

**RealNetworks, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Operations**

(Unaudited)

	Quarters Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	(in thousands, except per share data)			
Net revenue	\$ 135,725	\$ 152,648	\$ 276,498	\$ 300,211
Cost of revenue	55,614	55,645	111,635	111,038
Gross profit	80,111	97,003	164,863	189,173
Operating expenses:				
Research and development	28,923	29,065	57,482	54,071
Sales and marketing	42,273	53,054	85,958	106,650
Advertising with related party (A)	6,865	9,240	14,288	16,580
General and administrative	19,338	18,337	42,169	35,421
Impairment of goodwill	175,583	-	175,583	-
Restructuring and other charges	-	-	794	686
Total operating expenses	272,982	109,696	376,274	213,408
Operating loss	(192,871)	(12,693)	(211,411)	(24,235)
Other income (expenses):				
Interest income, net	754	3,375	1,937	8,333
Equity in net loss of investments	(269)	(107)	(924)	(198)
Gain on sale of equity investments, net	68	222	205	222
Gain on sale of interest in Rhapsody America (B)	-	3,371	-	7,097
Other income (expense), net	(449)	50	406	818
Total other income (expense), net	104	6,911	1,624	16,272
Loss before income taxes	(192,767)	(5,782)	(209,787)	(7,963)
Income taxes	(1,210)	(3,700)	(2,759)	(7,708)
Net loss	(193,977)	(9,482)	(212,546)	(15,671)
Net loss attributable to the noncontrolling interest in Rhapsody America (C)	5,648	8,177	12,081	16,792
Net income (loss) attributable to common shareholders	\$ (188,329)	\$ (1,305)	\$ (200,465)	\$ 1,121
Basic net income (loss) per share available to common shareholders	\$ (1.40)	\$ (0.01)	\$ (1.51)	\$ 0.01
Diluted net income (loss) per share available to common shareholders	\$ (1.40)	\$ (0.01)	\$ (1.51)	\$ 0.01
Shares used to compute basic net income (loss) per share available to common shareholders	134,420	142,905	134,394	142,946
Shares used to compute diluted net income (loss) per share available to common shareholders	134,420	142,905	134,394	156,000

(A) Consists of advertising purchased by Rhapsody America from MTV Networks (MTVN). MTVN has a 49% ownership interest in Rhapsody America.

(B) Consists of gains realized from MTVN's note payments to Rhapsody America. Effective January 1, 2009, the Company adopted SFAS No. 160 *Non-controlling Interests in Consolidated Financial Statements, an amendment to ARB No. 51* (SFAS 160) which requires the appreciation of gains on the sale of non-controlling interest to be recorded as an equity transaction.

(C) Noncontrolling interest in Rhapsody America reflects MTVN's 49% ownership share in the losses of Rhapsody America.

**RealNetworks, Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
(Unaudited)

	<b>June 30, 2009</b>	<b>December 31, 2008</b>
	<b>(in thousands)</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 197,492	\$ 232,968
Short-term investments	165,266	137,766
Trade accounts receivable, net	64,413	70,201
Deferred costs, current portion	6,111	4,026
Prepaid expenses and other current assets	36,699	34,599
Total current assets	469,981	479,560
Equipment, software, and leasehold improvements, at cost:		
Equipment and software	143,374	135,788
Leasehold improvements	30,954	30,719
Total equipment, software, and leasehold improvements	174,328	166,507
Less accumulated depreciation and amortization	114,109	103,500
Net equipment, software, and leasehold improvements	60,219	63,007
Restricted cash equivalents and investments	14,600	14,742
Equity investments	22,384	18,582
Other assets	3,782	3,775
Deferred costs, non-current portion	6,980	6,120
Deferred tax assets, net, non-current portion	9,442	9,236
Other intangible assets, net	14,268	18,727
Goodwill	-	175,264
Total assets	\$ 601,656	\$ 789,013
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 34,666	\$ 36,575
Accrued and other liabilities	117,445	118,688
Deferred revenue, current portion	39,816	39,835
Related party payable (A)	6,930	13,155
Accrued loss on excess office facilities, current portion	4,214	4,317
Total current liabilities	203,071	212,570
Deferred revenue, non-current portion	2,003	1,961
Accrued loss on excess office facilities, non-current portion	1,010	2,893
Deferred rent	4,564	4,614
Deferred tax liabilities, net, non-current portion	811	1,379
Other long-term liabilities	11,475	11,660
Total liabilities	222,934	235,077
Noncontrolling interest in Rhapsody America (B)	3,627	378
Shareholders' equity	375,095	553,558
Total liabilities and shareholders' equity	\$ 601,656	\$ 789,013

