

SeaChange International, Inc.  
Condensed Consolidated Balance Sheets  
(in thousands, except share data)

|   | <b>October 31, 2009</b> | <b>January 31, 2009</b> |
|---|-------------------------|-------------------------|
| <b>Assets</b>                                     | (unaudited)             |                         |
| <b>Current assets:</b>                            |                         |                         |
| Cash and cash equivalents                         | \$ 31,512               | \$ 62,458               |
| Restricted cash                                   | 78                      | 1,431                   |
| Marketable securities                             | 10,762                  | 9,447                   |
| Accounts receivable, net                          | 42,768                  | 46,108                  |
| Inventories, net                                  | 18,846                  | 17,251                  |
| Prepaid expenses and other current assets         | 7,291                   | 3,902                   |
| Deferred tax asset                                | 2,080                   | 217                     |
| Total current assets                              | 113,337                 | 140,814                 |
| Property and equipment, net                       | 40,161                  | 35,217                  |
| Marketable securities, long-term                  | 11,004                  | 12,415                  |
| Investments in affiliates                         | 13,697                  | 13,043                  |
| Intangible assets, net                            | 30,162                  | 4,621                   |
| Goodwill  | 56,066                  | 27,422                  |
| Other assets                                      | 979                     | 451                     |
| Total assets                                      | \$ 265,406              | \$ 233,983              |
| <br><b>Liabilities and Stockholders' Equity</b>   |                         |                         |
| <b>Current liabilities:</b>                       |                         |                         |
| Accounts payable                                  | \$ 10,469               | \$ 11,951               |
| Other accrued expenses                            | 13,920                  | 10,974                  |
| Customer deposits                                 | 3,106                   | 1,966                   |
| Deferred revenues                                 | 27,381                  | 26,237                  |
| Deferred tax liability                            | 1,051                   | 137                     |
| Total current liabilities                         | 55,927                  | 51,265                  |
| Deferred revenue, long-term                       | 11,914                  | 6,737                   |
| Long term liabilities                             | 6,529                   | -                       |
| Distribution and losses in excess of investment   | 1,783                   | 1,745                   |
| Deferred tax liabilities and income taxes payable | 8,204                   | 2,000                   |
| Total liabilities                                 | 84,357                  | 61,747                  |
| <br><b>Stockholders' equity:</b>                  |                         |                         |
| Common stock                                      | 321                     | 318                     |
| Additional paid-in capital                        | 210,052                 | 206,411                 |
| Treasury stock                                    | (7,709)                 | (5,989)                 |
| Accumulated deficit                               | (17,494)                | (18,773)                |
| Accumulated other comprehensive loss              | (4,121)                 | (9,731)                 |
| Total stockholders' equity                        | 181,049                 | 172,236                 |
| Total liabilities and stockholders' equity        | \$ 265,406              | \$ 233,983              |

SeaChange International, Inc.  
Condensed Consolidated Statement of Operations - Unaudited  
(in thousands, except per share data)

