## VERIFONE HOLDINGS, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (IN THOUSANDS, EXCEPT PER SHARE DATA AND PERCENTAGES) (UNAUDITED)

		Months April 30,		Six Months Ended April 30,				
	2009	2008	Change (1)	2009	2008	Change (1)		
Net revenues: System Solutions Services	\$173,580 28,034	\$203,711 29,290	-14.8% -4.3%	\$359,421		0.0% -5.1%		
Total net revenues Cost of net revenues:			-13.5%	415,637	418,522	-0.7%		
System Solutions Amortization of purchased core-and-	116,700	133,782	-12.8%	239,643	235,211	1.9%		
developed technology	5,141	8,124 	-36.7%	10,309	16 <b>,</b> 299	-36.8%		
Total cost of Systems Solutions	404 044	1.11 005		0.4.0 0.5.0	054 540	0.50		
net revenues Services	121,841 14,851 	141,906 17,743		249,952 31,461 		-0.6% -13.3%		
Total cost of net revenues	136,692	159 <b>,</b> 649	-14.4%	281,413	287,806	-2.2%		
Gross profit	64,922	73,352	-11.5%	134,224	130,716	2.7%		
Operating expenses: Research and								
development Sales and	15,024	17,159	-12.4%	32,896	39,621	-17.0%		
marketing General and	17,215	22,762	-24.4%	36,622	47,405	-22.7%		
administrativ Amortization of purchased	re 18,237	31,254	-41.6%	48,965	57,320	-14.6%		
intangible assets	4,827	6,782	-28.8%	10,698	12,672	-15.6%		
Impairment of goodwill	(2,745)		nm	175,512	_	nm		
Total operating expenses	52,558	77 <b>,</b> 957	-32.6%	304,693	157,018	94.0%		
Operating								
income (loss)	12,364	(4,605)	nm	(170,469)	(26,302)	nm		
Interest expense	(4,285)	(8,990)	-52.3%	(9,646)	(15,430)	-37.5%		
Interest income	369	1,395	<del>-</del> 73.5%	1,016	3,483	-70.8%		
Other income (expenses), net	13,781	(1,914)	nm	17 <b>,</b> 995	(6,434)	nm		
Income (loss) before								
income taxes Provision	22,229	(14,114)	nm	(161,104)	(44,683)	nm		
for income taxes	3,673 	3,873 	-5.2%	2,329	6,802 	-65.8%		
Net income (loss)		\$(17,987) ======	nm	\$(163,433) ======		nm		

Net income (loss) per share: Basic Diluted	\$0.22 \$0.22	\$(0.21) \$(0.21)	\$(1.94) \$(1.94)	\$(0.61) \$(0.61)
Weighted average shares used in computing net income (loss) per share: Basic Diluted	84,461	84,194	84,454	84,174
	84,508	84,194	84,454	84,174

(1) "nm" means not meaningful

#### VERIFONE HOLDINGS, INC. AND SUBSIDIARIES GEOGRAPHIC REVENUE INFORMATION (IN THOUSANDS, EXCEPT PERCENTAGES) (UNAUDITED)

		Months April 30,		d		
	2009	2008	Change	2009	2008	Change
United States and						
Canada	\$83,374	\$99,913	-17%	\$167,134	\$167,415	0 %
Europe	63,773	75,870	-16%	129,914	133,553	-3%
Latin America	40,339	40,658	-1%	83,947	85,267	-2%
Asia	14,128	16,560	-15%	34,642	32,287	7%
	\$201,614	\$233,001		\$415,637	\$418,522	

#### VERIFONE HOLDINGS, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (IN THOUSANDS) (UNAUDITED)

(UNAUDITED)		
		October 31, 2008
Assets Current assets:		
Cash and cash equivalents Accounts receivable, net Inventories Other current assets	\$201,306 165,980 105,641 61,680	170,234 168,360
Total current assets	534,607	
Property, plant and equipment, net Purchased intangible assets, net Goodwill Other assets	141,519	52,309 92,637 321,903 50,053
Total assets	\$843,563 ======	\$1,079,752 ======
Liabilities and stockholders' equity (deficit) Current liabilities:		
Accounts payable Income taxes payable Deferred revenue, net Other current liabilities Short-term debt	\$61,118 4,894 49,633 108,087 11,464	2,185 47,687 130,452
Total current liabilities	235,196	266,534
Deferred revenue Long-term debt, less current portion Other long-term liabilities	11,455 507,163 104,037	543,357
Minority interest	2,283	2,058

