



| Unaudited | FY11 Q1 Sep-10 | FY11 Q2 Dec-10 | FY11 Q3 Mar-11 | FY11 Q4 Jun-11 | FY12 Q1 Sep-11 | Notes |
|---|-------------------|-------------------|--------------------|--------------------|-------------------|-------|
| Historical Analysis of Operations (\$ in thousands except shares and per share data) | | | | | | |
| Revenues | | | | | | |
| License | \$ 12,332 | \$ 10,072 | \$ 11,935 | \$ 10,273 | \$ 9,914 | |
| Maintenance and support | 13,993 | 13,913 | 11,513 | 10,677 | 10,671 | |
| Services | 11,203 | 15,925 | 15,436 | 14,254 | 16,790 | |
| Patents | <u>4,000</u> | <u>1</u> | <u>8</u> | <u>10</u> | <u>15,021</u> | |
| Total revenues | 41,528 | 39,911 | 38,892 | 35,214 | 52,396 | |
| Cost of revenues | | | | | | |
| License | 30 | 78 | 74 | 424 | 486 | (1) |
| Maintenance and support | 4,096 | 3,935 | 4,128 | 3,932 | 3,680 | (1) |
| Services | 8,828 | 11,548 | 12,363 | 11,909 | 13,743 | (1) |
| Amortization of purchased technology and contract intangibles | 420 | 409 | 409 | 409 | 409 | |
| Stock based compensation | <u>104</u> | <u>86</u> | <u>108</u> | <u>73</u> | <u>96</u> | |
| Total cost of revenues | 13,478 | 16,056 | 17,082 | 16,747 | 18,414 | |
| Gross profit | 28,050 | 23,855 | 21,810 | 18,467 | 33,982 | |
| Operating expenses | | | | | | |
| Research and development | 11,299 | 10,324 | 9,792 | 9,750 | 9,254 | (1) |
| Sales and marketing | 10,665 | 11,196 | 12,700 | 11,390 | 8,621 | (1) |
| General and administrative | 6,342 | 5,201 | 5,758 | 5,852 | 6,833 | (1) |
| Amounts associated with unusual events | - | - | 822 | 1,044 | 780 | (4) |
| Restructuring and related costs | 708 | 856 | 2,164 | 524 | 5,072 | |
| Stock based compensation | <u>557</u> | <u>532</u> | <u>548</u> | <u>475</u> | <u>383</u> | |
| Total operating expenses | 29,571 | 28,109 | 31,784 | 29,035 | 30,943 | |
| Operating income (loss) from continuing operations | (1,521) | (4,254) | (9,974) | (10,568) | 3,039 | |
| Interest and other, net | <u>37</u> | <u>210</u> | <u>(467)</u> | <u>(433)</u> | <u>61</u> | |
| Income (loss) from continuing operations before income taxes | (1,484) | (4,044) | (10,441) | (11,001) | 3,100 | |
| Income taxes | <u>681</u> | <u>491</u> | <u>383</u> | <u>370</u> | <u>458</u> | |
| Net income (loss) from continuing operations | (2,165) | (4,535) | (10,824) | (11,371) | 2,642 | |
| Diluted net income (loss) from continuing operations per share | \$ (0.03) | \$ (0.05) | \$ (0.13) | \$ (0.13) | \$ 0.03 | |
| Discontinued operations, net | <u>2,236</u> | <u>-</u> | <u>-</u> | <u>(8,589)</u> | <u>-</u> | |
| Net income (loss) | \$ 71 | \$ (4,535) | \$ (10,824) | \$ (19,960) | \$ 2,642 | |
| Diluted net income (loss) per share | \$ 0.00 | \$ (0.05) | \$ (0.13) | \$ (0.23) | \$ 0.03 | |
| Shares used in computing GAAP net income (loss) per share | 84,017 | 84,324 | 84,761 | 85,216 | 86,432 | (2) |



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|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------|
| Reconciliation of GAAP to Non-GAAP Expense Categories | | | | | | |
| GAAP cost of license revenue | \$ 439 | \$ 481 | \$ 483 | \$ 833 | \$ 895 | (3) |
| Deduct amortization of purchased technology | <u>409</u> | <u>403</u> | <u>409</u> | <u>409</u> | <u>409</u> | |
| Non-GAAP cost of license revenue | \$ 30 | \$ 78 | \$ 74 | \$ 424 | \$ 486 | |
| | | | | | | |
| GAAP cost of maintenance and support | \$ 4,152 | \$ 3,981 | \$ 4,176 | \$ 3,965 | \$ 3,722 | (3) |
