



Unaudited	FY11 Q2 Dec-10	FY11 Q3 Mar-11	FY11 Q4 Jun-11	FY12 Q1 Sep-11	FY12 Q2 Dec-11	Notes
Historical Analysis of Operations (\$ in thousands except shares and per share data)						
Revenues						
License	\$ 10,072	\$ 11,935	\$ 10,273	\$ 9,914	\$ 9,578	
Maintenance and support	13,913	11,513	10,677	10,671	10,201	
Services	15,925	15,436	14,254	16,790	16,084	
Patents	<u>1</u>	<u>8</u>	<u>10</u>	<u>15,021</u>	<u>5</u>	
Total revenues	39,911	38,892	35,214	52,396	35,868	
Cost of revenues						
License	78	74	424	486	245	(1)
Maintenance and support	3,935	4,128	3,932	3,680	3,091	(1)
Services	11,548	12,363	11,909	13,743	14,754	(1)
Amortization of purchased technology and contract intangibles	409	409	409	409	144	
Stock based compensation	<u>86</u>	<u>108</u>	<u>73</u>	<u>96</u>	<u>90</u>	
Total cost of revenues	16,056	17,082	16,747	18,414	18,324	
Gross profit	23,855	21,810	18,467	33,982	17,544	
Operating expenses						
Research and development	10,324	9,792	9,750	9,254	7,665	(1)
Sales and marketing	11,196	12,700	11,390	8,621	6,887	(1)
General and administrative, including patent initiative expenses	5,201	5,758	5,852	6,833	7,594	(1)
Amounts associated with unusual events	-	822	1,044	780	-	(4)
Restructuring and related costs	856	2,164	524	5,072	1,674	
Costs associated with strategic alternatives	-	-	-	-	467	
Stock based compensation	<u>532</u>	<u>548</u>	<u>475</u>	<u>383</u>	<u>517</u>	
Total operating expenses	28,109	31,784	29,035	30,943	24,804	
Operating income (loss) from continuing operations	(4,254)	(9,974)	(10,568)	3,039	(7,260)	
Interest and other, net	<u>210</u>	<u>(467)</u>	<u>(433)</u>	<u>61</u>	<u>(309)</u>	
Income (loss) from continuing operations before income taxes	(4,044)	(10,441)	(11,001)	3,100	(7,569)	
Income taxes	<u>491</u>	<u>383</u>	<u>370</u>	<u>458</u>	<u>2,822</u>	
Net income (loss) from continuing operations	(4,535)	(10,824)	(11,371)	2,642	(10,391)	
Diluted net income (loss) from continuing operations per share	\$ (0.05)	\$ (0.13)	\$ (0.13)	\$ 0.03	\$ (0.12)	
Discontinued operations, net	-	-	(8,589)	-	-	
Net income (loss)	\$ (4,535)	\$ (10,824)	\$ (19,960)	\$ 2,642	\$ (10,391)	
Diluted net income (loss) per share	\$ (0.05)	\$ (0.13)	\$ (0.23)	\$ 0.03	\$ (0.12)	
Shares used in computing GAAP net income (loss) per share	84,324	84,761	85,216	86,432	85,594	(2)



Unaudited	FY11 Q2 Dec-10	FY11 Q3 Mar-11	FY11 Q4 Jun-11	FY12 Q1 Sep-11	FY12 Q2 Dec-11	Notes
Reconciliation of GAAP to Non-GAAP Expense Categories						
GAAP cost of license revenue	\$ 481	\$ 483	\$ 833	\$ 895	\$ 389	(3)
Deduct amortization of purchased technology	<u>403</u>	<u>409</u>	<u>409</u>	<u>409</u>	<u>144</u>	
Non-GAAP cost of license revenue	\$ 78	\$ 74	\$ 424	\$ 486	\$ 245	
GAAP cost of maintenance and support	\$ 3,981	\$ 4,176	\$ 3,965	\$ 3,722	\$ 3,132	(3)
