

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

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
Revenues	\$ 76,094	\$ 62,254	\$ 265,136	\$ 229,026
Cost of revenues	37,009	30,263	125,064	111,768
Gross profit	39,085	31,991	140,072	117,258
Operating expenses:				
Product development	8,031	5,967	28,504	22,903
Sales and marketing	18,477	17,401	71,706	68,424
General and administrative	4,937	7,385	23,884	25,133
Total operating expense	31,445	30,753	124,094	116,460
Income from operations	7,640	1,238	15,978	798
Other income (loss), net	(61)	750	208	1,134
Interest income	21	340	257	1,444
Income before income taxes	7,600	2,328	16,443	3,376
Income tax provision (benefit)	2,520	(7,706)	5,478	(7,353)
Net income	\$ 5,080	\$ 10,034	\$ 10,965	\$ 10,729
Basic net income per share	\$ 0.07	\$ 0.15	\$ 0.16	\$ 0.16
Diluted net income per share	\$ 0.07	\$ 0.14	\$ 0.15	\$ 0.15
Weighted average number of shares used in computing basic net income per share	70,195	69,058	69,530	69,132
Weighted average number of shares used in computing diluted net income per share	72,967	70,171	71,945	71,789
Non-GAAP Financial Metrics:				
Gross profit	\$ 42,869	\$ 35,088	\$ 153,824	\$ 129,175
Operating expenses	\$ 25,300	\$ 22,154	\$ 93,402	\$ 82,939
Net income	\$ 17,153	\$ 13,559	\$ 58,341	\$ 48,077
Basic net income per share	\$ 0.24	\$ 0.20	\$ 0.84	\$ 0.70
Diluted net income per share	\$ 0.24	\$ 0.19	\$ 0.81	\$ 0.67

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,	
	2009	2008	2009	2008
GAAP gross profit	\$ 39,085	\$ 31,991	\$ 140,072	\$ 117,258
Add FAS123R expense	482	387	1,839	1,562
Add depreciation expense	1,945	1,261	6,485	4,556
Add amortization of intangible assets	1,357	1,449	5,428	5,799
Non-GAAP gross profit	<u>\$ 42,869</u>	<u>\$ 35,088</u>	<u>\$ 153,824</u>	<u>\$ 129,175</u>
GAAP operating expenses	\$ 31,445	\$ 30,753	\$ 124,094	\$ 116,460
Add (less) FAS123R benefit (expense)	134	(1,943)	(6,089)	(7,938)
Less depreciation expense	(728)	(447)	(2,270)	(1,749)
Less amortization of intangible assets	(4,952)	(5,719)	(20,802)	(22,874)
Less restructuring charges	(599)	(490)	(1,531)	(960)
Non-GAAP operating expenses	<u>\$ 25,300</u>	<u>\$ 22,154</u>	<u>\$ 93,402</u>	<u>\$ 82,939</u>
GAAP net income	\$ 5,080	\$ 10,034	\$ 10,965	\$ 10,729
Add FAS123R expense	348	2,330	7,928	9,500
Add depreciation expense	2,673	1,708	8,755	6,305
Add amortization of intangible assets	6,309	7,168	26,230	28,673
Add restructuring charges	599	490	1,531	960
Add (less) non-cash taxes and reversal of valuation allowance	2,144	(8,171)	3,178	(8,090)
Less settlement proceeds	-	-	(246)	-
Non-GAAP net income	<u>\$ 17,153</u>	<u>\$ 13,559</u>	<u>\$ 58,341</u>	<u>\$ 48,077</u>
GAAP basic net income per share	\$ 0.07	\$ 0.15	\$ 0.16	\$ 0.16
Add FAS123R expense	-	0.04	0.11	0.15
Add depreciation expense	0.04	0.02	0.12	0.09
Add amortization of intangible assets	0.09	0.10	0.38	0.41
Add restructuring charges	0.01	0.01	0.02	0.01
Add (less) non-cash taxes and reversal of valuation allowance	0.03	(0.12)	0.05	(0.12)
Non-GAAP basic net income per share	<u>\$ 0.24</u>	<u>\$ 0.20</u>	<u>\$ 0.84</u>	<u>\$ 0.70</u>
GAAP diluted net income per share	\$ 0.07	\$ 0.14	\$ 0.15	\$ 0.15
Add FAS123R expense	-	0.04	0.11	0.13
Add depreciation expense	0.04	0.02	0.12	0.09
Add amortization of intangible assets	0.09	0.10	0.37	0.40
Add restructuring charge	0.01	0.01	0.02	0.01
Add (less) non-cash taxes and reversal of valuation allowance	0.03	(0.12)	0.04	(0.11)
Non-GAAP diluted net income per share	<u>\$ 0.24</u>	<u>\$ 0.19</u>	<u>\$ 0.81</u>	<u>\$ 0.67</u>