|  | <u>Three Months Ended</u>   |                             | <u>Nine Months Ended</u>    |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | <u>October 31,<br/>2009</u> | <u>October 31,<br/>2008</u> | <u>October 31,<br/>2009</u> | <u>October 31,<br/>2008</u> |
| <b>Revenues</b>  | \$ 53,290                   | \$ 51,795                   | \$ 148,673                  | \$ 147,884                  |
| Cost of revenues   | 25,733                      | 23,652                      | 72,384                      | 72,339                      |
| Gross profit   | <u>27,557</u>               | <u>28,143</u>               | <u>76,289</u>               | <u>75,545</u>               |
| Operating expenses:  |                             |                             |                             |                             |
| Research and development   | 13,353                      | 10,488                      | 37,433                      | 32,011                      |
| Selling and marketing  | 7,067                       | 6,831                       | 19,582                      | 20,519                      |
| General and administrative   | 5,986                       | 5,464                       | 16,036                      | 15,549                      |
| Amortization of intangibles  | 571                         | 393                         | 1,844                       | 1,186                       |
|  | <u>26,977</u>               | <u>23,176</u>               | <u>74,895</u>               | <u>69,265</u>               |
| <b>Income from operations</b>  | 580                         | 4,967                       | 1,394                       | 6,280                       |
| Interest income and gains on sales of marketable securities, net     | 455                         | 45                          | 739                         | 1,592                       |
| Income before income taxes and equity loss in earnings of affiliates | 1,035                       | 5,012                       | 2,133                       | 7,872                       |
| Income tax provision   | (105)                       | (1,466)                     | (337)                       | (2,099)                     |
| Equity loss in earnings of affiliates                                | (273)                       | (179)                       | (517)                       | (576)                       |
| <b>Net income</b>  | <u>\$ 657</u>               | <u>\$ 3,367</u>             | <u>\$ 1,279</u>             | <u>\$ 5,197</u>             |
| Basic income per share   | <u>\$ 0.02</u>              | <u>\$ 0.11</u>              | <u>\$ 0.04</u>              | <u>\$ 0.17</u>              |
| Diluted income per share   | <u>\$ 0.02</u>              | <u>\$ 0.11</u>              | <u>\$ 0.04</u>              | <u>\$ 0.17</u>              |
| Weighted average common shares outstanding:                          |                             |                             |                             |                             |
| Basic  | 30,871                      | 30,514                      | 30,838                      | 30,729                      |
| Diluted  | 31,659                      | 31,143                      | 31,407                      | 31,196                      |

SeaChange International, Inc.  
Condensed Consolidated Operating Segments - Unaudited  
(in thousands)

|   | <u>Three Months Ended</u>   |                             | <u>Nine Months Ended</u>    |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | <u>October 31,<br/>2009</u> | <u>October 31,<br/>2008</u> | <u>October 31,<br/>2009</u> | <u>October 31,<br/>2008</u> |
| <b>Software</b>                             |                             |                             |                             |                             |
| Revenue:                                    |                             |                             |                             |                             |
| Products                                    | \$ 19,167                   | \$ 22,857                   | \$ 49,876                   | \$ 60,916                   |
| Services                                    | 16,578                      | 14,708                      | 46,547                      | 39,291                      |
| Total revenue                               | <u>35,745</u>               | <u>37,565</u>               | <u>96,423</u>               | <u>100,207</u>              |
| Gross profit                                | 22,416                      | 23,159                      | 58,354                      | 57,830                      |
| Operating expenses:                         |                             |                             |                             |                             |
| Research and development                    | 10,437                      | 8,098                       | 29,233                      | 24,953                      |
| Selling and marketing                       | 4,868                       | 4,154                       | 12,550                      | 12,396                      |
| General and administrative                  | 173                         | -                           | 173                         | -                           |
| Amortization of intangibles                 | 635                         | 364                         | 1,404                       | 1,092                       |
|   | <u>16,113</u>               | <u>12,616</u>               | <u>43,360</u>               | <u>38,441</u>               |
| <b>Income from operations</b>               | <u>\$ 6,303</u>             | <u>\$ 10,543</u>            | <u>\$ 14,994</u>            | <u>\$ 19,389</u>            |
| <b>Servers and Storage</b>                  |                             |                             |                             |                             |
| Revenue:                                    |                             |                             |                             |                             |
| Products                                    | \$ 8,182                    | \$ 6,834                    | \$ 26,441                   | \$ 25,255                   |
| Services                                    | 4,179                       | 3,545                       | 11,804                      | 10,663                      |
| Total revenue                               | <u>12,361</u>               | <u>10,379</u>               | <u>38,245</u>               | <u>35,918</u>               |
| Gross profit                                | 4,238                       | 4,447                       | 16,392                      | 16,028                      |
| Operating expenses:                         |                             |                             |                             |                             |
| Research and development                    | 2,916                       | 2,390                       | 8,200                       | 7,058                       |
| Selling and marketing                       | 2,199                       | 2,659                       | 7,032                       | 8,074                       |
|   | <u>5,115</u>                | <u>5,049</u>                | <u>15,232</u>               | <u>15,132</u>               |
| <b>(Loss) income from operations</b>        | <u>\$ (877)</u>             | <u>\$ (602)</u>             | <u>\$ 1,160</u>             | <u>\$ 896</u>               |
| <b>Media Services</b>                       |                             |                             |                             |                             |
| Service revenue                             | \$ 5,184                    | \$ 3,851                    | \$ 14,005                   | \$ 11,759                   |
| Gross profit                                | 903                         | 537                         | 1,543                       | 1,687                       |
| Operating expenses:                         |                             |                             |                             |                             |
| Selling and marketing                       | -                           | 18                          | -                           | 49                          |
| General and administrative                  | 824                         | 839                         | 2,247                       | 2,450                       |
| Amortization of intangibles                 | (64)                        | 29                          | 440                         | 94                          |
|   | <u>760</u>                  | <u>886</u>                  | <u>2,687</u>                | <u>2,593</u>                |
| <b>Income (loss) from operations</b>        | <u>\$ 143</u>               | <u>\$ (349)</u>             | <u>\$ (1,144)</u>           | <u>\$ (906)</u>             |
| <b>Unallocated Corporate</b>                |                             |                             |                             |                             |
| Operating expenses:                         |                             |                             |                             |                             |
| General and administrative                  | \$ 4,989                    | \$ 4,625                    | \$ 13,616                   | \$ 13,099                   |
| <b>Total unallocated corporate expenses</b> | <u>\$ 4,989</u>             | <u>\$ 4,625</u>             | <u>\$ 13,616</u>            | <u>\$ 13,099</u>            |
| <b>Consolidated income from operations</b>  | <u>\$ 580</u>               | <u>\$ 4,967</u>             | <u>\$ 1,394</u>             | <u>\$ 6,280</u>             |