(delicit)		
Total liabilities and stockholders' equity (deficit)	0040 560	\$1,079,752
Total stockholders' equity (deficit)	(16,571)	142,154

#### VERIFONE HOLDINGS, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (IN THOUSANDS) (UNAUDITED)

(UNAUDITED)		
	Six Month	
	April	
	2009	2008
Cash flows from operating activities		
Net loss	\$(163,433)	\$(51,485)
Adjustments to reconcile net loss to net cash		
provided by (used in) operating activities	21 007	20 071
Amortization of purchased intangible assets Depreciation and amortization of property, plant,	21,007	28 <b>,</b> 971
and equipment	6,613	6,367
Amortization of capitalized software development		
Costs	1,567 175,512	
Impairment of goodwill and intangible assets Write-off of capitalized software development	1/3,312	_
costs	611	2,700
Loss on disposal of property, plant and equipment	601	248
Amortization of debt issuance costs	1,402	1,293 8,500
Stock-based compensation Gain on extinguishment of debt	(13,103)	
Other	237	
Net cash provided by (used in) operating	42 625	(2, 000)
activities before changes in working capital Changes in operating assets and liabilities:	43,625	(2,888)
Accounts receivable, net	4,407	22,304
Inventories	62,824	(26,293)
Deferred tax assets		10,105
Prepaid expenses and other current assets Other assets	6,739	(15,915)
Accounts payable	(20 - 070)	(14,748) 1,699
Income taxes payable	2,709	15,557
Tax benefit from stock-based compensation	(6)	(939)
Accrued compensation	743	
Accrued warranty Deferred revenues, net	108	(2,344) 5,783
Deferred tax liabilities	(8,963) (22,552)	5,665
Accrued expenses and other liabilities		15,467 
Net cash provided by operating activities	69 <b>,</b> 558	13,671
Cash flows from investing activities		
Purchases of property, plant and equipment	(6,449)	(9,529)
Software development costs capitalized	(1,024)	(2,038) (2,985)
Acquisition of business, net of cash acquired Other	(1 <b>,</b> 326) 95	
Other		
Net cash used in investing activities	(8,704)	(14,552)
Cash flows from financing activities	0 550	
Proceeds from advances against banker's acceptances Proceeds from debt	8 <b>,</b> 558	286
Repayments of debt and advances against banker's		200
acceptances	(24,696)	(2,500)
Payment of debt amendment fees	- 47	(1,420)
Proceeds from exercise of stock options Tax benefit of stock-based compensation	47 6	1,704 939
Other	(40)	
Web and to Character activities	(1.6, 1.05)	
Net cash used in financing activities	(16,125)	(1,061) 
Effect of foreign currency exchange rate changes on		
cash and cash equivalents		1,980
Net increase in cash and cash equivalents	44,146	38
Indicade in cabi and cabi equivatence	11,110	30

		Ended Ap	Months	Six Month April	L 30,
			2008		
GAAP Net revenues - System Solutions Amortization of step- down in deferred revenue on acquisition	А		\$203 <b>,</b> 711	\$359 <b>,</b> 421	\$359 <b>,</b> 312
Non-GAAP Net revenues - System Solutions		\$173,580	\$203,711	\$359,421	\$359,312
GAAP Net revenues - Services Amortization of step- down in deferred revenue on acquisition		·	\$29,290		·
Non-GAAP Net revenues -	А				
Services		\$28,104	\$29,663	\$56,426	\$59 <b>,</b> 801
GAAP Net revenues Amortization of step- down in deferred		\$201,614	\$233,001	\$415,637	\$418,522
revenue on acquisition	A	70	373	210	591 
Non-GAAP Net revenues			\$233,374		
GAAP Cost of net revenues - System Solutions Stock-based compensation Restructuring costs Reversal of warranty liability established at acquisition Amortization of purchased core-and- developed technology	D B	(193) 18 2,155		(659) (100) 2,155	(479) (163) -
Non-GAAP Cost of net revenues -System Solutions			\$133 <b>,</b> 863		
GAAP Cost of net revenues - Services Stock-based compensation Restructuring costs	D B	(27)	-	(64) (118)	(69)
Non-GAAP Cost of net revenues - Service		\$14,783		\$31 <b>,</b> 279	
GAAP Gross profit - System Solutions Amortization of step- down in deferred		\$51,739	\$61,805	\$109,469	\$107 <b>,</b> 802
revenue on acquisition Stock-based compensation Restructuring costs Reversal of warranty	A D B	193 (18)		659 100	479 163
liability established at acquisition Amortization of purchased core-and-	A	(2,155)	-	(2,155)	-
developed technology	Α	5 <b>,</b> 141	8,124	10,309	16,299 
Non-GAAP Gross profit - System Solutions		\$54 <b>,</b> 900	\$69,848 	\$118,382	\$124,743

