



**VERIGY LTD.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In millions, except share and per share amounts)  
(Unaudited)

	Three Months Ended	
	January 31	
	<u>2008</u>	<u>2007</u>
Orders:	\$ 179	\$ 133
Net revenue:		
Products	\$ 163	\$ 128
Services	37	37
Total net revenue	<u>200</u>	<u>165</u>
Cost of sales:		
Cost of products (*)	79	69
Cost of services (*)	28	25
Total cost of sales	<u>107</u>	<u>94</u>
Operating expenses:		
Research and development (*)	25	23
Selling, general and administrative (*)	39	34
Separation costs	-	2
Total operating expenses	<u>64</u>	<u>59</u>
Income from operations	29	12
Other income (expense), net	<u>6</u>	<u>3</u>
Income before taxes	35	15
Provision for income taxes	<u>3</u>	<u>2</u>
Net income	<u>\$ 32</u>	<u>\$ 13</u>
Net income per share- basic:	\$ 0.53	\$ 0.22
Net income per share- diluted:	\$ 0.52	\$ 0.22
Weighted average shares (presented in thousands) used in computing net income per share:		
Basic	59,875	58,768
Diluted	60,702	59,099
* Share-based compensation expense by function:		
Cost of products	\$ 0.5	\$ 0.4
Cost of services	\$ 0.2	\$ 0.2
Research and development	\$ 0.5	\$ 0.5
Selling, general and administrative	\$ 2.7	\$ 2.6



**VERIGY LTD.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In millions, except share data)  
(Unaudited)

	<u>January 31,</u> <u>2008</u>	<u>October 31,</u> <u>2007</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 192	\$ 146
Short-term marketable securities	137	229
Trade accounts receivable, net	102	107
Inventory	68	68
Other current assets	51	54
Total current assets	550	604
Property, plant and equipment, net	43	42
Long-term marketable securities	94	48
Goodwill and other intangibles, net	19	18
Other long-term assets	81	59
Total assets	\$ 787	\$ 771
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 70	\$ 76
Payables to Agilent	-	1
Employee compensation and benefits	47	53
Deferred revenue, current	54	65
Income and other taxes payable	5	12
Other current liabilities	19	19
Total current liabilities	195	226
Long-term liabilities:		
Income taxes payable	10	-
Other long-term liabilities	49	47
Total liabilities	254	273
Shareholders' equity		
Ordinary shares, no par value, 59,956,641 and 59,704,629 issued and outstanding at January 31, 2008 and October 31, 2007, respectively		
Additional paid in capital	389	381
Retained earnings	161	131
Accumulated other comprehensive loss	(17)	(14)
Total shareholders' equity	533	498
Total liabilities and shareholders' equity	\$ 787	\$ 771