

CyberSource Corporation
GAAP Condensed Consolidated Statements of Income
(In thousands, except per share data)
(Unaudited)

	Three Months Ended	
	March 31,	
	2010	2009
	<u>2010</u>	<u>2009</u>
Revenues	\$ 76,589	\$ 60,491
Cost of revenues	<u>36,733</u>	<u>27,981</u>
Gross profit	39,856	32,510
Operating expenses:		
Product development	7,739	6,454
Sales and marketing	18,354	17,554
General and administrative	<u>7,642</u>	<u>6,980</u>
Total operating expenses	<u>33,735</u>	<u>30,988</u>
Income from operations	6,121	1,522
Other income (loss), net	73	(18)
Interest income	<u>20</u>	<u>133</u>
Income before income taxes	6,214	1,637
Income tax provision	<u>2,384</u>	<u>627</u>
Net income	<u>\$ 3,830</u>	<u>\$ 1,010</u>
Basic net income per share	<u>\$ 0.05</u>	<u>\$ 0.01</u>
Diluted net income per share	<u>\$ 0.05</u>	<u>\$ 0.01</u>
Weighted average number of shares used in computing basic net income per share	<u>70,591</u>	<u>68,983</u>
Weighted average number of shares used in computing diluted net income per share	<u>73,398</u>	<u>70,905</u>
Non-GAAP Financial Metrics:		
Gross profit	\$ 43,275	\$ 35,505
Operating expenses	\$ 26,059	\$ 22,451
Net income	\$ 16,766	\$ 12,580
Basic net income per share	\$ 0.24	\$ 0.18
Diluted net income per share	\$ 0.23	\$ 0.18

CyberSource Corporation
Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands, except per share data)
(Unaudited)

	Three Months Ended	
	March 31,	
	2010	2009
GAAP gross profit	\$ 39,856	\$ 32,510
Add FAS123R expense	419	401
Add depreciation expense	1,920	1,237
Add amortization of intangible assets	1,080	1,357
Non-GAAP gross profit	<u>\$ 43,275</u>	<u>\$ 35,505</u>
GAAP operating expenses	\$ 33,735	\$ 30,988
Less FAS123R expense	(2,343)	(1,859)
Less depreciation expense	(668)	(463)
Less amortization of intangible assets	(4,365)	(5,283)
Less restructuring charges	-	(932)
Less settlement charges*	(300)	
Non-GAAP operating expenses	<u>\$ 26,059</u>	<u>\$ 22,451</u>
GAAP net income	\$ 3,830	\$ 1,010
Add FAS123R expense	2,762	2,260
Add non-cash tax provision	1,841	38
Add depreciation expense	2,588	1,700
Add amortization of intangible assets	5,445	6,640
Add restructuring charges	-	932
Add settlement charges*	300	-
Non-GAAP net income	<u>\$ 16,766</u>	<u>\$ 12,580</u>
GAAP basic net income per share	\$ 0.05	\$ 0.01
Add FAS123R expense	0.04	0.03
Add non-cash tax provision	0.03	-
Add depreciation expense	0.04	0.03
Add amortization of intangible assets	0.08	0.10
Add restructuring charges	-	0.01
Non-GAAP basic net income per share	<u>\$ 0.24</u>	<u>\$ 0.18</u>
GAAP diluted net income per share	\$ 0.05	\$ 0.01
Add FAS123R expense	0.04	0.03
Add non-cash tax provision	0.03	-
Add depreciation expense	0.04	0.03
Add amortization of intangible assets	0.07	0.10
Add restructuring charges	-	0.01
Non-GAAP diluted net income per share	<u>\$ 0.23</u>	<u>\$ 0.18</u>

*In March 2010, CyberSource paid approximately \$300,000 as consideration for settling a lawsuit that was filed against CyberSource in April 2009.

CyberSource Corporation
Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

	<u>March 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 143,223	\$ 128,044
Accounts receivable, net	23,220	22,878
Prepaid expenses and other current assets	7,870	7,797
Deferred income taxes	3,770	3,770
Total current assets	178,083	162,489
Property and equipment, net	20,593	21,022
Intangible assets, net	97,968	103,413
Goodwill	289,278	289,278
Non-current deferred income taxes	14,422	16,224
Other non-current assets	2,425	2,520
Restricted cash	1,516	1,516
Total assets	\$ 604,285	\$ 596,462
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,295	\$ 1,003
Funds due to merchants	16,288	14,378
Other accrued liabilities	17,451	20,694
Deferred revenue	6,128	5,630
Accrued restructuring	1,095	1,155
Total current liabilities	42,257	42,860
Deferred revenue, less current portion	1,188	1,154
Accrued restructuring, less current portion	690	927
Other non-current tax liabilities	1,841	1,814
Total liabilities	45,976	46,755
Total stockholders' equity	558,309	549,707
Total liabilities and stockholders' equity	\$ 604,285	\$ 596,462

CyberSource Corporation
Consolidated Statements of Cash Flows
(In thousands, except per share data)
(Unaudited)

	Three Months Ended March 31,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 3,830	\$ 1,010
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization expense	5,445	6,640
Depreciation expense	2,588	1,700
Income on investment in joint venture	(100)	(110)
Stock-based compensation	2,762	2,260
Changes in operating assets and liabilities:		
Accounts receivable	(342)	(207)
Prepaid expenses and other current assets	(73)	(1,176)
Deferred income taxes	1,802	(37)
Other non-current assets	195	(52)
Accounts payable	292	284
Accrued liabilities	(3,540)	(3,055)
Funds due to merchants	1,910	(133)
Deferred revenues	532	528
Other non-current tax liabilities	27	29
Net cash provided by operating activities	15,328	7,681
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,159)	(2,451)
Net cash used in investing activities	(2,159)	(2,451)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	2,649	867
Tax benefit from employee stock options	14	47
Net cash provided by financing activities	2,663	914
Effect of exchange rate changes on cash	(653)	(248)
Increase in cash and cash equivalents	15,179	5,896
Cash and cash equivalents at beginning of period	128,044	73,292
Cash and cash equivalents at end of period	\$ 143,223	\$ 79,188