

RealNetworks, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations

(Unaudited)

	Quarters Ended		Nine Months Ended	
	September 30,		September 30,	
	2009	2008	2009	2008
	(in thousands, except per share data)			
Net revenue	\$ 140,264	\$ 151,955	\$ 416,762	\$ 452,166
Cost of revenue	53,686	62,164	165,321	173,202
Gross profit	86,578	89,791	251,441	278,964
Operating expenses:				
Research and development	29,425	31,076	86,907	85,147
Sales and marketing	39,573	55,080	125,531	161,730
Advertising with related party (A)	7,941	15,153	22,229	31,733
General and administrative	13,039	15,453	55,208	50,874
Impairment of goodwill	-	-	175,583	-
Restructuring and other charges	877	-	1,671	686
Total operating expenses	90,855	116,762	467,129	330,170
Operating loss	(4,277)	(26,971)	(215,688)	(51,206)
Other income (expenses):				
Interest income, net	1,253	2,865	3,190	11,198
Equity in net loss of investments	(273)	(226)	(1,197)	(424)
Gain on sale of equity investments, net	604	-	809	222
Gain on sale of interest in Rhapsody America (B)	-	7,405	-	14,502
Other income (expense), net	(888)	818	(482)	1,636
Total other income (expense), net	696	10,862	2,320	27,134
Loss before income taxes	(3,581)	(16,109)	(213,368)	(24,072)
Income taxes	(686)	(728)	(3,445)	(8,436)
Net loss	(4,267)	(16,837)	(216,813)	(32,508)
Net loss attributable to the noncontrolling interest in Rhapsody America (C)	5,787	12,337	17,868	29,129
Net income (loss) attributable to common shareholders	\$ 1,520	\$ (4,500)	\$ (198,945)	\$ (3,379)
Basic net income (loss) per share available to common shareholders	\$ 0.00	\$ (0.03)	\$ (1.50)	\$ (0.02)
Diluted net income (loss) per share available to common shareholders	\$ 0.00	\$ (0.03)	\$ (1.50)	\$ (0.02)
Shares used to compute basic net income (loss) per share available to common shareholders	134,793	141,975	134,531	142,611
Shares used to compute diluted net income (loss) per share available to common shareholders	134,978	141,975	134,531	142,611

(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 *Noncontrolling Interests in Consolidated Financial Statements, an amendment to ARB No. 51* (SFAS 160) which requires the appreciation of gains on the sale of noncontrolling 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)

	September 30, 2009	December 31, 2008
	(in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 204,777	\$ 232,968
Short-term investments	168,420	137,766
Trade accounts receivable, net	67,060	70,201
Deferred costs, current portion	5,383	4,026
Prepaid expenses and other current assets	31,388	34,599
Total current assets	477,028	479,560
Equipment, software, and leasehold improvements, at cost:		
Equipment and software	147,430	135,788
Leasehold improvements	31,003	30,719
Total equipment, software, and leasehold improvements	178,433	166,507
Less accumulated depreciation and amortization	119,903	103,500
Net equipment, software, and leasehold improvements	58,530	63,007
Restricted cash equivalents and investments	13,700	14,742
Equity investments	21,768	18,582
Other assets	4,180	3,775
Deferred costs, non-current portion	8,945	6,120
Deferred tax assets, net, non-current portion	9,867	9,236
Other intangible assets, net	12,761	18,727
Goodwill	-	175,264
Total assets	\$ 606,779	\$ 789,013
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 39,264	\$ 36,575
Accrued and other liabilities	111,295	118,688
Deferred revenue, current portion	35,812	39,835
Related party payable (A)	8,007	13,155
Accrued loss on excess office facilities, current portion	4,338	4,317
Total current liabilities	198,716	212,570
Deferred revenue, non-current portion	1,933	1,961
Accrued loss on excess office facilities, non-current portion	-	2,893
Deferred rent	4,534	4,614
Deferred tax liabilities, net, non-current portion	859	1,379
Other long-term liabilities	11,027	11,660
Total liabilities	217,069	235,077
Noncontrolling interest in Rhapsody America (B)	5,440	378
Shareholders' equity	384,270	553,558
Total liabilities and shareholders' equity	\$ 606,779	\$ 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)