(A) Related party payable reflects amounts owed to MTVN.

(B) Noncontrolling interest in Rhapsody America reflects MTVN's 49% ownership interest in the net assets of Rhapsody America.

**RealNetworks, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows**  
(Unaudited)

	<b>Six Months Ended June 30,</b>	
	<b>2009</b>	<b>2008</b>
	<b>(in thousands)</b>	
<b>Cash flows from operating activities:</b>		
Net income (loss) attributable to common shareholders	\$ (212,546)	\$ (15,671)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	15,522	25,701
Stock-based compensation	10,818	11,520
(Gain) loss on disposal of equipment, software, and leasehold improvements	(34)	182
Equity in net loss of investments	924	198
Gain on sale of equity investment, net	(205)	(222)
Excess tax benefit from stock option exercises	(9)	(88)
Impairment of goodwill	175,583	-
Accrued restructuring and other charges	(3,675)	-
Accrued loss on excess office facilities	(1,986)	(1,592)
Deferred income taxes, net	(682)	(2,138)
Gain on sale of interest in Rhapsody America	-	(7,097)
Other	24	89
Net change in certain operating assets and liabilities, net of acquisitions	(1,975)	(39,160)
Net cash used in operating activities	<u>(18,241)</u>	<u>(28,278)</u>
<b>Cash flows from investing activities:</b>		
Purchases of equipment, software, and leasehold improvements	(7,608)	(15,231)
Purchases of short-term investments	(66,192)	(95,671)
Proceeds from sales and maturities of short-term investments	38,692	68,741
Proceeds from the sales of equity investments	205	1,225
Purchases of equity investments	(2,000)	-
Payment of acquisition costs, net of cash acquired	(3,154)	(10,164)
Decrease in restricted cash equivalents and investments, net	141	839
Net cash used in investing activities	<u>(39,916)</u>	<u>(50,261)</u>
<b>Cash flows from financing activities:</b>		
Net proceeds from sales of common stock under employee stock purchase plan and exercise of stock options	819	6,041
Net proceeds from sales of interest in Rhapsody America	19,537	14,607
Excess tax benefit from stock option exercises	9	88
Repurchases of common stock	-	(681)
Net cash provided by financing activities	<u>20,365</u>	<u>20,055</u>
Effect of exchange rate changes on cash and cash equivalents	<u>2,316</u>	<u>(2,408)</u>
Net increase (decrease) in cash and cash equivalents	(35,476)	(60,892)
Cash and cash equivalents, beginning of period	<u>232,968</u>	<u>476,697</u>
Cash and cash equivalents, end of period	<u>\$ 197,492</u>	<u>\$ 415,805</u>

