

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

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues:				
License	\$ 16,157	\$ 10,383	\$ 49,335	\$ 29,726
Support and service	<u>24,104</u>	<u>15,690</u>	<u>67,815</u>	<u>48,128</u>
Total revenues	40,261	26,073	117,150	77,854
Cost of revenues:				
License	3,387	1,426	9,864	2,593
Support and service	<u>9,705</u>	<u>7,260</u>	<u>28,643</u>	<u>23,842</u>
Total cost of revenues	<u>13,092</u>	<u>8,686</u>	<u>38,507</u>	<u>26,435</u>
Gross profit	27,169	17,387	78,643	51,419
Operating expenses:				
Sales and marketing	17,300	13,251	52,585	41,518
Research and development	7,746	6,058	23,033	18,062
General and administrative	3,052	2,867	9,022	9,346
Amortization of stock-based compensation	941	475	4,352	1,482
Amortization of intangible assets	1,217	657	3,631	1,545
In-process research and development	—	—	—	599
Restructuring and excess facilities	<u>(266)</u>	<u>13,324</u>	<u>11,571</u>	<u>15,701</u>
Total operating expenses	<u>29,990</u>	<u>36,632</u>	<u>104,194</u>	<u>88,253</u>
Loss from operations	(2,821)	(19,245)	(25,551)	(36,834)
Interest income and other, net	<u>468</u>	<u>579</u>	<u>1,114</u>	<u>2,513</u>
Loss before provision for income taxes	(2,353)	(18,666)	(24,437)	(34,321)
Provision for income taxes	<u>243</u>	<u>174</u>	<u>729</u>	<u>813</u>
Net loss	<u>\$ (2,596)</u>	<u>\$ (18,840)</u>	<u>\$ (25,166)</u>	<u>\$ (35,134)</u>
Basic and diluted net loss per common share	<u>\$ (0.06)</u>	<u>\$ (0.71)</u>	<u>\$ (0.62)</u>	<u>\$ (1.36)</u>
Shares used in computing basic and diluted net loss per common share	<u>40,564</u>	<u>26,398</u>	<u>40,374</u>	<u>25,866</u>