GAAP System Solutions gross margins Amortization of step- down in deferred net revenues on		29.8%	30.3%	30.5%	30.0%
acquisition as a % of System Solutions net revenues Stock-based compensation as a % of	Α	0.0%	0.0%	0.0%	0.0%
System Solutions net revenues Restructuring costs as a %	D	0.1%	0.0%	0.2%	0.1%
of System Solutions net revenues Reversal of warranty	В	0.0%	0.0%	0.0%	0.0%
liability established at acquisition as a % of System Solutions net revenues Amortization of purchased core-and-	А	-1.2%	0.0%	-0.6%	0.0%
developed technology as a % of System Solutions net revenues Non-GAAP System Solutions	А	3.0%	4.0%	2.9%	4.5%
gross margins		31.6%	34.3%	32.9%	34.7%
GAAP Gross profit - Services Amortization of step- down in deferred		\$13,183	\$11 <b>,</b> 547	\$24,755	\$22,914
revenue on acquisition Stock-based compensation Restructuring costs	A D B		373 - -	210 64 118	
Non-GAAP Gross profit - Services		\$13,321	\$11,920 	\$25,147	\$23,574

		Three Months Six Months Ende Ended April 30, April 30,			
				2009	2008
GAAP Services gross margins		47 0%	30 18	44.0%	30 7%
Amortization of step- down in deferred net revenues on acquisition as a % of Service net		47.00	39.40	44.00	30.7%
revenues Stock-based compensation as a % of Services net	A	0.2%	1.3%	0.4%	1.0%
revenues  Restructuring costs as a % of Services net	D	0.1%	0.0%	0.1%	0.1%
revenues Non-GAAP Service gross	В	0.1%	0.0%	0.2%	0.0%
margins		47.4%	40.2%	44.6%	39.4%
GAAP Gross profit Amortization of step-down in deferred revenue on		\$64,922	\$73 <b>,</b> 352	\$134,224	\$130,716
acquisition	A	70	373	210	591
Stock-based compensation	D		(78)	723	548
Restructuring costs Reversal of warranty liability established at	В	23	(3)	218	163
acquisition Amortization of purchased core-and-developed	A	(2,155)	-	(2,155)	-
technology	A	5,141	8,124	10,309	16,299
Non-GAAP Gross profit		\$68,221	\$81,768	\$143,529	\$148,317

GAAP Gross margins Amortization of step- down in deferred			32.2%	31.5%	32.3%	31.2%
revenue on acquisition as a % of net revenues Stock-based compensation		A	0.0%	0.2%	0.1%	0.1%
as a % of net revenues Restructuring costs as		D	0.1%	0.0%	0.2%	0.1%
a % of net revenues Reversal of warranty liability established at acquisition as a % of net		В	0.0%	0.0%	0.1%	0.0%
revenues  Amortization of purchased  core-and-developed  technology as a % of net		A	-1.1%	0.0%	-0.5%	0.0%
revenues Non-GAAP Gross margins		A	2.5% 33.8%			
GAAP Research and development Stock-based compensation Restructuring costs Capitalized software write-		D B			\$32,896 (2,494) (829)	(2,224) (1,079)
off		В				(2,700) 
Non-GAAP Research and development			\$13 <b>,</b> 657	\$16,103	\$29 <b>,</b> 573	\$33,618
GAAP Sales and marketing Stock-based compensation Restructuring costs		D B	(1,790)	•	\$36,622 (3,648) (1,127)	(3,320)
Non-GAAP Sales and marketing			\$15 <b>,</b> 172	\$19,308 ======	\$31,847 ======	\$41,749 =====
GAAP General and administrative, impairment of goodwill, and amortization of purchased intangible						
assets Stock-based compensation Other charges - restatement charges, SOX remediation and		D			\$235,175 (5,745)	
legal settlement Restructuring costs Impairment of goodwill Amortization of purchased	A	B C B	(750)	(60)	(7,401) (1,710) (175,512)	(847)
intangible assets		A	(4,827)	(6 <b>,</b> 782)	(10,698)	(12,672)
Non-GAAP General and administrative			\$16,012	\$18,261	\$34,109	\$35 <b>,</b> 932