**RealNetworks, Inc. and Subsidiaries**  
**Supplemental Financial Information**  
(Unaudited)

	2009		2008			
	Q2	Q1	Q4	Q3	Q2	Q1
	(in thousands)					
<b>Net Revenue by Line of Business:</b>						
Consumer products and services (A)	\$ 89,517	\$ 97,194	\$ 100,282	\$ 100,322	\$ 101,353	\$ 96,286
Technology products and solutions (B)	46,208	43,579	52,362	51,633	51,295	51,277
Total net revenue	<u>\$ 135,725</u>	<u>\$ 140,773</u>	<u>\$ 152,644</u>	<u>\$ 151,955</u>	<u>\$ 152,648</u>	<u>\$ 147,563</u>
<b>Consumer Products and Services:</b>						
Subscriptions (C)	\$ 54,446	\$ 59,052	\$ 57,853	\$ 57,776	\$ 55,658	\$ 55,193
Media properties (D)	14,753	15,536	18,337	19,946	23,472	18,702
E-commerce and other (E)	20,318	22,606	24,092	22,600	22,223	22,391
Total consumer products and services revenue	<u>\$ 89,517</u>	<u>\$ 97,194</u>	<u>\$ 100,282</u>	<u>\$ 100,322</u>	<u>\$ 101,353</u>	<u>\$ 96,286</u>
<b>Consumer Products and Services:</b>						
Music (F)	\$ 40,452	\$ 44,053	\$ 43,882	\$ 41,591	\$ 37,170	\$ 38,079
Media software and services (G)	19,291	20,318	22,695	24,531	29,238	26,409
Games (H)	29,774	32,823	33,705	34,200	34,945	31,798
Total consumer products and services revenue	<u>\$ 89,517</u>	<u>\$ 97,194</u>	<u>\$ 100,282</u>	<u>\$ 100,322</u>	<u>\$ 101,353</u>	<u>\$ 96,286</u>
<b>Net Revenue by Geography:</b>						
United States	\$ 90,685	\$ 96,666	\$ 101,369	\$ 102,363	\$ 100,898	\$ 99,169
Rest of world	45,040	44,107	51,275	49,592	51,750	48,394
Total net revenue	<u>\$ 135,725</u>	<u>\$ 140,773</u>	<u>\$ 152,644</u>	<u>\$ 151,955</u>	<u>\$ 152,648</u>	<u>\$ 147,563</u>
<b>Subscribers (presented as greater than) *:</b>						
Total subscribers (I)	37,700	36,450	34,100	32,650	35,000	32,200
Technology products and solutions application services subscribers (J)	36,300	33,850	31,500	29,950	32,450	29,500
Music subscribers:						
Consumer music subscribers:						
Rhapsody subscribers	750	800	775	750	600	600
Radio subscribers	75	1,200	1,225	1,250	1,225	1,275
Total consumer music subscribers	825	2,000	2,000	2,000	1,825	1,875
Technology products and solutions application services music subscribers (K)	975	900	875	850	800	800
Total Music Subscribers**	1,800	2,900	2,875	2,850	2,625	2,675

\* Total music subscribers includes subscribers from our technology products and solutions application subscription services, such as music-on-demand, as well as our consumer music services, such as Rhapsody and Premium Radio. Although music-on-demand subscribers are included in the technology products and solution application services subscribers and total music subscribers, these subscribers are only counted once as part of our total subscribers.

\*\* Prior periods have been changed to reflect current period presentation. Totals may not equal due to rounding convention.

(A) Revenue is derived from consumer digital media subscription services, RealPlayer Plus and related products, sales and distribution of third party software products, content such as games and music and advertising.

(B) The Technology Products and Solutions (TPS) segment includes revenue and related costs from: sales of ringback tones, music-on-demand, video-on-demand, messaging, and information services; sales of media delivery system software, including Helix system software and related authoring and publishing tools, both directly to customers and indirectly through original equipment manufacturer channels; support and maintenance services sold to customers who purchase software products; broadcast hosting services; and consulting and professional services that are offered to customers.

(C) Revenue is derived from consumer digital media subscription services including: SuperPass, RadioPass, Rhapsody, GamePass and FunPass.

(D) Revenue is derived from advertising and through the distribution of third party products.

(E) Revenue is derived from RealPlayer Plus and related products, sales of third party software products, and content such as games and music.

(F) The Music segment primarily includes revenue and related costs from: Rhapsody America's Rhapsody and RadioPass subscription services; sales of digital music content through the Rhapsody service and the RealPlayer music store; and advertising from music websites.

(G) The Media Software and Services (MSS) segment primarily includes revenue and related costs from: the SuperPass premium subscription service; RealPlayer Plus and related products; sales and distribution of third-party software products; and all advertising other than that related directly to our Music and Games businesses.

