

INTERWOVEN, INC.
JULY 22, 2003

INTERWOVEN, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
	(unaudited)		(unaudited)	
Revenues:				
License.....	\$ 10,192	\$ 15,946	\$ 19,343	\$ 30,873
Services.....	16,003	17,070	32,438	34,815
Total revenues.....	<u>26,195</u>	<u>33,016</u>	<u>51,781</u>	<u>65,688</u>
Cost of revenues:				
License.....	465	1,069	1,167	2,017
Services.....	7,645	9,202	15,540	19,175
Total cost of revenues.....	<u>8,110</u>	<u>10,271</u>	<u>16,707</u>	<u>21,192</u>
Gross profit.....	<u>18,085</u>	<u>22,745</u>	<u>35,074</u>	<u>44,496</u>
Operating expenses:				
Research and development.....	6,002	7,029	11,886	14,000
Sales and marketing.....	13,056	17,938	27,570	38,685
General and administrative.....	4,211	4,509	8,336	9,592
Amortization of deferred stock-based compensation.....	493	58	1,007	3,265
Amortization of acquired intangible assets.....	444	1,310	888	2,546
In-process research & development.....	599	-	599	-
Restructuring charges.....	1,311	7,244	2,377	8,464
Total operating expenses.....	<u>26,116</u>	<u>38,088</u>	<u>52,663</u>	<u>76,552</u>
Loss from operations.....	(8,031)	(15,343)	(17,589)	(32,056)
Interest and other income (expense), net.....	<u>1,035</u>	<u>1,886</u>	<u>1,934</u>	<u>3,389</u>
Net loss before provision for income taxes	(6,996)	(13,457)	(15,655)	(28,667)
Provision for income taxes	198	334	639	788
Net loss.....	<u>(\$7,194)</u>	<u>(\$13,791)</u>	<u>(\$16,294)</u>	<u>(\$29,455)</u>
Basic and diluted net loss per share.....	<u>(\$0.07)</u>	<u>(\$0.13)</u>	<u>(\$0.16)</u>	<u>(\$0.29)</u>
Shares used in computing basic and diluted net loss per share	<u>102,638</u>	<u>103,414</u>	<u>102,400</u>	<u>103,020</u>

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Pro forma information (1)	(unaudited)		(unaudited)	
Historical net loss.....	(\$7,194)	(\$13,791)	(\$16,294)	(\$29,455)
Add back certain non-cash and non-recurring charges:				
Amortization of deferred stock-based compensation....	493	58	1,007	3,265
Amortization of acquired intangible assets.....	444	1,310	888	2,546
In-process research & development.....	599	-	599	-
Restructuring charges.....	1,311	7,244	2,377	8,464
Total add back.....	2,847	8,612	4,871	14,275
Pro forma net income (loss) excluding certain non-cash and acquisition related charges.....	<u>(\$4,347)</u>	<u>(\$5,179)</u>	<u>(\$11,423)</u>	<u>(\$15,180)</u>
Pro forma basic and diluted net loss per share	<u>(\$0.04)</u>	<u>(\$0.05)</u>	<u>(\$0.11)</u>	<u>(\$0.15)</u>
Shares used in computing pro forma basic and diluted net loss per share	<u>102,638</u>	<u>103,414</u>	<u>102,400</u>	<u>103,020</u>

(1) The accompanying pro forma financial information is presented for informational purposes only and should not be considered a substitute for the historical financial information presented in accordance with accounting principles generally accepted in the United States.