Deduct amortization of purchased contract intangibles	6	-	-	-	-	
Deduct stock-based compensation	<u>40</u>	<u>48</u>	<u>33</u>	<u>42</u>	<u>41</u>	
Non-GAAP cost of maintenance and support	\$ 3,935	\$ 4,128	\$ 3,932	\$ 3,680	\$ 3,091	
GAAP cost of services	\$ 11,594	\$ 12,423	\$ 11,949	\$ 13,797	\$ 14,803	(3)
Deduct stock-based compensation	<u>46</u>	<u>60</u>	<u>40</u>	<u>54</u>	<u>49</u>	
Non-GAAP cost of services	\$ 11,548	\$ 12,363	\$ 11,909	\$ 13,743	\$ 14,754	
GAAP research and development	\$ 10,439	\$ 9,911	\$ 9,836	\$ 9,348	\$ 7,772	(3)
Deduct stock-based compensation	<u>115</u>	<u>119</u>	<u>86</u>	<u>94</u>	<u>107</u>	
Non-GAAP research and development	\$ 10,324	\$ 9,792	\$ 9,750	\$ 9,254	\$ 7,665	
GAAP sales and marketing	\$ 11,357	\$ 12,842	\$ 11,508	\$ 8,737	\$ 7,026	(3)
Deduct stock-based compensation	<u>161</u>	<u>142</u>	<u>118</u>	<u>116</u>	<u>139</u>	
Non-GAAP sales and marketing	\$ 11,196	\$ 12,700	\$ 11,390	\$ 8,621	\$ 6,887	
GAAP general and administrative, including patent initiative expenses	\$ 5,457	\$ 6,867	\$ 7,167	\$ 7,786	\$ 8,332	(3)
Deduct amounts associated with unusual events	-	822	1,044	780	-	
Deduct costs associated with strategic alternatives	-	-	-	-	467	
Deduct stock-based compensation	<u>256</u>	<u>287</u>	<u>271</u>	<u>173</u>	<u>271</u>	
Non-GAAP general and administrative, including patent initiative expenses	\$ 5,201	\$ 5,758	\$ 5,852	\$ 6,833	\$ 7,594	



Unaudited	FY11 Q2 Dec-10	FY11 Q3 Mar-11	FY11 Q4 Jun-11	FY12 Q1 Sep-11	FY12 Q2 Dec-11	Notes
Non-GAAP Net Income (Loss) (\$ in thousands except shares and per share data)						
GAAP net income (loss)	\$ (4,535)	\$ (10,824)	\$ (19,960)	\$ 2,642	\$ (10,391)	
Add back:						
Restructuring costs	856	2,164	524	5,072	1,674	
Amortization of intangibles	409	409	409	409	144	
Stock-based compensation	618	656	548	479	607	
Amounts associated with unusual events	-	822	1,044	780	-	(4)
Realized losses and other-than-temporary impairments of investments	-	276	632	-	-	
Discontinued operations, net	-	-	8,589	-	-	(5)
Impairment of deferred tax assets	-	-	-	-	2,501	
Tax impact of the above reconciling items	(47)	(47)	(49)	(48)	(49)	
Costs associated with strategic alternatives	-	-	-	-	467	
Non-GAAP net income (loss)	(2,699)	(6,544)	(8,263)	9,334	(5,047)	
Fully diluted non-GAAP net income (loss) per share	\$ (0.03)	\$ (0.08)	\$ (0.10)	\$ 0.11	\$ (0.06)	
Shares used in computing pro forma fully diluted net income (loss) per share	84,324	84,761	85,216	86,432	85,594	
% of Revenue						
License revenues	25.2%	30.7%	29.2%	18.9%	26.7%	
Maintenance and support revenues	34.9%	29.6%	30.3%	20.4%	28.4%	
Services revenues	39.9%	39.7%	40.5%	32.0%	44.8%	
Patents	0.0%	0.0%	0.0%	28.7%	0.0%	