(H) The Games segment primarily includes revenue and related costs from: the sale of individual games on our websites RealArcade.com, GameHouse.com and Zylom.com; the sales of games subscription services; advertising through our games websites; the sale of games through the syndication on partner sites, and sale of games through wireless carriers.

(I) Total subscribers include technology products and solutions application services and consumer subscription services including: ringback tones, music-on-demand, video-on-demand, Rhapsody, Rhapsody-to-Go, RadioPass, SuperPass, and GamePass.

(J) Technology products and solutions application service subscribers include: ringback tones, music-on-demand and video-on-demand.

(K) Technology products and solutions application services music subscribers include music-on-demand.

**RealNetworks, Inc. and Subsidiaries**  
**Supplemental Financial Information**  
**(Unaudited)**

Reconciliation of GAAP net income (loss) attributable to common shareholders to adjusted EBITDA excluding impairments and adjusted EBITDA is as follows:

	Quarters Ended					
	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008
	(in thousands)					
Net income (loss) attributable to common shareholders	\$ (188,329)	\$ (12,136)	\$ (240,499)	\$ (4,500)	\$ (1,305)	\$ 2,426
Interest income, net	(754)	(1,183)	(2,255)	(2,865)	(3,375)	(4,958)
Stock-based compensation	5,596	5,222	6,056	5,955	6,031	5,489
Loss (gain) on equity investments, net	(68)	(137)	12	-	(222)	-
Conversion of WiderThan stock options to a cash equivalent	3	17	11	16	26	89
Depreciation and amortization (net of noncontrolling interest effect)	5,815	5,726	5,784	6,165	6,186	6,282
Acquisitions related intangible asset amortization (net of noncontrolling interest effect)	1,649	1,768	1,872	5,752	6,171	6,315
Impairment of goodwill and long lived assets	175,583	-	190,347	-	-	-
Impairment of deferred costs and prepaid royalties	-	-	19,666	-	-	-
Restructuring and other charges	-	794	6,147	-	-	686
Pro forma gain on sale of interest in Rhapsody America	3,444	4,010	6,568	-	-	-
Expenses related to antitrust litigation	-	-	179	174	202	202
Income taxes	1,210	1,549	17,392	728	3,700	4,008
Adjusted EBITDA excluding impairments	<u>\$ 4,149</u>	<u>\$ 5,630</u>	<u>\$ 11,280</u>	<u>\$ 11,425</u>	<u>\$ 17,414</u>	<u>\$ 20,539</u>
Impairments:						
Impairment of deferred costs and prepaid royalties	-	-	(19,666)	-	-	-
Restructuring and other charges	-	(794)	(6,147)	-	-	(686)
Adjusted EBITDA	<u>\$ 4,149</u>	<u>\$ 4,836</u>	<u>\$ (14,533)</u>	<u>\$ 11,425</u>	<u>\$ 17,414</u>	<u>\$ 19,853</u>

**RealNetworks, Inc. and Subsidiaries**  
**Segment Results of Operations**  
(Unaudited)

	Quarter Ended June 30, 2009					Grand Total
	Music <sup>(A)</sup>	MSS <sup>(B)</sup>	Games <sup>(C)</sup>	TPS <sup>(D)</sup>	Other	
	(in thousands)					
Net revenue	\$ 40,452	\$ 19,291	\$ 29,774	\$ 46,208	\$ -	\$ 135,725
Cost of revenue	24,945	2,590	8,801	19,278	-	55,614
Gross profit	15,507	16,701	20,973	26,930	-	80,111
Gross margin	38%	87%	70%	58%	-	59%
Operating expenses:						
Advertising with related party	6,865	-	-	-	-	6,865
Impairment of goodwill	37,029	46,776	41,247	50,531	-	175,583
Other operating expenses	19,808	18,417	26,761	25,512	36	90,534
Total operating expenses	63,702	65,193	68,008	76,043	36	272,982
Income (loss) from operations	(48,195)	(48,492)	(47,035)	(49,113)	(36)	(192,871)
Other income (expenses):						
Interest income, net	-	-	-	-	754	754
Equity in net loss of investments	-	-	-	-	(269)	(269)
Gain on sale of equity investments, net	-	-	-	-	68	68
Other income (expenses), net	-	-	-	-	(449)	(449)
Total other income (expenses), net	-	-	-	-	104	104
Income (loss) before income taxes	(48,195)	(48,492)	(47,035)	(49,113)	68	(192,767)
Income taxes	-	-	-	-	(1,210)	(1,210)
Net income (loss)	(48,195)	(48,492)	(47,035)	(49,113)	(1,142)	(193,977)
Net income (loss) attributable to noncontrolling interest in Rhapsody America	5,648	-	-	-	-	5,648
Net income (loss) attributable to common shareholders	<u>\$ (42,547)</u>	<u>\$ (48,492)</u>	<u>\$ (47,035)</u>	<u>\$ (49,113)</u>	<u>\$ (1,142)</u>	<u>\$ (188,329)</u>