	Nine Months Ended September 30,	
	2009	2008
	(in thousands)	
Cash flows from operating activities:		
Net loss	\$ (216,813)	\$ (32,508)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	22,881	38,032
Stock-based compensation	15,545	17,475
Loss on disposal of equipment, software, and leasehold improvements	302	157
Equity in net loss of investments	1,197	198
Gain on sale of equity investment, net	(809)	(222)
Excess tax benefit from stock option exercises	(9)	(108)
Impairment of goodwill	175,583	-
Accrued restructuring and other charges	(3,786)	-
Accrued loss on excess office facilities	(2,872)	(2,537)
Deferred income taxes, net	545	2,640
Gain on sale of interest in Rhapsody America	-	(14,502)
Other	39	111
Net change in certain operating assets and liabilities, net of acquisitions	(8,295)	(29,750)
Net cash used in operating activities	<u>(16,492)</u>	<u>(21,014)</u>
Cash flows from investing activities:		
Purchases of equipment, software, and leasehold improvements	(11,445)	(24,807)
Purchases of short-term investments	(124,043)	(151,378)
Proceeds from sales and maturities of short-term investments	93,389	130,136
Purchases of intangible assets	-	(1,808)
Proceeds from the sales of equity investments	1,014	1,225
Purchases of equity investments	(2,000)	(4,500)
Payment of acquisition costs, net of cash acquired	(3,324)	(10,192)
Decrease in restricted cash equivalents and investments, net	1,042	776
Net cash used in investing activities	<u>(45,367)</u>	<u>(60,548)</u>
Cash flows from financing activities:		
Net proceeds from sales of common stock under employee stock purchase plan and exercise of stock options	819	8,834
Payments of convertible debt obligations	-	(100,000)
Net proceeds from sales of interest in Rhapsody America	26,912	31,640
Excess tax benefit from stock option exercises	9	108
Repurchases of common stock	-	(23,062)
Net cash provided by (used in) financing activities	<u>27,740</u>	<u>(82,480)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>5,928</u>	<u>(7,512)</u>
Net decrease in cash and cash equivalents	(28,191)	(171,554)
Cash and cash equivalents, beginning of period	<u>232,968</u>	<u>476,697</u>
Cash and cash equivalents, end of period	<u>\$ 204,777</u>	<u>\$ 305,143</u>

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

	2009			2008			
	Q3	Q2	Q1	Q4 (in thousands)	Q3	Q2	Q1
Net Revenue by Line of Business:							
Consumer products and services (A)	\$ 92,836	\$ 89,517	\$ 97,194	\$ 100,282	\$ 100,322	\$ 101,353	\$ 96,286
Technology products and solutions (B)	47,428	46,208	43,579	52,362	51,633	51,295	51,277
Total net revenue	<u>\$ 140,264</u>	<u>\$ 135,725</u>	<u>\$ 140,773</u>	<u>\$ 152,644</u>	<u>\$ 151,955</u>	<u>\$ 152,648</u>	<u>\$ 147,563</u>
Consumer Products and Services:							
Subscriptions (C)	\$ 52,401	\$ 54,446	\$ 59,052	\$ 57,853	\$ 57,776	\$ 55,658	\$ 55,193
Media properties (D)	21,001	14,753	15,536	18,337	19,946	23,472	18,702
E-commerce and other (E)	19,434	20,318	22,606	24,092	22,600	22,223	22,391
Total consumer products and services revenue	<u>\$ 92,836</u>	<u>\$ 89,517</u>	<u>\$ 97,194</u>	<u>\$ 100,282</u>	<u>\$ 100,322</u>	<u>\$ 101,353</u>	<u>\$ 96,286</u>
Consumer Products and Services:							
Music (F)	\$ 38,765	\$ 40,452	\$ 44,053	\$ 43,882	\$ 41,591	\$ 37,170	\$ 38,079
Media software and services (G)	24,580	19,291	20,318	22,695	24,531	29,238	26,409
Games (H)	29,491	29,774	32,823	33,705	34,200	34,945	31,798
Total consumer products and services revenue	<u>\$ 92,836</u>	<u>\$ 89,517</u>	<u>\$ 97,194</u>	<u>\$ 100,282</u>	<u>\$ 100,322</u>	<u>\$ 101,353</u>	<u>\$ 96,286</u>
Net Revenue by Geography:							
United States	\$ 95,758	\$ 90,685	\$ 96,666	\$ 101,369	\$ 102,363	\$ 100,898	\$ 99,169
Rest of world	44,506	45,040	44,107	51,275	49,592	51,750	48,394
Total net revenue	<u>\$ 140,264</u>	<u>\$ 135,725</u>	<u>\$ 140,773</u>	<u>\$ 152,644</u>	<u>\$ 151,955</u>	<u>\$ 152,648</u>	<u>\$ 147,563</u>
Subscribers (presented as greater than) *:							
Total subscribers (I)	38,950	37,700	36,450	34,100	32,650	35,000	32,200
Technology products and solutions application services subscribers (J)	37,500	36,300	33,850	31,500	29,950	32,450	29,500
Music subscribers:							
Consumer music subscribers:							
Rhapsody subscribers	700	750	800	775	750	600	600
Radio subscribers	75	75	1,200	1,225	1,250	1,225	1,275
Total consumer music subscribers	<u>775</u>	<u>825</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>1,825</u>	<u>1,875</u>
Technology products and solutions application services music subscribers (K)	<u>1,075</u>	<u>975</u>	<u>900</u>	<u>875</u>	<u>850</u>	<u>800</u>	<u>800</u>
Total Music Subscribers**	<u>1,850</u>	<u>1,800</u>	<u>2,900</u>	<u>2,875</u>	<u>2,850</u>	<u>2,625</u>	<u>2,675</u>