| Deduct amortization of purchased contract intangibles | 11 | 6 | - | - | - | |
| Deduct stock-based compensation | <u>45</u> | <u>40</u> | <u>48</u> | <u>33</u> | <u>42</u> | |
| Non-GAAP cost of maintenance and support | \$ 4,096 | \$ 3,935 | \$ 4,128 | \$ 3,932 | \$ 3,680 | |
| | | | | | | |
| GAAP cost of services | \$ 8,887 | \$ 11,594 | \$ 12,423 | \$ 11,949 | \$ 13,797 | (3) |
| Deduct stock-based compensation | <u>59</u> | <u>46</u> | <u>60</u> | <u>40</u> | <u>54</u> | |
| Non-GAAP cost of services | \$ 8,828 | \$ 11,548 | \$ 12,363 | \$ 11,909 | \$ 13,743 | |
| | | | | | | |
| GAAP research and development | \$ 11,430 | \$ 10,439 | \$ 9,911 | \$ 9,836 | \$ 9,348 | (3) |
| Deduct stock-based compensation | <u>131</u> | <u>115</u> | <u>119</u> | <u>86</u> | <u>94</u> | |
| Non-GAAP research and development | \$ 11,299 | \$ 10,324 | \$ 9,792 | \$ 9,750 | \$ 9,254 | |
| | | | | | | |
| GAAP sales and marketing | \$ 10,821 | \$ 11,357 | \$ 12,842 | \$ 11,508 | \$ 8,737 | (3) |
| Deduct stock-based compensation | <u>156</u> | <u>161</u> | <u>142</u> | <u>118</u> | <u>116</u> | |
| Non-GAAP sales and marketing | \$ 10,665 | \$ 11,196 | \$ 12,700 | \$ 11,390 | \$ 8,621 | |
| | | | | | | |
| GAAP general and administrative | \$ 6,612 | \$ 5,457 | \$ 6,867 | \$ 7,167 | \$ 7,786 | (3) |
| Deduct amounts associated with unusual events | - | - | 822 | 1,044 | 780 | |
| Deduct stock-based compensation | <u>270</u> | <u>256</u> | <u>287</u> | <u>271</u> | <u>173</u> | |
| Non-GAAP general and administrative | \$ 6,342 | \$ 5,201 | \$ 5,758 | \$ 5,852 | \$ 6,833 | |



| Unaudited | FY11 Q1 Sep-10 | FY11 Q2 Dec-10 | FY11 Q3 Mar-11 | FY11 Q4 Jun-11 | FY12 Q1 Sep-11 | Notes |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|---------------|
| Non-GAAP Net Income (Loss) (\$ in thousands except shares and per share data) | | | | | | |
| GAAP net income (loss) | \$ 71 | \$ (4,535) | \$ (10,824) | \$ (19,960) | \$ 2,642 | |
| Add back: | | | | | | |
| Restructuring costs | 708 | 856 | 2,164 | 524 | 5,072 | |
| Amortization of intangibles | 420 | 409 | 409 | 409 | 409 | |
| Stock-based compensation | 661 | 618 | 656 | 548 | 479 | |
| Amounts associated with unusual events | - | - | 822 | 1,044 | 780 | (4) |
| Realized losses and other-than-temporary impairments of investments | - | - | 276 | 632 | - | |
| Discontinued operations, net | (2,236) | - | - | 8,589 | - | (5) |
| Tax impact of the above reconciling items | (43) | (47) | (47) | (49) | (48) | |
| Non-GAAP net income (loss) | (419) | (2,699) | (6,544) | (8,263) | 9,334 | |
| Fully diluted non-GAAP net income (loss) per share | \$ (0.00) | \$ (0.03) | \$ (0.08) | \$ (0.10) | \$ 0.11 | |
| Shares used in computing pro forma fully diluted net income (loss) per share | 84,017 | 84,324 | 84,761 | 85,216 | 86,432 | |
| % of Revenue | | | | | | |
| License revenues | 29.7% | 25.2% | 30.7% | 29.2% | 18.9% | |
| Maintenance and support revenues | 33.7% | 34.9% | 29.6% | 30.3% | 20.4% | |
| Services revenues | 27.0% | 39.9% | 39.7% | 40.5% | 32.0% | |
| Patents | 9.6% | 0.0% | 0.0% | 0.0% | 28.7% | |
| License gross margin | 99.8% | 99.2% | 99.4% | 95.9% | 95.1% | (1) |
| Maintenance and support gross margin | 70.7% | 71.7% | 64.1% | 63.2% | 65.5% | (1) |
| Services gross margin | 21.2% | 27.5% | 19.9% | 16.5% | 18.1% | (1) |