**Reconciliation of segment GAAP net income (loss) attributable to common shareholders to segment adjusted EBITDA is as follows:**

Net income (loss) attributable to common shareholders	\$ (42,547)	\$ (48,492)	\$ (47,035)	\$ (49,113)	\$ (1,142)	\$ (188,329)
Income taxes	-	-	-	-	1,210	1,210
Interest income, net	-	-	-	-	(754)	(754)
Stock-based compensation	738	798	1,596	2,464	-	5,596
Conversion of WiderThan stock options to a cash equivalent	-	-	-	3	-	3
Acquisitions related intangible asset amortization <sup>(F)</sup>	278	-	101	1,270	-	1,649
Pro forma gain on sale of interest in Rhapsody America	3,444	-	-	-	-	3,444
Impairment of goodwill	37,029	46,776	41,247	50,531	-	175,583
Gain on sale of equity investments, net	-	-	-	-	(68)	(68)
Depreciation and amortization <sup>(F)</sup>	1,071	856	1,041	2,847	-	5,815
Adjusted EBITDA	<u>\$ 13</u>	<u>\$ (62)</u>	<u>\$ (3,050)</u>	<u>\$ 8,002</u>	<u>\$ (754)</u>	<u>\$ 4,149</u>

	Quarter Ended June 30, 2008					Grand Total
	Music <sup>(A)</sup>	MSS <sup>(B)</sup>	Games <sup>(C)</sup>	TPS <sup>(D)</sup>	Other	
	(in thousands)					
Net revenue	\$ 37,170	\$ 29,238	\$ 34,945	\$ 51,295	-	\$ 152,648
Cost of revenue	20,693	3,707	10,655	20,590	-	55,645
Gross profit	16,477	25,531	24,290	30,705	-	97,003
Gross margin	44%	87%	70%	60%	-	64%
Operating expenses:						
Advertising with related party	9,240	-	-	-	-	9,240
Other operating expenses	23,412	15,605	28,424	32,778	237	100,456
Total operating expenses	32,652	15,605	28,424	32,778	237	109,696
Income (loss) from operations	(16,175)	9,926	(4,134)	(2,073)	(237)	(12,693)
Other income (expenses):						
Interest income, net	-	-	-	-	3,375	3,375
Equity in net loss of investments	-	-	-	-	(107)	(107)
Gain on sale of equity investments, net	-	-	-	-	222	222
Gain on sale of interest in Rhapsody America <sup>(E)</sup>	3,371	-	-	-	-	3,371
Other income (expenses), net	-	-	-	-	50	50
Total other income (expenses), net	3,371	-	-	-	3,540	6,911
Income (loss) before income taxes	(12,804)	9,926	(4,134)	(2,073)	3,303	(5,782)
Income taxes	-	-	-	-	(3,700)	(3,700)
Net income (loss)	(12,804)	9,926	(4,134)	(2,073)	(397)	(9,482)
Net income (loss) attributable to noncontrolling interest in Rhapsody America	8,177	-	-	-	-	8,177
Net income (loss) attributable to common shareholders	\$ (4,627)	\$ 9,926	\$ (4,134)	\$ (2,073)	\$ (397)	\$ (1,305)

**Reconciliation of segment GAAP net income (loss) attributable to common shareholders to segment adjusted EBITDA is as follows:**