* 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						
	September 30, 2009	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	\$ 1,520	\$ (188,329)	\$ (12,136)	\$ (240,499)	\$ (4,500)	\$ (1,305)	\$ 2,426
Interest income, net	(1,253)	(754)	(1,183)	(2,255)	(2,865)	(3,375)	(4,958)
Stock-based compensation	4,727	5,596	5,222	6,056	5,955	6,031	5,489
Loss (gain) on equity investments, net	(604)	(68)	(137)	12	-	(222)	-
Conversion of WiderThan stock options to a cash equivalent	1	3	17	11	16	26	89
Depreciation and amortization (net of noncontrolling interest effect)	5,432	5,815	5,726	5,784	6,165	6,186	6,282
Acquisitions related intangible asset amortization (net of noncontrolling interest effect)	1,784	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	877	-	794	6,147	-	-	686
Pro forma gain on sale of interest in Rhapsody America	3,839	3,444	4,010	6,568	-	-	-
Expenses related to antitrust litigation	-	-	-	179	174	202	202
Income taxes	686	1,210	1,549	17,392	728	3,700	4,008
Adjusted EBITDA excluding impairments	<u>\$ 17,009</u>	<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	(877)	-	(794)	(6,147)	-	-	(686)
Adjusted EBITDA	<u>\$ 16,132</u>	<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 September 30, 2009					Grand Total
	Music ^(A)	MSS ^(B)	Games ^(C)	TPS ^(D)	Other	
	(in thousands)					
Net revenue	\$ 38,765	\$ 24,580	\$ 29,491	\$ 47,428	\$ -	\$ 140,264
Cost of revenue	23,720	4,090	7,728	18,148	-	53,686
Gross profit	15,045	20,490	21,763	29,280	-	86,578
Gross margin	39%	83%	74%	62%	-	62%
Operating expenses:						
Advertising with related party	7,941	-	-	-	-	7,941
Restructuring and other charges	312	139	258	168	-	877
Other operating expenses	16,897	13,110	26,823	25,367	(160)	82,037
Total operating expenses	25,150	13,249	27,081	25,535	(160)	90,855
Income (loss) from operations	(10,105)	7,241	(5,318)	3,745	160	(4,277)
Other income (expenses):						
Interest income, net	-	-	-	-	1,253	1,253
Equity in net loss of investments	-	-	-	-	(273)	(273)
Gain on sale of equity investments, net	-	-	-	-	604	604
Other income (expenses), net	-	-	-	-	(888)	(888)
Total other income (expenses), net	-	-	-	-	696	696
Income (loss) before income taxes	(10,105)	7,241	(5,318)	3,745	856	(3,581)
Income taxes	-	-	-	-	(686)	(686)
Net income (loss)	(10,105)	7,241	(5,318)	3,745	170	(4,267)
Net income (loss) attributable to noncontrolling interest in Rhapsody America	5,787	-	-	-	-	5,787
Net income (loss) attributable to common shareholders	<u>\$ (4,318)</u>	<u>\$ 7,241</u>	<u>\$ (5,318)</u>	<u>\$ 3,745</u>	<u>\$ 170</u>	<u>\$ 1,520</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	\$ (4,318)	\$ 7,241	\$ (5,318)	\$ 3,745	\$ 170	\$ 1,520
Income taxes	-	-	-	-	686	686
Interest income, net	-	-	-	-	(1,253)	(1,253)
Stock-based compensation	560	732	1,361	2,074	-	4,727
Conversion of WiderThan stock options to a cash equivalent	-	-	-	1	-	1
Acquisitions related intangible asset amortization ^(F)	278	8	70	1,428	-	1,784
Pro forma gain on sale of interest in Rhapsody America	3,839	-	-	-	-	3,839
Gain on sale of equity investments, net	-	-	-	-	(604)	(604)
Depreciation and amortization ^(F)	893	668	1,150	2,721	-	5,432
Adjusted EBITDA	<u>\$ 1,252</u>	<u>\$ 8,649</u>	<u>\$ (2,737)</u>	<u>\$ 9,969</u>	<u>\$ (1,001)</u>	<u>\$ 16,132</u>