				Three Months Ended April 30,		Six Month April	
				2009	2008	2009	2008
GAAP Operating expenses Stock-based compensation Other charges - restatement charges, SOX remediation and		D			\$77,957 (3,108)	\$304,693 (11,887)	\$157,018 (7,951)
legal settlement Restructuring costs Capitalized software write-	A	B B	С	. ,	(12,071) (2,324)		(18,134) (4,262)
off Impairment of goodwill Amortization of purchased		B B		2,745	- -	(175 <b>,</b> 512)	(2,700) -
intangible assets		Α		(4,827)	(6,782)	(10,698)	(12,672)

State						
Amortization of step-down in deferred revenue on acquisition  Amortization of step-down in deferred revenue on acquisition  A 70 373 210 591  Stock-based compensation D 4,055 3,030 12,610 8,499  Other charges - restatement charges, SOX remediation and Step-down in deferred revenues of Impairment of goodwill 8 (2,745) - 175,512 - 2,700  Amortization of purchased core-and-developed intangible assets a % of net revenues Impairment of goodwill as 8 4,827 6,782 10,698 12,672	Non-GAAP Operating expenses			\$53 <b>,</b> 672	\$95 <b>,</b> 529	\$111 <b>,</b> 299
in deferred revenue on acquisition			\$12,364			\$ (26,302)
restatement charges, SOX remediation and legal settlement	in deferred revenue on acquisition Stock-based compensation		70 4 <b>,</b> 055	373 3,030	210 12,610	
Restructuring costs of Capitalized software write- off capitalized software write- off limpairment of goodwill Reversal of warranty liability established at acquisition Amortization of purchased core-and-developed technology Amortization of purchased intangible assets an a % of net revenues as a % of net revenues Capitalized software write- off sa % of net revenues Capitalized software write- off as a % of het revenues Capitalized software write- off as a % of net revenues Capitalized software write-	restatement charges, SOX remediation and	A R (	c 559	12.071	7.401	18.134
Impairment of goodwill Reversal of warranty liability established at acquisition	Restructuring costs Capitalized software write-	В	1,264	2,321	3,884	4,425
Amortization of purchased core-and-developed technology Amortization of purchased intangible assets A 4,827 6,782 10,698 12,672 Non-GAAP Operating margin Amortization of stepdown in deferred revenue on acquisition as a % of net revenues Stock-based compensation as a % of net revenues Capitalized software write-off as a % of net revenues Restructuring costs as a % of net revenues Impairment of goodwill as a % of net revenues Capitalized software write-off as a % of net revenues Reversal of warranty liability established at acquisition as a % of net revenues Reversal of warranty liability established at acquisition as a % of net revenues Reversal of warranty liability established at acquisition as a % of net revenues Reversal of warranty liability established at acquisition as a % of net revenues Amortization of purchased core-and-developed technology as a % of net revenues Amortization of purchased core-and-developed technology as a % of net revenues Amortization of purchased core-and-developed technology as a % of net revenues Amortization of purchased core-and-developed technology as a % of net revenues Amortization of purchased intengence Scapitality established at acquisition related interest charges B (1,312) 1,827 (5,922) 5,867 (3,3702) 1,827 (5,922) 5,867	Impairment of goodwill Reversal of warranty		(2,745)	=	175 <b>,</b> 512	-
### Amortization of purchased intangible assets	acquisition Amortization of purchased	А	(2,155)	-	(2,155)	-
Non-GAAP Operating income   S23,380 S28,096 S48,000 S37,018	technology	А	5,141	8,124	10,309	16,299
GAAP Operating margin     Amortization of step-     down in deferred     revenue on acquisition     as a % of net revenues     A	intangible assets	А				
Amortization of step- down in deferred revenue on acquisition as a % of net revenues	Non-GAAP Operating income		\$23,380 	\$28,096 	\$48,000 	\$37,018 
Stock-based compensation   as a % of net revenues   D   2.0%   1.3%   3.0%   2.0%	Amortization of step- down in deferred		6.1%	-2.0%	-41.0%	-6.3%
as a % of net revenues D 2.0% 1.3% 3.0% 2.0% Other charges - restatement charges, SOX remediation and legal settlement as a % of net revenues A B C 0.3% 5.2% 1.8% 4.3% Restructuring costs as a % of net revenues B 0.6% 1.0% 0.9% 1.1% Capitalized software write- off as a % of net revenues B 0.0% 0.0% 0.0% 0.0% 0.6% Impairment of goodwill as a % of net revenues B 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.	as a % of net revenues	А	0.0%	0.2%	0.1%	0.1%
restatement charges, SOX remediation and legal settlement as a % of net revenues	as a % of net revenues	D	2.0%	1.3%	3.0%	2.0%
Restructuring costs as a % of net revenues B 0.6% 1.0% 0.9% 1.1% 0.9% 1.1% 0.9% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0	restatement charges, SOX remediation and legal					
Of net revenues Capitalized software write- off as a % of net revenues Impairment of goodwill as a % of net revenues Reversal of warranty liability established at acquisition as a % of net revenues Amortization of purchased core-and-developed technology as a % of net revenues Amortization of purchased intangible assets as a % of net revenues Non-GAAP Operating margin  A 2.4% 2.9% 2.6% 3.0% Non-GAAP Interest expense A 2.4% 2.9% 2.6% 3.0% Acquisition related interest charges A 583 2,340 1,309 3,005  Non-GAAP Interest income Safey \$1,395 \$1,016 \$3,483  Non-GAAP Interest income Safey \$1,395 \$1,016 \$3,483  Non-GAAP Interest income Safey \$1,395 \$1,016 \$3,483  Other charges GAAP Other income (expense) Other charges Gain on debt extinguishment B (13,103) - (13,103) - Non-GAAP Other income (expense)  \$(634) \$(87) \$(1,030) \$(567)		A B (	0.3%	5.2%	1.8%	4.3%