| Patents gross margin | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | |
| Non-GAAP gross margin | 68.8% | 61.0% | 57.4% | 53.8% | 65.8% | (1, 6) |
| Amortization of intangibles | 1.1% | 1.1% | 1.2% | 1.3% | 0.8% | |
| Stock-based compensation | <u>0.3%</u> | <u>0.2%</u> | <u>0.3%</u> | <u>0.2%</u> | <u>0.2%</u> | |
| Gross margin (GAAP) | 67.5% | 59.8% | 56.1% | 52.4% | 64.8% | |
| Research and development, excluding stock-based compensation | 27.2% | 25.9% | 25.2% | 27.7% | 17.7% | (1) |
| Sales and marketing, excluding stock-based compensation | 25.7% | 28.1% | 32.7% | 32.3% | 16.5% | (1) |
| General and administrative, excluding stock-based compensation | <u>15.3%</u> | <u>13.0%</u> | <u>14.8%</u> | <u>16.6%</u> | <u>13.0%</u> | (1) |
| Non-GAAP operating expenses | 68.2% | 67.0% | 72.6% | 76.7% | 47.2% | (1, 6) |
| Amounts associated with unusual events | 0.0% | 0.0% | 2.1% | 3.0% | 1.5% | (4) |
| Restructuring costs | 1.7% | 2.1% | 5.6% | 1.5% | 9.7% | |
| Stock-based compensation | <u>1.3%</u> | <u>1.3%</u> | <u>1.4%</u> | <u>1.3%</u> | <u>0.7%</u> | |
| Total operating expenses (GAAP) | 71.2% | 70.4% | 81.7% | 82.5% | 59.1% | |
| Operating profit /(loss) from continuing operations (GAAP) | -3.7% | -10.7% | -25.6% | -30.0% | 5.8% | |
| Net profit /(loss) from continuing operations (GAAP) | -5.2% | -11.4% | -27.8% | -32.3% | 5.0% | |



| Unaudited | FY11 Q1 Sep-10 | FY11 Q2 Dec-10 | FY11 Q3 Mar-11 | FY11 Q4 Jun-11 | FY12 Q1 Sep-11 | Notes |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------|
| Reconciliation of GAAP to Non-GAAP % of Revenue Categories | | | | | | |
| GAAP license margin | 96.4% | 95.2% | 96.0% | 91.9% | 91.0% | |
| Amortization of purchased technology | <u>3.4%</u> | <u>4.0%</u> | <u>3.4%</u> | <u>4.0%</u> | <u>4.1%</u> | |
| Non-GAAP license margin | 99.8% | 99.2% | 99.4% | 95.9% | 95.1% | |
| GAAP maintenance and support margin | 70.3% | 71.4% | 63.7% | 62.9% | 65.1% | |
| Amortization of purchased contract intangibles | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% | |
| Stock-based compensation | <u>0.3%</u> | <u>0.3%</u> | <u>0.4%</u> | <u>0.3%</u> | <u>0.4%</u> | |
| Non-GAAP maintenance and support margin | 70.7% | 71.7% | 64.1% | 63.2% | 65.5% | |
| GAAP services margin | 20.7% | 27.2% | 19.5% | 16.2% | 17.8% | |
| Stock-based compensation | <u>0.5%</u> | <u>0.3%</u> | <u>0.4%</u> | <u>0.3%</u> | <u>0.3%</u> | |
| Non-GAAP services margin | 21.2% | 27.5% | 19.9% | 16.5% | 18.1% | |
| GAAP research and development | 27.5% | 26.2% | 25.5% | 27.9% | 17.8% | |
| Amortization of acquisition-related costs | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | |
| Stock-based compensation | <u>-0.3%</u> | <u>-0.3%</u> | <u>-0.3%</u> | <u>-0.2%</u> | <u>-0.2%</u> | |
| Non-GAAP research and development | 27.2% | 25.9% | 25.2% | 27.7% | 17.6% | |
| GAAP sales and marketing | 26.1% | 28.5% | 33.0% | 32.7% | 16.7% | |
| Stock-based compensation | <u>-0.4%</u> | <u>-0.4%</u> | <u>-0.4%</u> | <u>-0.4%</u> | <u>-0.2%</u> | |
| Non-GAAP sales and marketing | 25.7% | 28.1% | 32.7% | 32.3% | 16.5% | |
| GAAP general and administrative | 15.9% | 13.7% | 17.7% | 20.4% | 14.9% | |
| Amounts associated with unusual events | 0.0% | 0.0% | -2.1% | -3.0% | -1.5% | |
| Stock-based compensation | <u>-0.6%</u> | <u>-0.7%</u> | <u>-0.8%</u> | <u>-0.8%</u> | <u>-0.3%</u> | |
| Non-GAAP general and administrative | 15.3% | 13.0% | 14.8% | 16.6% | 13.1% | |



