



Unaudited	FY10 Q3	FY10 Q4	FY11 Q1	FY11 Q2	FY11 Q3	Notes
	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	
Historical Analysis of Operations (\$ in thousands except shares and per share data)						
Revenues						
License	\$ 12,546	\$ 15,684	\$ 12,332	\$ 10,072	\$ 11,935	
Maintenance and support	15,224	14,993	13,993	13,913	11,513	
Services	12,333	12,940	11,203	15,925	15,436	
Patents	n/a	n/a	4,000	1	8	
Total revenues	40,103	43,617	41,528	39,911	38,892	
Cost of revenues						
License	51	121	30	78	74	(1)
Maintenance and support	4,400	4,608	4,096	3,935	4,128	(1)
Services	9,505	9,466	8,828	11,548	12,363	(1)
Amortization of purchased technology and contract intangibles	420	420	420	409	409	
Stock based compensation	98	68	104	86	108	
Total cost of revenues	14,474	14,683	13,478	16,056	17,082	
Gross profit	25,629	28,934	28,050	23,855	21,810	
Operating expenses						
Research and development	10,583	10,740	11,299	10,324	9,792	(1)
Sales and marketing	10,893	10,182	10,665	11,196	12,700	(1)
General and administrative	5,656	7,156	6,342	5,201	5,758	(1)
Amounts associated with unusual events	689	557	-	-	822	(4)
Restructuring and related costs	1,984	1,374	708	856	2,164	
Stock based compensation	443	420	557	532	548	
Total operating expenses	30,248	30,429	29,571	28,109	31,784	
Operating income (loss) from continuing operations	(4,619)	(1,495)	(1,521)	(4,254)	(9,974)	
Interest and other, net	1,471	(70)	37	210	(467)	
Income (loss) from continuing operations before income taxes	(3,148)	(1,565)	(1,484)	(4,044)	(10,441)	
Income taxes	1,053	1,294	681	491	383	
Net income (loss) from continuing operations	(4,201)	(2,859)	(2,165)	(4,535)	(10,824)	
Diluted net income (loss) from continuing operations per share	\$ (0.05)	\$ (0.03)	\$ (0.03)	\$ (0.05)	\$ (0.13)	
Discontinued operations gain	-	-	2,236	-	-	
Net income (loss)	\$ (4,201)	\$ (2,859)	\$ 71	\$ (4,535)	\$ (10,824)	
Diluted net income (loss) per share	\$ (0.05)	\$ (0.03)	\$ 0.00	\$ (0.05)	\$ (0.13)	
Shares used in computing GAAP net income (loss) per share	83,559	83,740	84,017	84,324	84,761	(2)



Unaudited

FY10 Q3	FY10 Q4	FY11 Q1	FY11 Q2	FY11 Q3	Notes
Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	

Reconciliation of GAAP to Non-GAAP Expense Categories

GAAP cost of license revenue	\$ 460	\$ 530	\$ 439	\$ 481	\$ 483	(3)
Deduct amortization of purchased technology	<u>409</u>	<u>409</u>	<u>409</u>	<u>403</u>	<u>409</u>	
Non-GAAP cost of license revenue	\$ 51	\$ 121	\$ 30	\$ 78	\$ 74	
GAAP cost of maintenance and support	\$ 4,449	\$ 4,647	\$ 4,152	\$ 3,981	\$ 4,176	(3)
Deduct amortization of purchased contract intangibles	<u>11</u>	<u>11</u>	<u>11</u>	<u>6</u>	<u>-</u>	
Deduct stock-based compensation	<u>38</u>	<u>28</u>	<u>45</u>	<u>40</u>	<u>48</u>	
Non-GAAP cost of maintenance and support	\$ 4,400	\$ 4,608	\$ 4,096	\$ 3,935	\$ 4,128	
GAAP cost of services	\$ 9,565	\$ 9,506	\$ 8,887	\$ 11,594	\$ 12,423	(3)
Deduct stock-based compensation	<u>60</u>	<u>40</u>	<u>59</u>	<u>46</u>	<u>60</u>	
Non-GAAP cost of services	\$ 9,505	\$ 9,466	\$ 8,828	\$ 11,548	\$ 12,363	
GAAP research and development	\$ 10,679	\$ 10,835	\$ 11,430	\$ 10,439	\$ 9,911	(3)
Deduct stock-based compensation	<u>96</u>	<u>95</u>	<u>131</u>	<u>115</u>	<u>119</u>	
Non-GAAP research and development	\$ 10,583	\$ 10,740	\$ 11,299	\$ 10,324	\$ 9,792	
GAAP sales and marketing	\$ 11,030	\$ 10,303	\$ 10,821	\$ 11,357	\$ 12,842	(3)
Deduct stock-based compensation	<u>137</u>	<u>121</u>	<u>156</u>	<u>161</u>	<u>142</u>	
Non-GAAP sales and marketing	\$ 10,893	\$ 10,182	\$ 10,665	\$ 11,196	\$ 12,700	
GAAP general and administrative	\$ 6,555	\$ 7,917	\$ 6,612	\$ 5,457	\$ 6,867	(3)
Deduct amounts associated with unusual events	<u>689</u>	<u>557</u>	<u>-</u>	<u>-</u>	<u>822</u>	
Deduct stock-based compensation	<u>210</u>	<u>204</u>	<u>270</u>	<u>256</u>	<u>287</u>	
Non-GAAP general and administrative	\$ 5,656	\$ 7,156	\$ 6,342	\$ 5,201	\$ 5,758	