off as a % of net revenues B	of net revenues		0.6%	1.0%	0.9%	1.1%
a % of net revenues       B       -1.4%       0.0%       42.2%       0.0%         Reversal of warranty liability established at acquisition as a % of net revenues       A       -1.1%       0.0%       -0.5%       0.0%         Amortization of purchased core-and-developed technology as a % of net revenues       A       2.5%       3.5%       2.5%       3.9%         Amortization of purchased intangible assets as a % of net revenues       A       2.4%       2.9%       2.6%       3.0%         Non-GAAP Operating margin       11.6%       12.0%       11.5%       8.8%         GAAP Interest expense Acquisition related interest charges       \$ (4,285)       \$ (8,990)       \$ (9,646)       \$ (15,430)         Non-GAAP Interest income       \$ (3,702)       \$ (6,650)       \$ (8,337)       \$ (12,425)         GAAP Other income (expense) Other charges Gain on debt extinguishment       \$ (1,312)       1,827       (5,922)       5,867         Sain on debt extinguishment       B       (13,103)       -       (13,103)       -       (13,103)       -         Non-GAAP Other income (expense)       \$ (634)       \$ (87)       \$ (1,030)       \$ (567)	off as a % of net revenues		0.0%	0.0%	0.0%	0.6%
revenues Amortization of purchased core-and-developed technology as a % of net revenues Amortization of purchased core-and-developed technology as a % of net revenues Amortization of purchased intangible assets as a % of net revenues Non-GAAP Operating margin  GAAP Interest expense A 2.4% 2.9% 2.6% 3.0% 11.5% 8.8% 11.6% 12.0% 11.5% 8.8% 12.0% 11.5% 8.8% 12.0% 11.5% 8.8% 12.0% 11.5% 8.8% 12.0% 11.5% 8.8% 12.0% 11.5% 8.8% 12.0% 11.5% 8.8% 12.0% 12.0% 11.5% 8.8% 12.0	a % of net revenues Reversal of warranty liability established at	В	-1.4%	0.0%	42.2%	0.0%
revenues Amortization of purchased intangible assets as a % of net revenues Non-GAAP Operating margin A 2.4% 2.9% 2.6% 3.0% Non-GAAP Interest expense Acquisition related interest charges A 583 2,340 1,309 3,005 Non-GAAP Interest expense S(3,702) \$(6,650) \$(8,337) \$(12,425)  GAAP Interest income \$369 \$1,395 \$1,016 \$3,483  Non-GAAP Interest income \$369 \$1,395 \$1,016 \$3,483  Non-GAAP Interest income \$369 \$1,395 \$1,016 \$3,483  CGAAP Other income (expense) Other charges Gain on debt extinguishment B (13,103) - (13,103) - Non-GAAP Other income (expense) \$ \$(634) \$(87) \$(1,030) \$(567)	revenues Amortization of purchased	A	-1.1%	0.0%	-0.5%	0.0%
assets as a % of net revenues  Non-GAAP Operating margin  GAAP Interest expense A 2.4% 2.9% 2.6% 3.0% 11.5% 8.8% 8.8% 11.6% 12.0% 11.5% 8.8% 12.0% 11.5% 8.8% 12.0% 11.5% 8.8% 12.0% 11.5% 8.8% 12.0% 11.5% 8.8% 12.0% 11.5% 8.8% 12.0% 11.5% 8.8% 12.0% 11.5% 8.8% 12.0% 12.0% 11.5% 8.8% 12.0%	revenues Amortization of	A	2.5%	3.5%	2.5%	3.9%
Non-GAAP Operating margin       11.6%       12.0%       11.5%       8.8%         GAAP Interest expense Acquisition related interest charges       \$ (4,285)       \$ (8,990)       \$ (9,646)       \$ (15,430)         Non-GAAP Interest expense       \$ (3,702)       \$ (6,650)       \$ (8,337)       \$ (12,425)         GAAP Interest income       \$ 369       \$ 1,395       \$ 1,016       \$ 3,483         Non-GAAP Interest income       \$ 369       \$ 1,395       \$ 1,016       \$ 3,483         GAAP Other income (expense) Other charges Gain on debt extinguishment       \$ (1,312)       1,827       (5,922)       5,867         Non-GAAP Other income (expense)       \$ (13,103)       - (13,103)       -         Non-GAAP Other income (expense)       \$ (634)       \$ (87)       \$ (1,030)       \$ (567)	assets as a % of net	7\	2 19	2 08	2 6%	3 08
Acquisition related interest charges		A	11.6%	12.0%	11.5%	8.8%
Non-GAAP Interest expense \$ (3,702) \$ (6,650) \$ (8,337) \$ (12,425) \$ (6,650) \$ (8,337) \$ (12,425) \$ (6,650) \$ (8,337) \$ (12,425) \$ (6,650) \$ (8,337) \$ (12,425) \$ (6,434) \$ (7,914) \$ (7,9	-		\$(4,285)	\$(8,990)	\$ (9,646)	\$(15,430)
GAAP Interest income \$369 \$1,395 \$1,016 \$3,483  Non-GAAP Interest income \$369 \$1,395 \$1,016 \$3,483  GAAP Other income (expense) \$13,781 \$(1,914) \$17,995 \$(6,434)  Other charges B (1,312) 1,827 (5,922) 5,867  Gain on debt extinguishment B (13,103) - (13,103) -  Non-GAAP Other income (expense) \$(634) \$(87) \$(1,030) \$(567)	interest charges	A				
Non-GAAP Interest income \$369 \$1,395 \$1,016 \$3,483  GAAP Other income (expense) \$13,781 \$(1,914) \$17,995 \$(6,434) Other charges B (1,312) 1,827 (5,922) 5,867 Gain on debt extinguishment B (13,103) - (13,103) -  Non-GAAP Other income (expense) \$(634) \$(87) \$(1,030) \$(567)	Non-GAAP Interest expense					
Non-GAAP Interest income \$369 \$1,395 \$1,016 \$3,483  GAAP Other income (expense) \$13,781 \$(1,914) \$17,995 \$(6,434) Other charges B (1,312) 1,827 (5,922) 5,867 Gain on debt extinguishment B (13,103) - (13,103) -  Non-GAAP Other income (expense) \$(634) \$(87) \$(1,030) \$(567)	GAAP Interest income		\$369	\$1 <b>,</b> 395	\$1 <b>,</b> 016	\$3,483
Other charges B (1,312) 1,827 (5,922) 5,867 Gain on debt extinguishment B (13,103) - (13,103) - (10,000) C (10	Non-GAAP Interest income		\$369	\$1 <b>,</b> 395		
extinguishment B (13,103) - (13,103) -  Non-GAAP Other income (expense) \$ (634) \$ (87) \$ (1,030) \$ (567)	Other charges	В				
Non-GAAP Other income (expense) \$ (634) \$ (87) \$ (1,030) \$ (567)		В	, ,			
			\$(634)	\$(87)	\$(1,030)	\$(567)

