



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

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2006	2005	2006	2005
Orders:	\$ 199	\$ 146	\$ 688	\$ 323
Net revenue:				
Products	\$ 181	\$ 93	\$ 482	\$ 224
Services	33	25	94	73
Net revenue	<u>214</u>	<u>118</u>	<u>576</u>	<u>297</u>
Cost of sales				
Cost of products	88	58	243	147
Cost of services	23	22	72	65
Total costs and expenses	<u>111</u>	<u>80</u>	<u>315</u>	<u>212</u>
Operating expenses				
Research and development	25	24	75	76
Selling, general and administrative	37	33	114	101
Restructuring charges	2	1	16	1
Separation costs	21	-	56	-
Total operating expenses	<u>85</u>	<u>58</u>	<u>261</u>	<u>178</u>
Income (Loss) from operations	18	(20)	-	(93)
Other income (expense), net	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>
Income (loss) before taxes	20	(20)	2	(93)
Provision for taxes	<u>7</u>	<u>2</u>	<u>16</u>	<u>11</u>
Net profit (loss)	<u>\$ 13</u>	<u>\$ (22)</u>	<u>\$ (14)</u>	<u>\$ (104)</u>
Net income (loss) per share- basic:	\$ 0.23	\$ (0.44)	\$ (0.28)	\$ (2.08)
Net income (loss) per share- diluted:	\$ 0.23	\$ (0.44)	\$ (0.28)	\$ (2.08)
Weighted average shares used in computing net income (loss) per share:				
Basic	54,662	50,000	51,571	50,000
Diluted	54,681	50,000	51,590	50,000

Historical amounts were reclassified to conform with current period presentation.

Weighted average shares are presented in thousands



VERIGY LTD.
CONDENSED CONSOLIDATED BALANCE SHEET
(In millions, except par value and share amounts)
(Unaudited)

	<u>July 31</u> <u>2006</u>	<u>October 31,</u> <u>2005</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 206	\$ -
Trade accounts receivable, net	156	75
Related Party accounts receivable, net	23	-
Inventory	79	110
Other current assets	<u>36</u>	<u>14</u>
Total current assets	500	199
Property, plant and equipment, net	36	18
Goodwill	18	17
Other assets	<u>50</u>	<u>26</u>
Total assets	<u>\$ 604</u>	<u>\$ 260</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 69	\$ 21
Related Party Payable	14	-
Employee compensation and benefits	33	40
Deferred revenue	57	42
Income and other taxes payable	8	32
Other accrued liabilities	<u>14</u>	<u>23</u>
Total current liabilities	195	158
Long-term Liabilities	<u>33</u>	<u>15</u>
Total liabilities	228	173
Commitments and contingencies	-	-
Stockholders' equity		
Owner's net investment	-	86
Ordinary shares issued and outstanding at July 31, 2007 58,651,559	-	-
Additional paid in capital	358	-
Retained earnings	19	-
Accumulated other comprehensive income (loss)	<u>(1)</u>	<u>1</u>
Total stockholders' equity	<u>376</u>	<u>87</u>
Total liabilities and stockholders' equity	<u>\$ 604</u>	<u>\$ 260</u>



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

	Three Months Ended						Nine Months Ended	
	July 31, 2006		April 30, 2006		January 31, 2006		2006	
	\$	EPS	\$	EPS	\$	EPS	\$	EPS
GAAP net income (loss)	13	\$ 0.23	(11)	(0.22)	(16)	(0.32)	(14)	\$ (0.28)
Non-GAAP adjustments:								
Restructuring charges in cost of sales	2.2	0.04	2.4	0.05	0.9	0.02	5.5	0.11
Restructuring charges in operating expenses	1.6	0.03	8.0	0.16	6.0	0.12	15.6	0.30
Separation related costs in cost of sales	-	-	3.7	0.07	-	-	3.7	0.07
Separation related costs in operating expenses	20.9	0.38	20.0	0.40	15.0	0.30	55.9	1.08
Share-based compensation expense	1.7	0.03	2.5	0.05	4.0	0.08	8.2	0.16
Other	-	-	(0.7)	(0.01)	-	-	(0.7)	(0.01)
Non-GAAP net income	<u>\$ 39</u>	<u>\$ 0.71</u>	<u>\$ 25</u>	<u>\$ 0.50</u>	<u>\$ 10</u>	<u>\$ 0.20</u>	<u>\$ 74</u>	<u>\$ 1.43</u>

	Three Months Ended						Nine Months Ended	
	July 31, 2005		April 30, 2005		January 31, 2005		2005	
	\$	EPS	\$	EPS	\$	EPS	\$	EPS
GAAP net loss	(22)	(0.44)	(37)	(0.74)	(45)	(0.90)	(104)	(2.08)
Non-GAAP adjustments:								
Restructuring charges in cost of sales	-	-	-	-	-	-	-	-
Restructuring charges in operating expenses	1.0	0.02	-	-	-	-	1.0	0.02
Separation related costs in cost of sales	-	-	-	-	-	-	-	-
Separation related costs in operating expenses	-	-	-	-	-	-	-	-
Share-based compensation expense	-	-	-	-	-	-	-	-
Non-GAAP net loss	<u>\$ (21)</u>	<u>\$ (0.42)</u>	<u>\$ (37)</u>	<u>\$ (0.74)</u>	<u>\$ (45)</u>	<u>\$ (0.90)</u>	<u>\$ (103)</u>	<u>\$ (2.06)</u>