Net income (loss) attributable to common shareholders	\$ (4,627)	\$ 9,926	\$ (4,134)	\$ (2,073)	\$ (397)	\$ (1,305)
Income taxes	-	-	-	-	3,700	3,700
Interest income, net	-	-	-	-	(3,375)	(3,375)
Stock-based compensation	1,089	801	1,530	2,611	-	6,031
Conversion of WiderThan stock options to a cash equivalent	-	-	-	26	-	26
Acquisitions related intangible asset amortization <sup>(F)</sup>	384	-	914	4,873	-	6,171
Gain on sale of equity investments, net	-	-	-	-	(222)	(222)
Depreciation and amortization <sup>(F)</sup>	1,262	897	918	3,109	-	6,186
Expenses (benefit) related to antitrust litigation:						
Income	-	-	-	-	-	-
Expenses	-	-	-	-	202	202
Charitable contributions	-	-	-	-	-	-
Adjusted EBITDA	\$ (1,892)	\$ 11,624	\$ (772)	\$ 8,546	\$ (92)	\$ 17,414

Note: Cost of revenue and operating expenses of the segments shown above include costs directly attributable to those segments and an allocation of general and administrative and other common or shared costs.

(A) The Music segment primarily includes revenue and related costs from: Rhapsody America's Rhapsody and RadioPass subscription services; sales of digital music content through the Rhapsody service and the RealPlayer music store; and advertising from music websites.

(B) The Media Software and Services (MSS) segment primarily includes revenue and related costs from: the SuperPass premium subscription service; RealPlayer Plus and related products; sales and distribution of third-party software products; and all advertising other than that related directly to our Music and Games businesses.

(C) The Games segment primarily includes revenue and related costs from: the sale of individual games on our websites RealArcade.com, GameHouse.com and Zylom.com; the sales of games subscription services; advertising through our games websites; the sale of games through the syndication on partner sites, and sales of games through wireless carriers.

(D) The Technology Products and Solutions (TPS) segment includes revenue and related costs from: sales of ringback tones, music-on-demand, video-on-demand, messaging, and information services; sales of media delivery system software, including Helix system software and related authoring and publishing tools, both directly to customers and indirectly through original equipment manufacturer channels; support and maintenance services sold to customers who purchase software products; broadcast hosting services; and consulting and professional services that are offered to customers.

(E) Comprises gains realized from MTVN's note payments to Rhapsody America. Effective January 1, 2009, the Company adopted SFAS 160 which requires the appreciation of gains on the sale of non-controlling interest to be recorded as an equity transaction.

(F) Net of noncontrolling interest effect.

**RealNetworks, Inc. and Subsidiaries**  
**Supplemental Financial Information**  
(Unaudited)

	Quarter Ended June 30, 2009					Adjusted
	As Reported	Stock-Based Compensation	Acquisitions Related Intangible Asset Amortization <sup>(A)</sup>	Wider Than Options Converted to a Cash Equivalent	Antitrust Litigation Related	
	(in thousands)					
<b>Expenses in accordance with GAAP</b>						
Cost of revenue	\$ 55,614	\$ (363)	\$ (553)	\$ -	\$ -	\$ 54,698
Operating expenses:						
Research and development	\$ 28,923	\$ (2,234)	\$ -	\$ (3)	\$ -	\$ 26,686
Sales and marketing	42,273	(1,199)	(1,096)	-	-	39,978
General and administrative	19,338	(1,800)	-	-	-	17,538
Adjusted operating expenses, net	<u>\$ 90,534</u>	<u>\$ (5,233)</u>	<u>\$ (1,096)</u>	<u>\$ (3)</u>	<u>\$ -</u>	<u>\$ 84,202</u>

