

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2009	2008	2009	2008
Revenues	\$ 65,662	\$ 57,693	\$ 189,042	\$ 166,772
Cost of revenues	30,843	28,119	88,055	81,505
Gross profit	34,819	29,574	100,987	85,267
Operating expenses:				
Product development	7,407	5,826	20,473	16,936
Sales and marketing	18,073	17,466	53,229	51,023
General and administrative	5,970	6,460	18,947	17,748
Total operating expenses	31,450	29,752	92,649	85,707
Income (loss) from operations	3,369	(178)	8,338	(440)
Other income, net	301	145	269	384
Interest income	29	346	236	1,104
Income before income taxes	3,699	313	8,843	1,048
Income tax provision	1,005	106	2,958	353
Net income	\$ 2,694	\$ 207	\$ 5,885	\$ 695
Basic net income per share	\$ 0.04	\$ -	\$ 0.08	\$ 0.01
Diluted net income per share	\$ 0.04	\$ -	\$ 0.08	\$ 0.01
Weighted average number of shares used in computing basic net income per share	69,714	69,444	69,308	69,157
Weighted average number of shares used in computing diluted net income per share	72,353	72,250	71,543	72,033
Non-GAAP Financial Metrics:				
Gross profit	\$ 38,521	\$ 32,669	\$ 110,955	\$ 94,087
Operating expenses	\$ 23,387	\$ 21,276	\$ 68,102	\$ 60,785
Net income	\$ 14,790	\$ 11,714	\$ 41,188	\$ 34,518
Basic net income per share	\$ 0.21	\$ 0.17	\$ 0.59	\$ 0.50
Diluted net income per share	\$ 0.20	\$ 0.16	\$ 0.58	\$ 0.48

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
GAAP gross profit	\$ 34,819	\$ 29,574	\$ 100,987	\$ 85,267
Add FAS123R expense	493	428	1,357	1,175
Add depreciation expense	1,852	1,217	4,540	3,295
Add amortization of intangible assets	1,357	1,450	4,071	4,350
Non-GAAP gross profit	<u>\$ 38,521</u>	<u>\$ 32,669</u>	<u>\$ 110,955</u>	<u>\$ 94,087</u>
GAAP operating expenses	\$ 31,450	\$ 29,752	\$ 92,649	\$ 85,707
Less FAS123R expense	(2,193)	(1,958)	(6,223)	(5,995)
Less depreciation expense	(587)	(470)	(1,542)	(1,302)
Less amortization of intangible assets	(5,283)	(5,719)	(15,850)	(17,155)
Less restructuring charges	-	(329)	(932)	(470)
Non-GAAP operating expenses	<u>\$ 23,387</u>	<u>\$ 21,276</u>	<u>\$ 68,102</u>	<u>\$ 60,785</u>
GAAP net income	\$ 2,694	\$ 207	\$ 5,885	\$ 695
Add FAS123R expense	2,686	2,386	7,580	7,170
Add non-cash tax provision (benefit)	331	(64)	1,034	81
Add depreciation expense	2,439	1,687	6,082	4,597
Add amortization of intangible assets	6,640	7,169	19,921	21,505
Add restructuring charges	-	329	932	470
Less settlement proceeds*	-	-	(246)	-
Non-GAAP net income	<u>\$ 14,790</u>	<u>\$ 11,714</u>	<u>\$ 41,188</u>	<u>\$ 34,518</u>
GAAP basic net income per share	\$ 0.04	\$ -	\$ 0.08	\$ 0.01
Add FAS123R expense	0.04	0.03	0.11	0.10
Add non-cash tax provision	-	-	0.01	-
Add depreciation expense	0.03	0.03	0.09	0.07
Add amortization of intangible assets	0.10	0.10	0.29	0.31
Add restructuring charges	-	0.01	0.01	0.01
Non-GAAP basic net income per share	<u>\$ 0.21</u>	<u>\$ 0.17</u>	<u>\$ 0.59</u>	<u>\$ 0.50</u>
GAAP diluted net income per share	\$ 0.04	\$ -	\$ 0.08	\$ 0.01
Add FAS123R expense	0.04	0.03	0.11	0.10
Add non-cash tax provision	-	-	0.01	-
Add depreciation expense	0.03	0.03	0.09	0.06
Add amortization of intangible assets	0.09	0.10	0.28	0.30
Add restructuring charges	-	-	0.01	0.01
Non-GAAP diluted net income per share	<u>\$ 0.20</u>	<u>\$ 0.16</u>	<u>\$ 0.58</u>	<u>\$ 0.48</u>

*In May 2009, CyberSource received approximately \$246,000 as consideration for dismissing a lawsuit that CyberSource filed against VeriSign, Inc. in June 2008.

