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

	June 30, 2011	June 30, 2010
<b>Assets</b>		
Current Assets:		
Cash, cash equivalents and short-term investments	\$ 81,213	\$ 106,146
Accounts receivable, net	22,293	31,160
Prepaid and other current assets	15,808	18,018
Total current assets	119,314	155,324
Property and equipment, net	6,680	8,365
Long-term investments and restricted cash and investments	15,630	13,222
Deposits and other assets	5,373	9,231
Goodwill	267	267
Intangible assets, net	553	2,200
Total assets	\$ 147,817	\$ 188,609
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities:		
Accounts payable	\$ 7,014	\$ 4,658
Accrued liabilities	19,810	20,584
Accrued restructuring costs	13,660	15,128
Deferred revenue	29,088	35,132
Total current liabilities	69,572	75,502
Accrued restructuring costs, less current portion	12,515	23,820
Deferred revenue, less current portion	9,370	11,800
Deferred rent obligations and long-term taxes payable	1,415	4,728
Total liabilities	92,872	115,850
Stockholders' equity	54,945	72,759
Total liabilities and stockholders' equity	\$ 147,817	\$ 188,609

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

	Three Months Ended			Twelve Months Ended	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Revenues:					
License	\$ 10,273	\$ 11,935	\$ 15,684	\$ 44,612	\$ 51,938
Maintenance and support	10,677	11,513	14,993	50,096	62,183
Services	14,254	15,436	12,940	56,819	69,183
Patents	10	8	-	4,019	-
Total revenues	<u>35,214</u>	<u>38,892</u>	<u>43,617</u>	<u>155,546</u>	<u>183,304</u>
Cost of revenues:					
License	424	74	121	606	655
Maintenance and support	3,965	4,176	4,636	16,257	18,050
Services	11,949	12,423	9,506	44,853	51,919
Amortization of intangible assets	409	409	420	1,647	1,680
Total cost of revenues	<u>16,747</u>	<u>17,082</u>	<u>14,683</u>	<u>63,363</u>	<u>72,304</u>
Gross profit	<u>18,467</u>	<u>21,810</u>	<u>28,934</u>	<u>92,183</u>	<u>111,000</u>
Operating Expenses:					
Research and development	9,836	9,911	10,835	41,617	41,045
Sales and marketing	11,508	12,842	10,303	46,528	43,096
General and administrative	7,167	6,867	7,917	26,103	29,107
Restructuring and other related costs	524	2,164	1,374	4,252	5,133
Total operating expenses	<u>29,035</u>	<u>31,784</u>	<u>30,429</u>	<u>118,500</u>	<u>118,381</u>
Operating loss from continuing operations	(10,568)	(9,974)	(1,495)	(26,317)	(7,381)
Interest and other expense, net	(433)	(467)	(70)	(653)	(28)
Pre-tax loss from continuing operations	(11,001)	(10,441)	(1,565)	(26,970)	(7,409)
Income taxes	370	383	1,294	1,925	2,964
Net loss from continuing operations	(11,371)	(10,824)	(2,859)	(28,895)	(10,373)
Non-cash income from discontinued operations	3,411	-	-	3,411	-
Gain on sale of discontinued operations, net of tax	-	-	-	2,236	4,516
Net loss	<u>\$ (7,960)</u>	<u>\$ (10,824)</u>	<u>\$ (2,859)</u>	<u>\$ (23,248)</u>	<u>\$ (5,857)</u>
Basic and diluted net income (loss) per share from:					
Continuing operations	\$ (0.13)	\$ (0.13)	\$ (0.03)	\$ (0.30)	\$ (0.12)
Discontinued operations	0.04	-	-	0.03	0.05
Net loss per share	<u>\$ (0.09)</u>	<u>\$ (0.13)</u>	<u>\$ (0.03)</u>	<u>\$ (0.27)</u>	<u>\$ (0.07)</u>
Shares used in basic and diluted net income (loss) per share	85,216	84,761	83,740	84,577	83,500
Stock-based compensation by category:					
Maintenance and support	\$ 33	\$ 48	\$ 28	\$ 166	\$ 136
Services	40	60	40	205	212
Research and development	86	119	95	451	331
Sales and marketing	118	142	121	577	531
General and administrative	271	287	204	1,084	804
	<u>\$ 548</u>	<u>\$ 656</u>	<u>\$ 488</u>	<u>\$ 2,483</u>	<u>\$ 2,014</u>