Quarter Ended September 30, 2008

	Music ^(A)	MSS ^(B)	Games ^(C)	TPS ^(D)	Other	Grand Total
	(in thousands)					
Net revenue	\$ 41,591	\$ 24,531	\$ 34,200	\$ 51,633	\$ -	\$ 151,955
Cost of revenue	23,787	4,539	10,251	23,587	-	62,164
Gross profit	17,804	19,992	23,949	28,046	-	89,791
Gross margin	43%	81%	70%	54%	-	59%
Operating expenses:						
Advertising with related party	15,153	-	-	-	-	15,153
Other operating expenses	27,202	16,064	28,412	29,719	212	101,609
Total operating expenses	42,355	16,064	28,412	29,719	212	116,762
Income (loss) from operations	(24,551)	3,928	(4,463)	(1,673)	(212)	(26,971)
Other income (expenses):						
Interest income, net	-	-	-	-	2,865	2,865
Equity in net loss of investments	-	-	-	-	(226)	(226)
Gain on sale of interest in Rhapsody America ^(E)	7,405	-	-	-	-	7,405
Other income (expenses), net	-	-	-	-	818	818
Total other income (expenses), net	7,405	-	-	-	3,457	10,862
Income (loss) before income taxes	(17,146)	3,928	(4,463)	(1,673)	3,245	(16,109)
Income taxes	-	-	-	-	(728)	(728)
Net income (loss)	(17,146)	3,928	(4,463)	(1,673)	2,517	(16,837)
Net income (loss) attributable to noncontrolling interest in Rhapsody America	12,337	-	-	-	-	12,337
Net income (loss) attributable to common shareholders	<u>\$ (4,809)</u>	<u>\$ 3,928</u>	<u>\$ (4,463)</u>	<u>\$ (1,673)</u>	<u>\$ 2,517</u>	<u>\$ (4,500)</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	\$ (4,809)	\$ 3,928	\$ (4,463)	\$ (1,673)	\$ 2,517	\$ (4,500)
Income taxes	-	-	-	-	728	728
Interest income, net	-	-	-	-	(2,865)	(2,865)
Stock-based compensation	1,005	786	1,552	2,612	-	5,955
Conversion of WiderThan stock options to a cash equivalent	-	-	-	16	-	16
Acquisitions related intangible asset amortization ^(F)	422	-	611	4,719	-	5,752
Depreciation and amortization ^(F)	1,206	893	923	3,143	-	6,165
Expenses related to antitrust litigation	-	-	-	-	174	174
Adjusted EBITDA	<u>\$ (2,176)</u>	<u>\$ 5,607</u>	<u>\$ (1,377)</u>	<u>\$ 8,817</u>	<u>\$ 554</u>	<u>\$ 11,425</u>

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 September 30, 2009

	As Reported	Stock-Based Compensation	Acquisitions Related Intangible Asset Amortization ^(A)	Wider Than Options Converted to a Cash Equivalent	Antitrust Litigation Related	Adjusted
(in thousands)						
Expenses in accordance with GAAP						
Cost of revenue	\$ 53,686	\$ (309)	\$ (540)	\$ -	\$ -	\$ 52,837
Operating expenses:						
Research and development	\$ 29,425	\$ (1,788)	\$ -	\$ -	\$ -	\$ 27,637
Sales and marketing	39,573	(1,099)	(1,244)	1	-	37,231
General and administrative	13,039	(1,531)	-	-	-	11,508
Adjusted operating expenses, net	<u>\$ 82,037</u>	<u>\$ (4,418)</u>	<u>\$ (1,244)</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 76,376</u>