		Three Months Ended April 30,		Six Months Ended April 30,	
			2008	2009	
GAAP Provision for income taxes Income tax effect of non-GAAP exclusions and changes in	D	·		\$2,329	·
valuation allowance Non-GAAP Provision for	В	1,/63	∠,498 	8,773 	901
income taxes Non-GAAP Income tax		5,436	6,371	11,102	7,703
rate		28%	28%	28%	28%
Non-GAAP Income before income taxes		\$19,413		\$39,649	
GAAP Net income (loss) Amortization of step- down in deferred revenue on		\$18,556	\$(17,987)	\$(163,433)	\$(51,485)
acquisition Stock-based	А	70	373	210	591
compensation Other charges - restatement charges,	D	4,055	3,030	12,610	8,499
Restructuring costs	A B C		14,411 2,321		21,139 4,425
Capitalized software write-off Amortization of	В	-	-	-	2,700
purchased core-and- developed technology Amortization of purchased intangible	A	5,141	8,124	10,309	16 <b>,</b> 299
assets Impairment of goodwill Reversal of warranty liability	A B	4,827 (2,745)	6,782 -	10,698 175,512	12 <b>,</b> 672 -
established at acquisition Gain on debt	А	(2,155)	-	(2,155)	-
extinguishment Other charges Income tax effect of non-GAAP exclusions	B B	(13,103) (1,312)	1,827	(13,103) (5,922)	5 <b>,</b> 867
and changes in valuation allowance	В	(1,763)	(2,498)	(8,773)	(901)
Total Non-GAAP Net income		\$13,977 ======	\$16,383 =====	\$28,547 ======	\$19,806 =====
Non-GAAP Net income per share: Basic	E	\$0.17	\$0.19	\$0.34	\$0.24
Diluted	E	\$0.17 =====	\$0.19 =====	\$0.34 =====	\$0.23 ====
Weighted average shares used in computing Non-GAAP net income per share:					
Basic Diluted	E	84,461 84,508	84,194 84,645		
GAAP Net income (loss) as a % of net revenues		9.2%	-7.7%	-39.3%	-12.3%

