

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

	Three Months Ended December 31,		Year Ended December 31,	
	2008	2007	2008	2007
Revenues	\$ 62,254	\$ 45,435	\$ 229,026	\$ 116,999
Cost of revenues	30,263	22,723	111,768	62,113
Gross profit	31,991	22,712	117,258	54,886
Operating expenses:				
Product development	5,967	4,780	22,903	13,397
Sales and marketing	17,401	11,687	68,424	25,685
General and administrative	7,385	6,831	25,133	16,734
Total operating expense	30,753	23,298	116,460	55,816
Income (loss) from operations	1,238	(586)	798	(930)
Other income, net	750	157	1,134	314
Interest income	340	540	1,444	2,726
Income before income taxes	2,328	111	3,376	2,110
Income tax benefit	(7,706)	(1,075)	(7,353)	(319)
Net income	\$ 10,034	\$ 1,186	\$ 10,729	\$ 2,429
Basic net income per share	\$ 0.15	\$ 0.02	\$ 0.16	\$ 0.06
Diluted net income per share	\$ 0.14	\$ 0.02	\$ 0.15	\$ 0.06
Weighted average number of shares used in computing basic net income per share	69,058	57,425	69,132	40,736
Weighted average number of shares used in computing diluted net income per share	70,171	60,409	71,789	43,225
Non-GAAP Financial Metrics:				
Gross profit	\$ 35,088	\$ 24,826	\$ 129,175	\$ 58,655
Operating expenses	\$ 22,154	\$ 16,226	\$ 82,939	\$ 43,412
Net income	\$ 13,559	\$ 9,219	\$ 48,077	\$ 18,147
Basic net income per share	\$ 0.20	\$ 0.16	\$ 0.70	\$ 0.45
Diluted net income per share	\$ 0.19	\$ 0.15	\$ 0.67	\$ 0.42

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

	Three Months Ended December 31,		Year Ended December 31,	
	2008	2007	2008	2007
GAAP gross profit	\$ 31,991	\$ 22,712	\$ 117,258	\$ 54,886
Add FAS123R expense	387	272	1,562	872
Add depreciation expense	1,261	752	4,556	1,741
Add amortization of intangible assets	1,449	1,090	5,799	1,156
Non-GAAP gross profit	<u>\$ 35,088</u>	<u>\$ 24,826</u>	<u>\$ 129,175</u>	<u>\$ 58,655</u>
GAAP operating expenses	\$ 30,753	\$ 23,298	\$ 116,460	\$ 55,816
Less FAS123R expense	(1,943)	(2,000)	(7,938)	(6,089)
Less integration expenses	-	-	-	(879)
Less depreciation expense	(447)	(290)	(1,749)	(619)
Less amortization of intangible assets	(5,719)	(3,027)	(22,874)	(3,062)
Less restructuring charges	(490)	(1,755)	(960)	(1,755)
Non-GAAP operating expenses	<u>\$ 22,154</u>	<u>\$ 16,226</u>	<u>\$ 82,939</u>	<u>\$ 43,412</u>
GAAP net income	\$ 10,034	\$ 1,186	\$ 10,729	\$ 2,429
Add FAS123R expense	2,330	2,272	9,500	6,961
Add integration expenses	-	-	-	879
Add depreciation expense	1,708	1,042	6,305	2,360
Add amortization of intangible assets	7,168	4,117	28,673	4,218
Add restructuring charges	490	1,755	960	1,755
Less non-cash taxes and reversal of valuation allowance	(8,171)	(1,153)	(8,090)	(455)
Non-GAAP net income	<u>\$ 13,559</u>	<u>\$ 9,219</u>	<u>\$ 48,077</u>	<u>\$ 18,147</u>
GAAP basic net income per share	\$ 0.15	\$ 0.02	\$ 0.16	\$ 0.06
Add FAS123R expense	0.04	0.04	0.15	0.17
Add integration expenses	-	-	-	0.02
Add depreciation expense	0.02	0.02	0.09	0.06
Add amortization of intangible assets	0.10	0.07	0.41	0.10
Add restructuring charges	0.01	0.03	0.01	0.05
Less non-cash taxes and reversal of valuation allowance	(0.12)	(0.02)	(0.12)	(0.01)
Non-GAAP basic net income per share	<u>\$ 0.20</u>	<u>\$ 0.16</u>	<u>\$ 0.70</u>	<u>\$ 0.45</u>
GAAP diluted net income per share	\$ 0.14	\$ 0.02	\$ 0.15	\$ 0.06
Add FAS123R expense	0.04	0.04	0.13	0.16
Add integration expenses	-	-	-	0.02
Add depreciation expense	0.02	0.01	0.09	0.05
Add amortization of intangible assets	0.10	0.07	0.40	0.10
Add restructuring charge	0.01	0.03	0.01	0.04
Less non-cash taxes and reversal of valuation allowance	(0.12)	(0.02)	(0.11)	(0.01)
Non-GAAP diluted net income per share	<u>\$ 0.19</u>	<u>\$ 0.15</u>	<u>\$ 0.67</u>	<u>\$ 0.42</u>