	Quarter Ended June 30, 2008					Adjusted
	As Reported	Stock-Based Compensation	Acquisitions Related Intangible Asset Amortization <sup>(A)</sup>	Wider Than Options Converted to a Cash Equivalent	Antitrust Litigation Related	
	(in thousands)					
<b>Expenses in accordance with GAAP</b>						
Cost of revenue	\$ 55,645	\$ (662)	\$ (2,282)	\$ (1)	\$ -	\$ 52,700
Operating expenses:						
Research and development	\$ 29,065	\$ (2,146)	\$ -	\$ -	\$ -	\$ 26,919
Sales and marketing	53,054	(1,433)	(3,889)	(7)	-	47,725
General and administrative	18,337	(1,790)	-	(18)	(202)	16,327
Adjusted operating expenses, net	<u>\$ 100,456</u>	<u>\$ (5,369)</u>	<u>\$ (3,889)</u>	<u>\$ (25)</u>	<u>\$ (202)</u>	<u>\$ 90,971</u>

	Six Months Ended June 30, 2009					Adjusted
	As Reported	Stock-Based Compensation	Acquisitions Related Intangible Asset Amortization <sup>(A)</sup>	Wider Than Options Converted to a Cash Equivalent	Antitrust Litigation Related	
	(in thousands)					
<b>Expenses in accordance with GAAP</b>						
Cost of revenue	\$ 111,635	\$ (993)	\$ (1,099)	\$ (1)	\$ -	\$ 109,542
Operating expenses:						
Research and development	\$ 57,482	\$ (4,058)	\$ -	\$ (8)	\$ -	\$ 53,416
Sales and marketing	85,958	(2,265)	(2,318)	(11)	-	81,364
General and administrative	42,169	(3,502)	-	-	-	38,667
Adjusted operating expenses, net	<u>\$ 185,609</u>	<u>\$ (9,825)</u>	<u>\$ (2,318)</u>	<u>\$ (19)</u>	<u>\$ -</u>	<u>\$ 173,447</u>

	Six Months Ended June 30, 2008					Adjusted
	As Reported	Stock-Based Compensation	Acquisitions Related Intangible Asset Amortization <sup>(A)</sup>	Wider Than Options Converted to a Cash Equivalent	Antitrust Litigation Related	
	(in thousands)					
<b>Expenses in accordance with GAAP</b>						
Cost of revenue	\$ 111,038	\$ (896)	\$ (4,597)	\$ (22)	\$ -	\$ 105,523
Operating expenses:						
Research and development	\$ 54,071	\$ (4,059)	\$ -	\$ (46)	\$ -	\$ 49,966
Sales and marketing	106,650	(3,341)	(7,889)	(29)	-	95,391
General and administrative	35,421	(3,224)	-	(18)	(404)	31,775
Adjusted operating expenses, net	<u>\$ 196,142</u>	<u>\$ (10,624)</u>	<u>\$ (7,889)</u>	<u>\$ (93)</u>	<u>\$ (404)</u>	<u>\$ 177,132</u>

(A) - Net of noncontrolling interest effect.

**RealNetworks, Inc. and Subsidiaries**  
**Earnings Per Share Reconciliation**  
(Unaudited)

	Quarters Ended		Six Months Ended	
	June 30,		June 30,	
	2009	2008	2009	2008
	(in thousands, except per share data)			
Net income (loss) attributable to common shareholders	\$ (188,329)	\$ (1,305)	\$ (200,465)	\$ 1,121
Less accretion of MTVN's preferred return in Rhapsody America	(416)	-	(1,850)	-
Net income (loss) available to common shareholders	<u>\$ (188,745)</u>	<u>\$ (1,305)</u>	<u>\$ (202,315)</u>	<u>\$ 1,121</u>
Shares used to compute basic net income (loss) per share available to common shareholders	134,420	142,905	134,394	142,946
Dilutive potential common shares:				
Stock options and restricted stock	-	-	-	2,304
Convertible debt	-	-	-	10,750
Shares used to compute diluted net income (loss) per share available to common shareholders	<u>134,420</u>	<u>142,905</u>	<u>134,394</u>	<u>156,000</u>
Basic net income (loss) per share available to common shareholders	\$ (1.40)	\$ (0.01)	\$ (1.51)	\$ 0.01
Diluted net income (loss) per share available to common shareholders	\$ (1.40)	\$ (0.01)	\$ (1.51)	\$ 0.01