Amortization of step-down in deferred revenue					
on acquisition as a % of net revenues Stock-based	A	0.0%	0.2%	0.1%	0.1%
compensation as a % of net revenues	D	2.0%	1.3%	3.0%	2.0%
Other charges - restatement charges, SOX remediation and legal settlement as					
a % of net revenues	А В С	0.6%	6.2%	2.1%	5.1%
Restructuring costs as	В	0 68	1.0%	0.9%	1.1%
a % of net revenues Capitalized software write-off as a % of	В	0.6%	1.0%	0.98	1.16
<pre>net revenues Amortization of purchased core-and- developed technology as a % of net</pre>	В	0.0%	0.0%	0.0%	0.6%
revenues Amortization of purchased intangible assets as a % of net	А	2.5%	3.5%	2.5%	3.9%
revenues Impairment of qoodwill as a % of	A	2.4%	2.9%	2.6%	3.0%
net revenues Reversal of warranty liability established at	В	-1.4%	0.0%	42.2%	0.0%
<pre>acquisition as a %   of net revenues Gain on debt   extinguishment as a %</pre>	A	-1.1%	0.0%	-0.5%	0.0%
of net revenues	В	-6.5%	0.0%	-3.2%	0.0%
Other charges as a % of net revenues Income tax effect of non-GAAP exclusions	В	-0.7%	0.8%	-1.4%	1.4%
<pre>and changes in valuation allowance as a % of net revenues</pre>	В	-0.9%	-1.1%	-2.1%	-0.2%
Total Non-GAAP net income as a % of non-		6.00	7.00	6.00	4 70
GAAP net revenues		6.9%	7.0%	6.9%	4.7%