Quarter Ended September 30, 2008

	As Reported	Stock-Based Compensation	Acquisitions Related Intangible Asset Amortization ^(A)	Wider Than Options Converted to a Cash Equivalent	Antitrust Litigation Related	Adjusted
(in thousands)						
Expenses in accordance with GAAP						
Cost of revenue	\$ 62,164	\$ (696)	\$ (1,995)	\$ (1)	\$ -	\$ 59,472
Operating expenses:						
Research and development	\$ 31,076	\$ (2,247)	\$ -	\$ -	\$ -	\$ 28,829
Sales and marketing	55,080	(1,458)	(3,757)	(3)	-	49,862
General and administrative	15,453	(1,554)	-	(12)	(174)	13,713
Adjusted operating expenses, net	<u>\$ 101,609</u>	<u>\$ (5,259)</u>	<u>\$ (3,757)</u>	<u>\$ (15)</u>	<u>\$ (174)</u>	<u>\$ 92,404</u>

Nine Months Ended September 30, 2009

	As Reported	Stock-Based Compensation	Acquisitions Related Intangible Asset Amortization ^(A)	Wider Than Options Converted to a Cash Equivalent	Antitrust Litigation Related	Adjusted
(in thousands)						
Expenses in accordance with GAAP						
Cost of revenue	\$ 165,321	\$ (1,302)	\$ (1,639)	\$ (1)	\$ -	\$ 162,379
Operating expenses:						
Research and development	\$ 86,907	\$ (5,846)	\$ -	\$ (8)	\$ -	\$ 81,053
Sales and marketing	125,531	(3,364)	(3,562)	(12)	-	118,593
General and administrative	55,208	(5,034)	-	-	-	50,174
Adjusted operating expenses, net	<u>\$ 267,646</u>	<u>\$ (14,244)</u>	<u>\$ (3,562)</u>	<u>\$ (20)</u>	<u>\$ -</u>	<u>\$ 249,820</u>

Nine Months Ended September 30, 2008

	As Reported	Stock-Based Compensation	Acquisitions Related Intangible Asset Amortization ^(A)	Wider Than Options Converted to a Cash Equivalent	Antitrust Litigation Related	Adjusted
(in thousands)						
Expenses in accordance with GAAP						
Cost of revenue	\$ 173,202	\$ (1,592)	\$ (6,592)	\$ (24)	\$ -	\$ 164,994
Operating expenses:						
Research and development	\$ 85,147	\$ (6,307)	\$ -	\$ (9)	\$ -	\$ 78,831
Sales and marketing	161,730	(4,798)	(11,646)	(31)	-	145,255
General and administrative	50,874	(4,778)	-	(67)	(578)	45,451
Adjusted operating expenses, net	<u>\$ 297,751</u>	<u>\$ (15,883)</u>	<u>\$ (11,646)</u>	<u>\$ (107)</u>	<u>\$ (578)</u>	<u>\$ 269,537</u>

(A) - Net of noncontrolling interest effect.

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

	Quarters Ended		Nine Months Ended	
	September 30,		September 30,	
	2009	2008	2009	2008
	(in thousands, except per share data)			
Net income (loss) attributable to common shareholders	\$ 1,520	\$ (4,500)	\$ (198,945)	\$ (3,379)
Less accretion of MTVN's preferred return in Rhapsody America	(925)	-	(2,775)	-
Net income (loss) available to common shareholders	<u>\$ 595</u>	<u>\$ (4,500)</u>	<u>\$ (201,720)</u>	<u>\$ (3,379)</u>
Shares used to compute basic net income (loss) per share available to common shareholders	134,793	141,975	134,531	142,611
Dilutive potential common shares:				
Stock options and restricted stock	185	-	-	-
Convertible debt	-	-	-	-
Shares used to compute diluted net income (loss) per share available to common shareholders	<u>134,978</u>	<u>141,975</u>	<u>134,531</u>	<u>142,611</u>
Basic net income (loss) per share available to common shareholders	\$ 0.00	\$ (0.03)	\$ (1.50)	\$ (0.02)
Diluted net income (loss) per share available to common shareholders	\$ 0.00	\$ (0.03)	\$ (1.50)	\$ (0.02)