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

	December 31,	
	2008	2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 73,292	\$ 40,393
Accounts receivable, net	18,251	15,503
Prepaid expenses and other current assets	5,310	4,189
Deferred income taxes	2,635	3,596
Total current assets	99,488	63,681
Property and equipment, net	16,188	10,664
Intangible assets, net	129,643	158,316
Goodwill	289,278	291,456
Non-current deferred income taxes	20,512	9,773
Other non-current assets	2,539	2,341
Restricted cash	1,548	1,516
Total assets	\$ 559,196	\$ 537,747
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 588	\$ 613
Funds due to merchants	12,162	11,399
Other accrued liabilities	18,272	14,297
Deferred revenue	4,519	3,772
Accrued restructuring	847	904
Total current liabilities	36,388	30,985
Deferred revenue, less current portion	996	493
Other non-current liabilities	1,099	-
Accrued restructuring, less current portion	832	860
Other non-current tax liabilities	1,928	2,195
Total liabilities	41,243	34,533
Total stockholders' equity	517,953	503,214
Total liabilities and stockholders' equity	\$ 559,196	\$ 537,747

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

	Three Months Ended December 31,		Year Ended December 31,	
	2008	2007	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$ 10,034	\$ 1,186	\$ 10,729	\$ 2,429
Adjustments to reconcile net income to net cash provided by operating activities:				
Amortization expense	7,168	4,117	28,673	4,218
Depreciation expense	1,708	1,042	6,305	2,360
Income on investment in joint venture	(102)	(38)	(263)	(180)
Stock-based compensation	2,330	2,272	9,500	6,961
Write-off of intangible assets	-	2,710	-	2,710
Restructuring related charges	490	191	960	191
Tax benefit from stock options	272	287	272	287
Loss on disposal of property and equipment	18	-	18	8
Changes in operating assets and liabilities:				
Accounts receivable	(2,102)	(303)	(2,748)	(1,747)
Prepaid expenses and other current assets	(589)	(4,375)	(1,121)	(5,411)
Deferred income taxes	(9,778)	(2,616)	(9,778)	(1,889)
Other non-current assets	1,066	(1,445)	2,211	(1,336)
Accounts payable	(550)	(3,155)	(25)	(411)
Accrued liabilities	693	2,334	4,029	4,247
Funds due to merchants	(1,007)	393	763	393
Deferred revenues	135	827	1,250	962
Other non-current tax liabilities	828	23	(267)	23
Net cash provided by operating activities	10,614	3,450	50,508	13,815
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property and equipment	(1,422)	(1,031)	(11,847)	(4,574)
Cash used in the acquisition from Authorize.Net	-	(25,734)	-	(25,734)
Purchases of short-term investments	-	(3,606)	-	(61,964)
Maturities of short-term investments	-	28,791	-	95,233
Net cash provided by (used in) investing activities	(1,422)	(1,580)	(11,847)	2,961
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from issuance of common stock	164	3,715	7,160	6,928
Repurchase of common stock	(7,835)	-	(10,702)	(5,032)
Net cash provided by (used in) financing activities	(7,671)	3,715	(3,542)	1,896
Effect of exchange rate changes on cash	(1,393)	(147)	(2,220)	20
Increase in cash and cash equivalents	128	5,438	32,899	18,692
Cash and cash equivalents at beginning of period	73,164	34,955	40,393	21,701
Cash and cash equivalents at end of period	\$ 73,292	\$ 40,393	\$ 73,292	\$ 40,393
Supplemental schedule of non-cash financing activities:				
Common stock issued in the acquisition of Authorize.Net Holdings, Incorporated	\$ -	\$ 412,966	\$ -	\$ 412,966