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

	September 30,	December 31,
	2009	2008
	<hr/>	<hr/>
Assets		
Current assets:		
Cash and cash equivalents	\$ 106,557	\$ 73,292
Accounts receivable, net	19,176	18,251
Prepaid expenses and other current assets	7,293	5,310
Deferred income taxes	2,635	2,635
Total current assets	<hr/> 135,661	<hr/> 99,488
Property and equipment, net	22,742	16,188
Intangible assets, net	109,722	129,643
Goodwill	289,278	289,278
Non-current deferred income taxes	19,710	20,512
Other non-current assets	2,694	2,539
Restricted cash	1,516	1,548
Total assets	<hr/> \$ 581,323 <hr/>	<hr/> \$ 559,196 <hr/>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,189	\$ 588
Funds due to merchants	12,876	12,162
Other accrued liabilities	16,747	18,272
Deferred revenue	5,650	4,519
Accrued restructuring	1,074	847
Total current liabilities	<hr/> 37,536	<hr/> 36,388
Deferred revenue, less current portion	1,140	996
Other non-current liabilities	-	1,099
Accrued restructuring, less current portion	706	832
Other non-current tax liabilities	2,015	1,928
Total liabilities	<hr/> 41,397	<hr/> 41,243
Total stockholders' equity	539,926	517,953
Total liabilities and stockholders' equity	<hr/> \$ 581,323 <hr/>	<hr/> \$ 559,196 <hr/>

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2009	2008	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$ 2,694	\$ 207	\$ 5,885	\$ 695
Adjustments to reconcile net income to net cash provided by operating activities:				
Amortization expense	6,640	7,169	19,921	21,505
Depreciation expense	2,439	1,687	6,082	4,597
Income on investment in joint venture	(73)	(62)	(292)	(161)
Stock-based compensation	2,686	2,386	7,580	7,170
Changes in operating assets and liabilities:				
Accounts receivable	(1,517)	(594)	(925)	(646)
Prepaid expenses and other current assets	(149)	(350)	(1,983)	(532)
Deferred income taxes	317	-	802	-
Other non-current assets	197	1,212	169	1,145
Accounts payable	527	(130)	601	525
Accrued liabilities	1,100	3,859	(2,523)	3,806
Funds due to merchants	570	1,195	714	1,770
Deferred revenues	153	352	1,275	1,115
Other non-current tax liabilities	29	(1,181)	87	(1,095)
Net cash provided by operating activities	<u>15,613</u>	<u>15,750</u>	<u>37,393</u>	<u>39,894</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property and equipment	<u>(6,040)</u>	<u>(5,151)</u>	<u>(12,636)</u>	<u>(10,425)</u>
Net cash used in investing activities	(6,040)	(5,151)	(12,636)	(10,425)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from issuance of common stock	4,167	1,610	7,727	6,996
Tax benefit from employee stock options	16	-	177	-
Repurchase of common stock	-	(2,867)	-	(2,867)
Net cash provided by (used in) financing activities	<u>4,183</u>	<u>(1,257)</u>	<u>7,904</u>	<u>4,129</u>
Effect of exchange rate changes on cash	<u>(252)</u>	<u>(824)</u>	<u>604</u>	<u>(827)</u>
Increase in cash and cash equivalents	13,504	8,518	33,265	32,771
Cash and cash equivalents at beginning of period	<u>93,053</u>	<u>64,646</u>	<u>73,292</u>	<u>40,393</u>
Cash and cash equivalents at end of period	<u>\$ 106,557</u>	<u>\$ 73,164</u>	<u>\$ 106,557</u>	<u>\$ 73,164</u>