

INTERWOVEN, INC.
Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:				
License	\$ 18,508	\$ 14,666	\$ 36,077	\$ 31,083
Support and service	<u>30,521</u>	<u>26,368</u>	<u>59,410</u>	<u>52,436</u>
Total revenues	49,029	41,034	95,487	83,519
Cost of revenues:				
License	4,417	3,342	8,589	6,830
Support and service	<u>12,327</u>	<u>10,227</u>	<u>24,184</u>	<u>20,256</u>
Total cost of revenues	<u>16,744</u>	<u>13,569</u>	<u>32,773</u>	<u>27,086</u>
Gross profit	32,285	27,465	62,714	56,433
Operating expenses:				
Sales and marketing	19,168	16,671	37,569	33,999
Research and development	8,528	7,842	17,082	16,010
General and administrative	3,791	3,122	9,051	6,730
Amortization of intangible assets	828	782	1,656	1,638
Restructuring and excess facilities charges	<u>(591)</u>	<u>(303)</u>	<u>(928)</u>	<u>(633)</u>
Total operating expenses	<u>31,724</u>	<u>28,114</u>	<u>64,430</u>	<u>57,744</u>
Income (loss) from operations	561	(649)	(1,716)	(1,311)
Interest income and other, net	<u>1,531</u>	<u>908</u>	<u>2,805</u>	<u>1,621</u>
Income before provision for income taxes	2,092	259	1,089	310
Provision for income taxes	<u>315</u>	<u>325</u>	<u>755</u>	<u>625</u>
Net income (loss)	<u>\$ 1,777</u>	<u>\$ (66)</u>	<u>\$ 334</u>	<u>\$ (315)</u>
Basic net income (loss) per common share	<u>\$ 0.04</u>	<u>\$ (0.00)</u>	<u>\$ 0.01</u>	<u>\$ (0.01)</u>
Shares used in computing basic net income (loss) per common share	<u>42,629</u>	<u>41,635</u>	<u>42,529</u>	<u>41,386</u>
Diluted net income (loss) per common share	<u>\$ 0.04</u>	<u>\$ (0.00)</u>	<u>\$ 0.01</u>	<u>\$ (0.01)</u>
Shares used in computing diluted net income (loss) per common share	<u>43,350</u>	<u>41,635</u>	<u>43,210</u>	<u>41,386</u>