0.0%	
License gross margin	99.2%	99.8%	99.2%	99.4%	95.9%	(1)
Maintenance and support gross margin	69.3%	70.7%	71.7%	64.1%	63.2%	(1)
Services gross margin	26.8%	21.2%	27.5%	19.9%	16.5%	(1)
Patents gross margin	n/a	100.0%	100.0%	100.0%	100.0%	
<b>Non-GAAP gross margin</b>	<b>67.5%</b>	<b>68.8%</b>	<b>61.0%</b>	<b>57.4%</b>	<b>53.8%</b>	<b>(1, 6)</b>
Amortization of intangibles	1.1%	1.1%	1.1%	1.2%	1.3%	
Stock-based compensation	0.2%	0.3%	0.2%	0.3%	0.2%	
<b>Gross margin (GAAP)</b>	<b>66.3%</b>	<b>67.5%</b>	<b>59.8%</b>	<b>56.1%</b>	<b>52.4%</b>	
Research and development, excluding stock-based compensation	24.6%	27.2%	25.9%	25.2%	27.7%	(1)
Sales and marketing, excluding stock-based compensation	23.3%	25.7%	28.1%	32.7%	32.3%	(1)
General and administrative, excluding stock-based compensation	16.4%	15.3%	13.0%	14.8%	16.6%	(1)
<b>Non-GAAP operating expenses</b>	<b>64.4%</b>	<b>68.2%</b>	<b>67.0%</b>	<b>72.6%</b>	<b>76.7%</b>	<b>(1, 6)</b>
Amounts associated with unusual events	1.3%	0.0%	0.0%	2.1%	3.0%	(4)
Restructuring costs	3.2%	1.7%	2.1%	5.6%	1.5%	
Stock-based compensation	1.0%	1.3%	1.3%	1.4%	1.3%	
<b>Total operating expenses (GAAP)</b>	<b>69.8%</b>	<b>71.2%</b>	<b>70.4%</b>	<b>81.7%</b>	<b>82.5%</b>	
<b>Operating profit /(loss) from continuing operations (GAAP)</b>	<b>-3.4%</b>	<b>-3.7%</b>	<b>-10.7%</b>	<b>-25.6%</b>	<b>-30.0%</b>	
<b>Net profit /(loss) from continuing operations (GAAP)</b>	<b>-6.6%</b>	<b>-5.2%</b>	<b>-11.4%</b>	<b>-27.8%</b>	<b>-32.3%</b>	



Unaudited	FY10 Q4	FY11 Q1	FY11 Q2	FY11 Q3	FY11 Q4	Notes
	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	
<b>Reconciliation of GAAP to Non-GAAP % of Revenue Categories</b>						
GAAP license margin	96.6%	96.4%	95.2%	96.0%	91.9%	
Amortization of purchased technology	<u>2.6%</u>	<u>3.4%</u>	<u>4.0%</u>	<u>3.4%</u>	<u>4.0%</u>	
Non-GAAP license margin	99.2%	99.8%	99.2%	99.4%	95.9%	
GAAP maintenance and support margin	69.0%	70.3%	71.4%	63.7%	62.9%	
Amortization of purchased contract intangibles	0.1%	0.1%	0.0%	0.0%	0.0%	
Stock-based compensation	<u>0.2%</u>	<u>0.3%</u>	<u>0.3%</u>	<u>0.4%</u>	<u>0.3%</u>	
Non-GAAP maintenance and support margin	69.3%	70.7%	71.7%	64.1%	63.2%	
GAAP services margin	26.5%	20.7%	27.2%	19.5%	16.2%	
Stock-based compensation	<u>0.3%</u>	<u>0.5%</u>	<u>0.3%</u>	<u>0.4%</u>	<u>0.3%</u>	
Non-GAAP services margin	26.8%	21.2%	27.5%	19.9%	16.5%	
GAAP research and development	24.8%	27.5%	26.2%	25.5%	27.9%	
Stock-based compensation	<u>-0.2%</u>	<u>-0.3%</u>	<u>-0.3%</u>	<u>-0.3%</u>	<u>-0.2%</u>	
Non-GAAP research and development	24.6%	27.2%	25.9%	25.2%	27.7%	
GAAP sales and marketing	23.6%	26.1%	28.5%	33.0%	32.7%	
Stock-based compensation	<u>-0.3%</u>	<u>-0.4%</u>	<u>-0.4%</u>	<u>-0.4%</u>	<u>-0.4%</u>	
Non-GAAP sales and marketing	23.3%	25.7%	28.1%	32.7%	32.3%	
GAAP general and administrative	18.2%	15.9%	13.7%	17.7%	20.4%	
Amounts associated with unusual events	-1.3%	0.0%	0.0%	-2.1%	-3.0%	
Stock-based compensation	<u>-0.5%</u>	<u>-0.6%</u>	<u>-0.7%</u>	<u>-0.8%</u>	<u>-0.8%</u>	
Non-GAAP general and administrative	16.4%	15.3%	13.0%	14.8%	16.6%	



