



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

	Three Months Ended October 31,		Twelve Months Ended October 31,	
	2006	2005	2006	2005
Orders:	\$ 164	\$ 199	\$ 852	\$ 522
Net revenue:				
Products	\$ 164	\$ 131	\$ 646	\$ 355
Services	38	28	132	101
Total net revenue	<u>202</u>	<u>159</u>	<u>778</u>	<u>456</u>
Cost of sales				
Cost of products (*)	88	81	331	228
Cost of services (*)	<u>25</u>	<u>23</u>	<u>97</u>	<u>88</u>
Total cost of sales	113	104	428	316
Operating expenses				
Research and development (*)	24	25	99	101
Selling, general and administrative (*)	35	33	149	134
Restructuring charges	1	6	17	7
Separation costs	<u>13</u>	<u>3</u>	<u>69</u>	<u>3</u>
Total operating expenses	73	67	334	245
Income (loss) from operations	16	(12)	16	(105)
Other income (expense), net	<u>3</u>	<u>(1)</u>	<u>5</u>	<u>(1)</u>
Income (loss) before taxes	19	(13)	21	(106)
Provision for taxes	<u>5</u>	<u>2</u>	<u>21</u>	<u>13</u>
Net income (loss)	<u>\$ 14</u>	<u>\$ (15)</u>	<u>\$ -</u>	<u>\$ (119)</u>
Net income (loss) per share- basic:	\$ 0.25	\$ (0.30)	\$ -	\$ (2.38)
Net income (loss) per share- diluted:	\$ 0.25	\$ (0.30)	\$ -	\$ (2.38)
Weighted average shares (presented in thousands) used in computing net income (loss) per share:				
Basic	58,652	50,000	53,356	50,000
Diluted	58,666	50,000	53,356	50,000
(*) Share-based compensation expense by function:				
Cost of products	\$ 0.2	-	\$ 1.7	-
Cost of services	0.1	-	0.2	-
Research and development	0.2	-	1.3	-
Selling, general and administrative	1.7	-	7.2	-

Historical amounts were reclassified to conform with current period presentation.



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

	October 31, 2006	October 31, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 300	\$ -
Trade accounts receivable, net	108	75
Related party accounts receivable	8	-
Inventory	87	110
Other current assets	48	14
Total current assets	551	199
Property, plant and equipment, net	44	18
Goodwill	18	17
Other assets	61	26
Total assets	\$ 674	\$ 260
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 75	\$ 21
Related party payable	37	-
Employee compensation and benefits	43	40
Deferred revenue	58	42
Income and other taxes payable	24	32
Other accrued liabilities	16	23
Total current liabilities	253	158
Long-term liabilities	34	15
Total liabilities	287	173
Commitments and contingencies		
Stockholders' equity		
Owner's net investment	-	86
Ordinary shares issued and outstanding at October 31, 2006 58,651,559		
Additional paid in capital	355	-
Deferred share-based compensation	2	-
Retained earnings	33	-
Accumulated other comprehensive income (loss)	(3)	1
Total stockholders' equity	387	87
Total liabilities and stockholders' equity	\$ 674	\$ 260



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

	Three Months Ended						Twelve Months Ended			
	October 31, 2006	EPS	July 31, 2006	EPS	April 30, 2006	EPS	January 31, 2006	EPS	2006	EPS
GAAP net income (loss)	\$ 14	\$ 0.25	\$ 13	\$ 0.23	\$ (11)	(0.22)	\$ (16)	(0.32)	\$ -	\$ -
Non-GAAP adjustments:										
Restructuring charges in cost of sales	2.2	0.03	2.2	0.04	2.4	0.05	0.9	0.02	7.7	0.14
Restructuring charges in operating expenses	0.9	0.01	1.6	0.03	8.0	0.16	6.0	0.12	16.5	0.31
Separation related costs in cost of sales	1.0	0.02	-	-	3.7	0.07	-	-	4.7	0.09
Separation related costs in operating expenses	12.6	0.21	20.9	0.38	20.0	0.40	15.0	0.30	68.5	1.28
Share-based compensation expense	2.2	0.04	1.7	0.03	2.5	0.05	4.0	0.08	10.4	0.19
Other	-	-	-	-	(0.7)	(0.01)	-	-	(0.7)	(0.01)
Non-GAAP net income	<u>\$ 33</u>	<u>\$ 0.56</u>	<u>\$ 39</u>	<u>\$ 0.71</u>	<u>\$ 25</u>	<u>\$ 0.50</u>	<u>\$ 10</u>	<u>\$ 0.20</u>	<u>\$ 107</u>	<u>\$ 2.00</u>

	Three Months Ended						Twelve Months Ended			
	October 31, 2005	EPS	July 31, 2005	EPS	April 30, 2005	EPS	January 31, 2005	EPS	2005	EPS
GAAP net loss	\$ (15)	(0.30)	\$ (22)	(0.44)	\$ (37)	(0.74)	\$ (45)	(0.90)	\$ (119)	(2.38)
Non-GAAP adjustments:										
Restructuring charges in cost of sales	1.0	0.02	-	-	-	-	-	-	1.0	0.02
Restructuring charges in operating expenses	6.2	0.12	1.0	0.02	-	-	-	-	7.2	0.14
Separation related costs in cost of sales	-	-	-	-	-	-	-	-	-	-
Separation related costs in operating expenses	2.8	0.06	-	-	-	-	-	-	2.8	0.06
Non-GAAP net loss	<u>\$ (5)</u>	<u>\$ (0.10)</u>	<u>\$ (21)</u>	<u>\$ (0.42)</u>	<u>\$ (37)</u>	<u>\$ (0.74)</u>	<u>\$ (45)</u>	<u>\$ (0.90)</u>	<u>\$ (108)</u>	<u>\$ (2.16)</u>