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

	Three Months Ended			Twelve Months Ended	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Reconciliation between GAAP and Non-GAAP net loss:					
Net loss	\$ (7,960)	\$ (10,824)	\$ (2,859)	\$ (23,248)	\$ (5,857)
Exclude:					
Restructuring costs	524	2,164	1,374	4,252	5,133
Amortization of intangibles	409	409	420	1,647	1,680
Stock-based compensation	548	656	488	2,483	2,014
Amounts associated with unusual events(a)	1,044	822	557	1,870	418
Discontinued operations, net	(3,411)	-	-	(5,647)	(4,516)
Realized losses and other-than-temporary impairments of investments	632	276	-	908	2,272
Tax impact of reconciling items(b)	(49)	(47)	(41)	(186)	(175)
Non-GAAP net income (loss)	<u>\$ (8,263)</u>	<u>\$ (6,544)</u>	<u>\$ (61)</u>	<u>\$ (17,921)</u>	<u>\$ 969</u>
Diluted GAAP net loss per share	\$ (0.09)	\$ (0.13)	\$ (0.03)	\$ (0.27)	\$ (0.07)
Exclude:					
Restructuring costs	\$ -	\$ 0.03	\$ 0.02	\$ 0.05	\$ 0.06
Amortization of intangibles	\$ -	\$ -	\$ -	\$ 0.02	\$ 0.03
Stock-based compensation	\$ 0.01	\$ 0.01	\$ -	\$ 0.03	\$ 0.02
Amounts associated with unusual events(a)	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.02	\$ (0.01)
Discontinued operations, net	\$ (0.04)	\$ -	\$ -	\$ (0.07)	\$ (0.05)
Realized losses and other-than-temporary impairments of investments	\$ 0.01	\$ -	\$ -	\$ 0.01	\$ 0.03
Tax impact of reconciling items(b)	\$ -	\$ -	\$ -	\$ -	\$ -
Diluted non-GAAP net income (loss) per share	<u>\$ (0.10)</u>	<u>\$ (0.08)</u>	<u>\$ -</u>	<u>\$ (0.21)</u>	<u>\$ 0.01</u>
Shares used in computing diluted earnings per share	85,216	84,761	83,740	84,577	85,127

(a)Relates to legal fees regarding lawsuits and other unusual events, net of insurance reimbursements.

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

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

	Three Months Ended			Twelve Months Ended	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Operating activities:					
Net loss	\$ (7,960)	\$ (10,824)	\$ (2,859)	\$ (23,248)	\$ (5,857)
Gain on sale of discontinued operations	-	-	-	(2,236)	(4,516)
Reconciling items:					
Depreciation, amortization of intangibles and stock-based compensation	2,276	2,441	2,106	9,379	9,124
Non-cash restructuring charges	237	267	337	1,109	1,681
Non-cash income from discontinued operations	(3,411)	-	-	(3,411)	-
Provision for (recovery of) doubtful accounts	(183)	45	395	(351)	(69)
Other non-cash items, net	300	363	376	1,347	1,904
Realized losses and other-than-temporary impairments of investments	645	276	-	921	2,272
Changes in operating assets and liabilities	3,973	(4,042)	(3,647)	(4,994)	(13,763)
Net cash used for operating activities	(4,123)	(11,474)	(3,292)	(21,484)	(9,224)
Investing activities:					
Purchases of property and equipment, net	(876)	(533)	(1,166)	(4,045)	(3,159)
Sale of discontinued operations, net	-	-	-	2,236	4,516
Proceeds of investments, net	(3,207)	10,594	4,902	7,240	(23,949)
Maturities of restricted cash and investments, net	-	141	-	357	418
Net cash provided by (used for) investing activities	(4,083)	10,202	3,736	5,788	(22,174)
Financing activities:					
Net proceeds from issuance of common stock	749	454	645	2,027	988
Fees on line of credit	-	-	-	-	(200)
Cash provided by financing activities	749	454	645	2,027	788
Net increase (decrease) in cash and cash equivalents	(7,457)	(818)	1,089	(13,669)	(30,610)
Cash and cash equivalents at beginning of period	54,723	55,541	59,846	60,935	91,545
Cash and cash equivalents at end of period, including discontinued operations	\$ 47,266	\$ 54,723	\$ 60,935	\$ 47,266	\$ 60,935