License gross margin	99.2%	99.4%	95.9%	95.1%	97.4%	(1)
Maintenance and support gross margin	71.7%	64.1%	63.2%	65.5%	69.7%	(1)
Services gross margin	27.5%	19.9%	16.5%	18.1%	8.3%	(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	61.0%	57.4%	53.8%	65.8%	49.6%	(1, 6)
Amortization of intangibles	1.1%	1.2%	1.3%	0.8%	0.4%	
Stock-based compensation	<u>0.2%</u>	<u>0.3%</u>	<u>0.2%</u>	<u>0.2%</u>	<u>0.3%</u>	
Gross margin (GAAP)	59.8%	56.1%	52.4%	64.8%	48.9%	
Research and development, excluding stock-based compensation	25.9%	25.2%	27.7%	17.7%	21.4%	(1)
Sales and marketing, excluding stock-based compensation	28.1%	32.7%	32.3%	16.5%	19.2%	(1)
General and administrative, excluding stock-based compensation	<u>13.0%</u>	<u>14.8%</u>	<u>16.6%</u>	<u>13.0%</u>	<u>21.2%</u>	(1)
Non-GAAP operating expenses	67.0%	72.6%	76.7%	47.2%	61.7%	(1, 6)
Amounts associated with unusual events	0.0%	2.1%	3.0%	1.5%	0.0%	(4)
Restructuring costs	2.1%	5.6%	1.5%	9.7%	4.7%	
Costs associated with strategic alternatives	0.0%	0.0%	0.0%	0.0%	1.3%	
Stock-based compensation	<u>1.3%</u>	<u>1.4%</u>	<u>1.3%</u>	<u>0.7%</u>	<u>1.4%</u>	
Total operating expenses (GAAP)	70.4%	81.7%	82.5%	59.1%	69.2%	
Operating profit /(loss) from continuing operations (GAAP)	-10.7%	-25.6%	-30.0%	5.8%	-20.2%	
Net profit /(loss) from continuing operations (GAAP)	-11.4%	-27.8%	-32.3%	5.0%	-29.0%	



Unaudited	FY11 Q2 Dec-10	FY11 Q3 Mar-11	FY11 Q4 Jun-11	FY12 Q1 Sep-11	FY12 Q2 Dec-11	Notes
Reconciliation of GAAP to Non-GAAP % of Revenue Categories						
GAAP license margin	95.2%	96.0%	91.9%	91.0%	95.9%	
Amortization of purchased technology	<u>4.0%</u>	<u>3.4%</u>	<u>4.0%</u>	<u>4.1%</u>	<u>1.5%</u>	
Non-GAAP license margin	99.2%	99.4%	95.9%	95.1%	97.4%	
GAAP maintenance and support margin	71.4%	63.7%	62.9%	65.1%	69.3%	
Amortization of purchased contract intangibles	0.0%	0.0%	0.0%	0.0%	0.0%	
Stock-based compensation	<u>0.3%</u>	<u>0.4%</u>	<u>0.3%</u>	<u>0.4%</u>	<u>0.4%</u>	
Non-GAAP maintenance and support margin	71.7%	64.1%	63.2%	65.5%	69.7%	
GAAP services margin	27.2%	19.5%	16.2%	17.8%	8.0%	
Stock-based compensation	<u>0.3%</u>	<u>0.4%</u>	<u>0.3%</u>	<u>0.3%</u>	<u>0.3%</u>	
Non-GAAP services margin	27.5%	19.9%	16.5%	18.1%	8.3%	
GAAP research and development	26.2%	25.5%	27.9%	17.8%	21.7%	
Stock-based compensation	<u>-0.3%</u>	<u>-0.3%</u>	<u>-0.2%</u>	<u>-0.2%</u>	<u>-0.3%</u>	
Non-GAAP research and development	25.9%	25.2%	27.7%	17.6%	21.4%	
GAAP sales and marketing	28.5%	33.0%	32.7%	16.7%	19.6%	
Stock-based compensation	<u>-0.4%</u>	<u>-0.4%</u>	<u>-0.4%</u>	<u>-0.2%</u>	<u>-0.4%</u>	
Non-GAAP sales and marketing	28.1%	32.7%	32.3%	16.5%	19.2%	
GAAP general and administrative	13.7%	17.7%	20.4%	14.9%	23.2%	
Amounts associated with unusual events	0.0%	-2.1%	-3.0%	-1.5%	0.0%	