SeaChange International, Inc.  
Reconciliation of Selected GAAP Measures to Non-GAAP Measures - Unaudited  
(in thousands, except per share data)

|  | Three Months Ended<br>October 31, 2009 |                 |                 | Three Months Ended<br>October 31, 2008 |                 |                 | Nine Months Ended<br>October 31, 2009 |                 |                 | Nine Months Ended<br>October 31, 2008 |                 |                 |
|--|--|-----------------|-----------------|--|-----------------|-----------------|---------------------------------------|-----------------|-----------------|---------------------------------------|-----------------|-----------------|
|  | GAAP                                   | Adjustment      | Non-GAAP        | GAAP                                   | Adjustment      | Non-GAAP        | GAAP                                  | Adjustment      | Non-GAAP        | GAAP                                  | Adjustment      | Non-GAAP        |
| <b>Revenues (1)</b>                                | \$ 53,290                              | \$ 731          | \$ 54,021       | \$ 51,795                              | \$ -            | \$ 51,795       | \$ 148,673                            | \$ 731          | \$ 149,404      | \$ 147,884                            | \$ -            | \$ 147,884      |
| Operating expenses                                 | 26,977                                 | -               | 26,977          | 23,176                                 | -               | 23,176          | 74,895                                | -               | 74,895          | 69,265                                | -               | 69,265          |
| Stock-based compensation (2)                       | -                                      | 870             | 870             | -                                      | 1,066           | 1,066           | -                                     | 2,365           | 2,365           | -                                     | 2,836           | 2,836           |
| Amortization of intangible assets - eventIS (3)    | -                                      | 393             | 393             | -                                      | -               | -               | -                                     | 393             | 393             | -                                     | -               | -               |
| Amortization of intangible assets - other (3)      | -                                      | 623             | 623             | -                                      | 481             | 481             | -                                     | 2,000           | 2,000           | -                                     | 1,556           | 1,556           |
| Acquisition related costs (4)                      | -                                      | 430             | 430             | -                                      | -               | -               | -                                     | 960             | 960             | -                                     | -               | -               |
|  | <u>26,977</u>                          | <u>2,316</u>    | <u>24,661</u>   | <u>23,176</u>                          | <u>1,547</u>    | <u>21,629</u>   | <u>74,895</u>                         | <u>5,718</u>    | <u>69,177</u>   | <u>69,265</u>                         | <u>4,392</u>    | <u>64,873</u>   |
| <b>Income from operations</b>                      | 580                                    | 3,047           | 3,627           | 4,967                                  | 1,547           | 6,514           | 1,394                                 | 6,449           | 7,843           | 6,280                                 | 4,392           | 10,672          |
| Income tax provision (5)                           | (105)                                  | (309)           | (414)           | (1,466)                                | (452)           | (1,918)         | (337)                                 | (1,019)         | (1,356)         | (2,099)                               | (1,171)         | (3,270)         |
| <b>Net income</b>                                  | <u>\$ 657</u>                          | <u>\$ 2,738</u> | <u>\$ 3,395</u> | <u>\$ 3,367</u>                        | <u>\$ 1,095</u> | <u>\$ 4,462</u> | <u>\$ 1,279</u>                       | <u>\$ 5,430</u> | <u>\$ 6,709</u> | <u>\$ 5,197</u>                       | <u>\$ 3,221</u> | <u>\$ 8,418</u> |
| Diluted income per share                           | <u>\$ 0.02</u>                         | <u>\$ 0.09</u>  | <u>\$ 0.11</u>  | <u>\$ 0.11</u>                         | <u>\$ 0.04</u>  | <u>\$ 0.14</u>  | <u>\$ 0.04</u>                        | <u>\$ 0.17</u>  | <u>\$ 0.21</u>  | <u>\$ 0.17</u>                        | <u>\$ 0.10</u>  | <u>\$ 0.27</u>  |
| Diluted weighted average common shares outstanding | 31,659                                 | 31,659          | 31,659          | 31,143                                 | 31,143          | 31,143          | 31,407                                | 31,407          | 31,407          | 31,196                                | 31,196          | 31,196          |