| Unaudited | FY11 Q1 | FY11 Q2 | FY11 Q3 | FY11 Q4 | FY12 Q1 | Notes |
|--|----------------|----------------|----------------|----------------|----------------|--------------|
| | Sep-10 | Dec-10 | Mar-11 | Jun-11 | Sep-11 | |
| % Qtr-over-Qtr Growth | | | | | | |
| License revenues | -21% | -18% | 18% | -14% | -3% | |
| Maintenance and support revenues | -7% | -1% | -17% | -7% | 0% | |
| Services revenues | -13% | 42% | -3% | -8% | 18% | |
| Patent license | 100% | -100% | 700% | 25% | 150110% | |
| Total revenues | -5% | -4% | -3% | -9% | 49% | |
| Geographic Information | | | | | | |
| Revenue (\$ in millions) | | | | | | |
| Americas | 23.9 | 23.2 | 16.0 | 16.8 | 36.4 | |
| EMEA | 5.9 | 5.5 | 10.0 | 7.4 | 5.1 | |
| Asia | <u>11.7</u> | <u>11.2</u> | <u>12.9</u> | <u>11.0</u> | <u>10.9</u> | |
| Total revenues | 41.5 | 39.9 | 38.9 | 35.2 | 52.4 | |
| Americas | 58% | 58% | 41% | 48% | 69% | |
| EMEA | 14% | 14% | 26% | 21% | 10% | |
| Asia | 28% | 28% | 33% | 31% | 21% | |
| Disaggregate Revenue Information (\$ in millions) | | | | | | |
| Revenue (\$ in millions) | | | | | | |
| Service Mediation | 17.1 | 18.1 | 18.1 | 16.7 | 18.6 | |
| Messaging | 14.5 | 16.7 | 12.3 | 11.2 | 11.8 | |
| Other | 5.9 | 5.1 | 8.5 | 7.3 | 7.0 | |
| Patent license | 4.0 | - | - | - | 15.0 | |
| % of total revenues | | | | | | |
| Service Mediation | 41% | 45% | 46% | 47% | 35% | |
| Messaging | 35% | 42% | 32% | 32% | 23% | |
| Other | 14% | 13% | 22% | 21% | 13% | |
| Patent license | 10% | 0% | 0% | 0% | 29% | |
| Balance Sheet & Other (\$ in millions except days and per share data) | | | | | | |
| Bookings | 42.4 | 40.2 | 48.1 | 28.5 | 23.7 | |
| Backlog | 174 | 174 | 183 | 175 | 142 | |
| Accounts receivable, net | 33.8 | 22.6 | 25.3 | 22.3 | 36.6 | |
| Deferred revenue | 49.6 | 40.7 | 37.1 | 38.5 | 33.8 | |
| Total DSO | 73 | 51 | 59 | 57 | 63 (7) | |
| Cash & investments | 117.5 | 113.4 | 101.4 | 96.8 | 66.6 | |
| Cash & investments per fully diluted share | 1.40 | 1.34 | 1.20 | 1.14 | 0.77 | |
| Net cash provided by (used for) operating activities | (2.9) | (3.0) | (11.5) | (4.1) | (17.5) | |
| Capital expenditure, net | 1.1 | 1.6 | 0.5 | 0.9 | 0.4 | |
| Depreciation & amortization of intangibles | 1.7 | 1.7 | 1.8 | 1.7 | 1.6 (8) | |



| Unaudited | FY11 Q1 Sep-10 | FY11 Q2 Dec-10 | FY11 Q3 Mar-11 | FY11 Q4 Jun-11 | FY12 Q1 Sep-11 | Notes |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------|
| Headcount | | | | | | |
| Functional | | | | | | |
| Research and development | 160 | 147 | 135 | 135 | 132 | |
| Sales and marketing | 122 | 127 | 124 | 119 | 87 | |
| Services | 194 | 203 | 192 | 191 | 174 | (9) |
| General and administrative | <u>108</u> | <u>108</u> | <u>96</u> | <u>91</u> | <u>66</u> | |
| Total permanent employees | 584 | 585 | 547 | 536 | 459 | |
| Geographic | | | | | | |
| Americas | 313 | 315 | 275 | 265 | 203 | |
| EMEA | 186 | 181 | 183 | 184 | 178 | |
| Asia | <u>85</u> | <u>89</u> | <u>89</u> | <u>87</u> | <u>78</u> | |
| Total permanent employees | 584 | 585 | 547 | 536 | 459 | |
| Carrier Service Provider (CSP) Information | | | | | | |
| CSP's with revenue >10% | | | | | | |
| A | 21% (s) | 27% (s) | 19% (s) | 20% (s) | 29% (m) | (10) |
| B | | | 17% (v) | | 23% (s) | (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, (m) Microsoft, (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.