Unaudited	FY10 Q3 Mar-10	FY10 Q4 Jun-10	FY11 Q1 Sep-10	FY11 Q2 Dec-10	FY11 Q3 Mar-11	Notes
Non-GAAP Net Income (Loss) (\$ in thousands except shares and per share data)						
GAAP net income (loss)	\$ (4,201)	\$ (2,859)	\$ 71	\$ (4,535)	\$ (10,824)	
Add back:						
Restructuring costs	1,984	1,374	708	856	2,164	
Amortization of intangibles	420	420	420	409	409	
Stock-based compensation	541	488	661	618	656	
Amounts associated with unusual events	(986)	557	-	-	822	(4)
Realized losses and other-than-temporary impairments of investments	236	-	-	-	276	
Discontinued operations	-	-	(2,236)	-	-	(5)
Tax impact of the above reconciling items	(41)	(41)	(43)	(47)	(47)	
Non-GAAP net income (loss)	(2,047)	(61)	(419)	(2,699)	(6,544)	
Fully diluted non-GAAP net income (loss) per share	\$ (0.02)	\$ (0.00)	\$ (0.00)	\$ (0.03)	\$ (0.08)	
Shares used in computing pro forma fully diluted net income (loss) per share	83,559	83,740	84,017	84,324	84,761	
% of Revenue						
License revenues	31.3%	36.0%	29.7%	25.2%	30.7%	
Maintenance and support revenues	38.0%	34.4%	33.7%	34.9%	29.6%	
Services revenues	30.8%	29.7%	27.0%	39.9%	39.7%	
Patents	n/a	n/a	9.6%	0.0%	0.0%	
License gross margin	99.6%	99.2%	99.8%	99.2%	99.4%	(1)
Maintenance and support gross margin	71.1%	69.3%	70.7%	71.7%	64.1%	(1)
Services gross margin	22.9%	26.8%	21.2%	27.5%	19.9%	(1)
Patents gross margin	n/a	n/a	100.0%	100.0%	100.0%	
Non-GAAP gross margin	65.2%	67.5%	68.8%	61.0%	57.4%	(1, 6)
Amortization of intangibles	1.1%	1.1%	1.1%	1.1%	1.2%	
Stock-based compensation	0.2%	0.2%	0.3%	0.2%	0.3%	
Gross margin (GAAP)	63.9%	66.3%	67.5%	59.8%	56.1%	
Research and development, excluding stock-based compensation	26.4%	24.6%	27.2%	25.9%	25.2%	(1)
Sales and marketing, excluding stock-based compensation	27.2%	23.3%	25.7%	28.1%	32.7%	(1)
General and administrative, excluding stock-based compensation	14.1%	16.4%	15.3%	13.0%	14.8%	(1)
Non-GAAP operating expenses	67.7%	64.4%	68.2%	67.0%	72.6%	(1, 6)
Amounts associated with unusual events	1.7%	1.3%	0.0%	0.0%	2.1%	(4)
Restructuring costs	4.9%	3.2%	1.7%	2.1%	5.6%	
Stock-based compensation	1.1%	1.0%	1.3%	1.3%	1.4%	
Total operating expenses (GAAP)	75.4%	69.8%	71.2%	70.4%	81.7%	
Operating profit /(loss) from continuing operations (GAAP)	-11.5%	-3.4%	-3.7%	-10.7%	-25.6%	
Net profit /(loss) from continuing operations (GAAP)	-10.5%	-6.6%	-5.2%	-11.4%	-27.8%	