Unaudited	FY10 Q4	FY11 Q1	FY11 Q2	FY11 Q3	FY11 Q4	Notes
	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	
<b>% Qtr-over-Qtr Growth</b>						
License revenues	25%	-21%	-18%	18%	-14%	
Maintenance and support revenues	-2%	-7%	-1%	-17%	-7%	
Services revenues	5%	-13%	42%	-3%	-8%	
Patent license	n/a	100%	-100%	700%	25%	
<b>Total revenues</b>	<b>9%</b>	<b>-5%</b>	<b>-4%</b>	<b>-3%</b>	<b>-9%</b>	
<b>Geographic Information</b>						
<b>Revenue (\$ in millions)</b>						
Americas	22.1	23.9	23.2	16.0	16.8	
EMEA	8.7	5.9	5.5	10.0	7.4	
Asia	<u>12.8</u>	<u>11.7</u>	<u>11.2</u>	<u>12.9</u>	<u>11.0</u>	
<b>Total revenues</b>	<b>43.6</b>	<b>41.5</b>	<b>39.9</b>	<b>38.9</b>	<b>35.2</b>	
Americas	51%	58%	58%	41%	48%	
EMEA	20%	14%	14%	26%	21%	
Asia	29%	28%	28%	33%	31%	
<b>Disaggregate Revenue Information (\$ in millions)</b>						
<b>Revenue (\$ in millions)</b>						
Service Mediation	22.7	17.1	18.1	18.1	16.7	
Messaging	15.8	14.5	16.7	12.3	11.2	
Other	5.1	5.9	5.1	8.5	7.3	
Patent license	n/a	4.0	-	-	-	
<b>% of total revenues</b>						
Service Mediation	52%	41%	45%	46%	47%	
Messaging	36%	35%	42%	32%	32%	
Other	12%	14%	13%	22%	21%	
Patent license	n/a	10%	0%	0%	0%	
<b>Balance Sheet &amp; Other (\$ in millions except days and per share data)</b>						
Bookings	35.8	42.4	40.2	48.1	28.5	
Backlog	171	174	174	183	175	
Accounts receivable, net	31.2	33.8	22.6	25.3	22.3	
Deferred revenue	46.9	49.6	40.7	37.1	38.5	
Total DSO	64	73	51	59	57 (7)	
Cash & investments	119.4	117.5	113.4	101.4	96.8	
Cash & investments per fully diluted share	1.43	1.40	1.34	1.20	1.14	
Net cash provided by (used for) operating activities	(3.3)	(2.9)	(3.0)	(11.5)	(4.1)	
Capital expenditure, net	1.2	1.1	1.6	0.5	0.9	
Depreciation & amortization of intangibles	1.6	1.7	1.7	1.8	1.7 (8)	



Unaudited	FY10 Q4	FY11 Q1	FY11 Q2	FY11 Q3	FY11 Q4	Notes
	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	
<b>Headcount</b>						
<b>Functional</b>						
Research and development	149	160	147	135	135	
Sales and marketing	122	122	127	124	119	
Services	202	194	203	192	191	(9)
General and administrative	111	108	108	96	91	
<b>Total permanent employees</b>	<b>584</b>	<b>584</b>	<b>585</b>	<b>547</b>	<b>536</b>	
<b>Geographic</b>						
Americas	326	313	315	275	265	
EMEA	175	186	181	183	184	
Asia	83	85	89	89	87	
<b>Total permanent employees</b>	<b>584</b>	<b>584</b>	<b>585</b>	<b>547</b>	<b>536</b>	
<b>Carrier Service Provider (CSP) Information</b>						
CSP's with revenue >10%						
A	27% (s)	21% (s)	27% (s)	19% (s)	20% (s)	(10)
B				17% (v)		(10)
C				10% (k)		(10)

**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: ( k ) for KDDI, ( s ) for Sprint (including Nextel and Virgin Mobile USA), and ( v ) for Vodacom.  
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.