(1) Business combination accounting rules require us to account for the fair value of deferred revenue assumed in connection with an acquisition. This non-GAAP adjustment reflects the full amount of software contract revenue that would otherwise be recorded subsequent to our acquisition of eventIS Group B.V.

(2) For GAAP purposes, stock-based compensation is included in the following expense categories:

|                                | Three Months Ended |                  | Nine Months Ended |                  |
|--------------------------------|--------------------|------------------|-------------------|------------------|
|                                | October 31, 2009   | October 31, 2008 | October 31, 2009  | October 31, 2008 |
| Cost of revenues               | \$ 118             | \$ 123           | \$ 320            | \$ 332           |
| Research and development       | 223                | 281              | 577               | 812              |
| Selling and marketing          | 123                | 192              | 397               | 509              |
| General and administrative     | 406                | 470              | 1,071             | 1,183            |
| Total stock-based compensation | <u>\$ 870</u>      | <u>\$ 1,066</u>  | <u>\$ 2,365</u>   | <u>\$ 2,836</u>  |

(3) The intangible assets recorded at fair value as a result of our acquisitions are amortized over the estimated useful life of the related asset. Amortization expense related to intangible assets is included in the following expense categories:

|                                   | Three Months Ended |                  | Nine Months Ended |                  |
|-----------------------------------|--------------------|------------------|-------------------|------------------|
|                                   | October 31, 2009   | October 31, 2008 | October 31, 2009  | October 31, 2008 |
| Cost of revenues:                 |                    |                  |                   |                  |
| eventIS                           | \$ 159             | \$ -             | \$ 159            | \$ -             |
| Other                             | 287                | 47               | 390               | 240              |
| Operating expenses:               |                    |                  |                   |                  |
| eventIS                           | 234                | -                | 234               | -                |
| Other                             | 336                | 434              | 1,610             | 1,316            |
| Total amortization of intangibles | <u>\$ 1,016</u>    | <u>\$ 481</u>    | <u>\$ 2,393</u>   | <u>\$ 1,556</u>  |

(4) We incurred expenses in connection with our acquisition of eventIS Group B.V. during fiscal 2010 which would not have otherwise occurred in the periods presented as part of our operating expenses.

(5) The non-GAAP income tax adjustment reflects the effective income tax rate used during the periods presented.