Unaudited	FY10 Q3 Mar-10	FY10 Q4 Jun-10	FY11 Q1 Sep-10	FY11 Q2 Dec-10	FY11 Q3 Mar-11	Notes
Reconciliation of GAAP to Non-GAAP % of Revenue Categories						
GAAP license margin	96.3%	96.6%	96.4%	95.2%	96.0%	
Amortization of purchased technology	3.3%	2.6%	3.4%	4.0%	3.4%	
Non-GAAP license margin	99.6%	99.2%	99.8%	99.2%	99.4%	
GAAP maintenance and support margin	70.8%	69.0%	70.3%	71.4%	63.7%	
Amortization of purchased contract intangibles	0.1%	0.1%	0.1%	0.0%	0.0%	
Stock-based compensation	0.2%	0.2%	0.3%	0.3%	0.4%	
Non-GAAP maintenance and support margin	71.1%	69.3%	70.7%	71.7%	64.1%	
GAAP services margin	22.4%	26.5%	20.7%	27.2%	19.5%	
Stock-based compensation	0.5%	0.3%	0.5%	0.3%	0.4%	
Non-GAAP services margin	22.9%	26.8%	21.2%	27.5%	19.9%	
GAAP research and development	26.6%	24.8%	27.5%	26.2%	25.5%	
Stock-based compensation	-0.2%	-0.2%	-0.3%	-0.3%	-0.3%	
Non-GAAP research and development	26.4%	24.6%	27.2%	25.9%	25.2%	
GAAP sales and marketing	27.5%	23.6%	26.1%	28.5%	33.0%	
Stock-based compensation	-0.3%	-0.3%	-0.4%	-0.4%	-0.4%	
Non-GAAP sales and marketing	27.2%	23.3%	25.7%	28.1%	32.7%	
GAAP general and administrative	16.3%	18.2%	15.9%	13.7%	17.7%	
Amounts associated with unusual events	-1.7%	-1.3%	0.0%	0.0%	-2.1%	
Stock-based compensation	-0.5%	-0.5%	-0.6%	-0.7%	-0.8%	
Non-GAAP general and administrative	14.1%	16.4%	15.3%	13.0%	14.8%	



Unaudited	FY10 Q3 Mar-10	FY10 Q4 Jun-10	FY11 Q1 Sep-10	FY11 Q2 Dec-10	FY11 Q3 Mar-11	Notes
% Qtr-over-Qtr Growth						
License revenues	-6%	25%	-21%	-18%	18%	
Maintenance and support revenues	-6%	-2%	-7%	-1%	-17%	
Services revenues	-39%	5%	-13%	42%	-3%	
Patent license	n/a	n/a	100%	-100%	700%	
Total revenues	-19%	9%	-5%	-4%	-3%	
Geographic Information						
Revenue (\$ in millions)						
Americas	21.3	22.1	23.9	23.2	16.0	
EMEA	6.4	8.7	5.9	5.5	10.0	
Asia	<u>12.4</u>	<u>12.8</u>	<u>11.7</u>	<u>11.2</u>	<u>12.9</u>	
Total revenues	40.1	43.6	41.5	39.9	38.9	
Americas	53%	51%	58%	58%	41%	
EMEA	16%	20%	14%	14%	26%	
Asia	31%	29%	28%	28%	33%	
Disaggregate Revenue Information (\$ in millions)						
Revenue (\$ in millions)						
Service Mediation	17.8	22.7	17.1	18.1	18.1	
Messaging	16.5	15.8	14.5	16.7	12.3	
Other	5.8	5.1	5.9	5.1	8.5	
Patent license	n/a	n/a	4.0	-	-	
% of total revenues						
Service Mediation	44%	52%	41%	45%	46%	
Messaging	41%	36%	35%	42%	32%	
Other	15%	12%	14%	13%	22%	
Patent license	n/a	n/a	10%	0%	0%	
Balance Sheet & Other (\$ in millions except days and per share data)						
Bookings	41.1	35.8	42.4	40.2	48.1	
Backlog	186	171	174	174	183	
Accounts receivable, net	25.7	31.2	33.8	22.6	25.3	
Deferred revenue	43.4	46.9	49.6	40.7	37.1	
Total DSO	58	64	73	51	59 (7)	
Cash & investments	123.6	119.4	117.5	113.4	101.4	
Cash & investments per fully diluted share	1.48	1.43	1.40	1.34	1.20	
Net cash provided by (used for) operating activities	(3.3)	(3.3)	(2.9)	(3.0)	(11.5)	
Capital expenditure, net	1.1	1.2	1.1	1.6	0.5	
Depreciation & amortization of intangibles	1.7	1.6	1.7	1.7	1.8 (8)	



Unaudited	FY10 Q3	FY10 Q4	FY11 Q1	FY11 Q2	FY11 Q3	Notes
	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	
Headcount						
Functional						
Research and development	139	149	160	147	135	
Sales and marketing	120	122	122	127	124	
Services	214	202	194	203	192	(9)
General and administrative	<u>106</u>	<u>111</u>	<u>108</u>	<u>108</u>	<u>96</u>	
Total permanent employees	579	584	584	585	547	
Geographic						
Americas	321	326	313	315	275	
EMEA	174	175	186	181	183	
Asia	<u>84</u>	<u>83</u>	<u>85</u>	<u>89</u>	<u>89</u>	
Total permanent employees	579	584	584	585	547	
Carrier Service Provider (CSP) Information						
CSP's with revenue >10%						
A	25% (s)	27% (s)	21% (s)	27% (s)	19% (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.