Costs associated with strategic alternatives	0.0%	0.0%	0.0%	0.0%	-1.3%	
Stock-based compensation	<u>-0.7%</u>	<u>-0.8%</u>	<u>-0.8%</u>	<u>-0.3%</u>	<u>-0.7%</u>	
Non-GAAP general and administrative	13.0%	14.8%	16.6%	13.1%	21.2%	



Unaudited	FY11 Q2	FY11 Q3	FY11 Q4	FY12 Q1	FY12 Q2	Notes
	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	
% Qtr-over-Qtr Growth						
License revenues	-18%	18%	-14%	-3%	-3%	
Maintenance and support revenues	-1%	-17%	-7%	0%	-4%	
Services revenues	42%	-3%	-8%	18%	-4%	
Patent license	-100%	700%	25%	150110%	-100%	
Total revenues	-4%	-3%	-9%	49%	-32%	
Geographic Information						
Revenue (\$ in millions)						
Americas	23.2	16.0	16.8	36.4	15.1	
EMEA	5.5	10.0	7.4	5.1	7.5	
Asia	<u>11.2</u>	<u>12.9</u>	<u>11.0</u>	<u>10.9</u>	<u>13.3</u>	
Total revenues	39.9	38.9	35.2	52.4	35.9	
Americas	58%	41%	48%	69%	42%	
EMEA	14%	26%	21%	10%	21%	
Asia	28%	33%	31%	21%	37%	
Disaggregate Revenue Information (\$ in millions)						
Revenue (\$ in millions)						
Service Mediation	18.1	18.1	16.7	18.6	16.8	
Messaging	16.7	12.3	11.2	11.8	12.4	
Other	5.1	8.5	7.3	7.0	6.7	
Patent license	-	-	-	15.0	-	
% of total revenues						
Service Mediation	45%	46%	47%	35%	47%	
Messaging	42%	32%	32%	23%	35%	
Other	13%	22%	21%	13%	19%	
Patent license	0%	0%	0%	29%	0%	
Balance Sheet & Other (\$ in millions except days and per share data)						
Bookings	40.2	48.1	28.5	23.7	20.4	
Backlog	174	183	175	142	118	
Accounts receivable, net	22.6	25.3	22.3	36.6	26.3	
Deferred revenue	40.7	37.1	38.5	33.8	28.9	
Total DSO	51	59	57	63	65 (7)	
Cash & investments	113.4	101.4	96.8	66.6	69.7	
Cash & investments per fully diluted share	1.34	1.20	1.14	0.77	0.81	
Net cash provided by (used for) operating activities	(3.0)	(11.5)	(4.1)	(17.5)	3.3	
Capital expenditure, net	1.6	0.5	0.9	0.4	0.1	
Depreciation & amortization of intangibles	1.7	1.8	1.7	1.6	1.2 (8)	



Unaudited	FY11 Q2	FY11 Q3	FY11 Q4	FY12 Q1	FY12 Q2	Notes
	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	
Headcount						
Functional						
Research and development	147	135	135	132	126	
Sales and marketing	127	124	119	87	81	
Services	203	192	191	174	170	(9)
General and administrative, including patent initiative expenses	<u>108</u>	<u>96</u>	<u>91</u>	<u>66</u>	<u>64</u>	
Total permanent employees	585	547	536	459	441	
Geographic						
Americas	315	275	265	203	192	
EMEA	181	183	184	178	171	
Asia	<u>89</u>	<u>89</u>	<u>87</u>	<u>78</u>	<u>78</u>	
Total permanent employees	585	547	536	459	441	
Carrier Service Provider (CSP) Information						
CSP's with revenue >10%						
A	27% (s)	19% (s)	20% (s)	29% (m)	18% (s)	(10)
B		17% (v)		23% (s)	12% (b)	(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: (b) for Bouygues Telecom, (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.