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

	December 31,	
	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 128,044	\$ 73,292
Accounts receivable, net	22,878	18,251
Prepaid expenses and other current assets	7,797	5,310
Deferred income taxes	2,635	2,635
Total current assets	161,354	99,488
Property and equipment, net	21,022	16,188
Intangible assets, net	103,413	129,643
Goodwill	289,278	289,278
Non-current deferred income taxes	17,359	20,512
Other non-current assets	2,520	2,539
Restricted cash	1,516	1,548
Total assets	\$ 596,462	\$ 559,196
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,003	\$ 588
Funds due to merchants	14,378	12,162
Other accrued liabilities	20,694	18,272
Deferred revenue	5,630	4,519
Accrued restructuring	1,155	847
Total current liabilities	42,860	36,388
Deferred revenue, less current portion	1,154	996
Other non-current liabilities	-	1,099
Accrued restructuring, less current portion	927	832
Other non-current tax liabilities	1,814	1,928
Total liabilities	46,755	41,243
Total stockholders' equity	549,707	517,953
Total liabilities and stockholders' equity	\$ 596,462	\$ 559,196

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

	<u>Three Months Ended</u> <u>December 31,</u>		<u>Year Ended</u> <u>December 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$ 5,080	\$ 10,034	\$ 10,965	\$ 10,729
Adjustments to reconcile net income to net cash provided by operating activities:				
Amortization expense	6,309	7,168	26,230	28,673
Depreciation expense	2,673	1,708	8,755	6,305
Income on investment in joint venture	(68)	(102)	(360)	(263)
Stock-based compensation	348	2,330	7,928	9,500
Restructuring related charges	599	490	1,531	960
Loss on disposal of property and equipment	-	18	-	18
Changes in operating assets and liabilities:				
Accounts receivable	(3,702)	(2,102)	(4,627)	(2,748)
Prepaid expenses and other current assets	(504)	(589)	(2,487)	(1,121)
Deferred income taxes	2,351	(9,778)	3,153	(9,778)
Other non-current assets	242	1,066	411	2,211
Accounts payable	(186)	(550)	415	(25)
Accrued liabilities	3,650	693	195	4,029
Funds due to merchants	1,502	(1,007)	2,216	763
Deferred revenues	(6)	135	1,269	1,250
Other non-current tax liabilities	(201)	828	(114)	(267)
Net cash provided by operating activities	<u>18,087</u>	<u>10,342</u>	<u>55,480</u>	<u>50,236</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property and equipment	(953)	(1,422)	(13,589)	(11,847)
Net cash used in investing activities	<u>(953)</u>	<u>(1,422)</u>	<u>(13,589)</u>	<u>(11,847)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from issuance of common stock	4,245	164	11,972	7,161
Tax benefit from employee stock options	(16)	272	161	272
Repurchase of common stock	-	(7,835)	-	(10,703)
Net cash provided by (used in) financing activities	<u>4,229</u>	<u>(7,399)</u>	<u>12,133</u>	<u>(3,270)</u>
Effect of exchange rate changes on cash	124	(1,393)	728	(2,220)
Increase in cash and cash equivalents	<u>21,487</u>	<u>128</u>	<u>54,752</u>	<u>32,899</u>
Cash and cash equivalents at beginning of period	106,557	73,164	73,292	40,393
Cash and cash equivalents at end of period	<u>\$ 128,044</u>	<u>\$ 73,292</u>	<u>\$ 128,044</u>	<u>\$ 73,292</u>