



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

	Three Months Ended April 30,		Six Months Ended April 30,	
	2009	2008	2009	2008
Net revenue:				
Products	\$ 42	\$ 122	\$ 75	\$ 285
Services	29	40	64	77
Total net revenue	<u>71</u>	<u>162</u>	<u>139</u>	<u>362</u>
Cost of sales:				
Cost of products (*)	30	56	66	135
Cost of services (*)	19	29	42	57
Total cost of sales	<u>49</u>	<u>85</u>	<u>108</u>	<u>192</u>
Operating expenses:				
Research and development (*)	20	26	45	51
Selling, general and administrative (*)	28	37	59	76
Restructuring charges	2	-	6	-
Total operating expenses	<u>50</u>	<u>63</u>	<u>110</u>	<u>127</u>
(Loss) income from operations	(28)	14	(79)	43
Interest income and other expense	1	5	3	11
Impairment of investments	-	(2)	(14)	(2)
(Loss) income before income taxes	(27)	17	(90)	52
Provision for income taxes	3	3	4	6
Net (loss) income	<u>\$ (30)</u>	<u>\$ 14</u>	<u>\$ (94)</u>	<u>\$ 46</u>
Net (loss) income per share- basic:	\$ (0.52)	\$ 0.24	\$ (1.62)	\$ 0.76
Net (loss) income per share- diluted:	\$ (0.52)	\$ 0.23	\$ (1.62)	\$ 0.75
Weighted average shares (presented in thousands) used in computing net (loss) income per share:				
Basic	58,186	60,009	58,167	59,941
Diluted	58,186	60,663	58,167	60,714
* Share-based compensation expense by function:				
Cost of products	\$ 0.5	\$ 0.5	\$ 1.0	\$ 1.0
Cost of services	\$ 0.3	\$ 0.3	\$ 0.6	\$ 0.5
Research and development	\$ 0.5	\$ 0.5	\$ 1.0	\$ 1.0
Selling, general and administrative	\$ 3.1	\$ 2.9	\$ 6.6	\$ 5.6



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

	April 30, 2009	October 31, 2008
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 172	\$ 144
Short-term marketable securities	90	196
Trade accounts receivable, net	44	74
Inventory	61	78
Other current assets	40	46
Total current assets	407	538
Property, plant and equipment, net	37	42
Long-term marketable securities	56	71
Goodwill	18	18
Other long-term assets	54	65
Total assets	\$ 572	\$ 734
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 34	\$ 65
Employee compensation and benefits	29	41
Deferred revenue, current	28	53
Income and other taxes payable	4	3
Other current liabilities	18	34
Total current liabilities	113	196
Long-term liabilities:		
Income taxes payable	14	13
Other long-term liabilities	35	36
Total liabilities	162	245
Shareholders' equity		
Ordinary shares, no par value, 58,191,127 and 57,822,242 issued and outstanding at April 30, 2009 and October 31, 2008, respectively		
Additional paid in capital	417	406
Retained earnings	10	105
Accumulated other comprehensive loss	(17)	(22)
Total shareholders' equity	410	489
Total liabilities and shareholders' equity	\$ 572	\$ 734



**VERIGY LTD.**  
**RECONCILIATION OF GAAP NET (LOSS) INCOME TO NON-GAAP NET (LOSS) INCOME**  
(In millions, except per share amounts)  
(Unaudited)

	Three Months Ended		Six Months Ended	
	April 30, 2009	EPS	April 30, 2009	EPS
GAAP net loss	\$ (30)	(0.52)	\$ (94)	\$ (1.62)
Non-GAAP adjustments:				
Restructuring charges in cost of sales	2.1	0.03	3.6	0.06
Restructuring charges in operating expenses	2.1	0.04	6.3	0.11
Impairment of auction rate securities	-	-	7.7	0.13
Impairment of cost method investment	-	-	6.2	0.11
Non-Recurring operating expenses	(0.4)	(0.01)	2.6	0.05
Acquisition related charges in cost of sales	-	-	0.2	0.00
Acquisition related charges in operating expenses	-	-	0.2	0.00
Tax impact for transfer of intellectual property	1.2	0.02	1.2	0.02
Non-GAAP net loss	(25)	\$ (0.44)	\$ (66)	\$ (1.14)

	Three Months Ended		Six Months Ended	
	April 30, 2008	EPS	April 30, 2008	EPS
GAAP net income	\$ 14	0.23	46	\$ 0.76
Non-GAAP adjustments:				
Restructuring charges in cost of sales	(1.2)	(0.01)	(1.0)	(0.01)
Restructuring charges in operating expenses	0.0	0.00	0.2	0.00
Separation related costs in cost of sales	0.0	0.00	0.1	0.00
Acquisition related charges in cost of sales	0.2	0.00	0.3	0.00
Acquisition related charges in operating expenses	(0.1)	0.00	0.0	0.00
Non-Recurring operating expenses	-	0.00	(0.1)	0.00
Non-GAAP net income	\$ 13	\$ 0.22	\$ 46	\$ 0.75