

**INTERWOVEN, INC.**  
**Consolidated Statements of Income**  
(In thousands, except per share amounts)  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:				
License	\$ 24,160	\$ 21,225	\$ 69,510	\$ 61,856
Support and service	<u>41,705</u>	<u>34,228</u>	<u>120,974</u>	<u>100,927</u>
Total revenues	65,865	55,453	190,484	162,783
Cost of revenues:				
License	1,587	1,859	5,531	5,905
Support and service	<u>16,743</u>	<u>13,915</u>	<u>48,255</u>	<u>40,548</u>
Total cost of revenues	<u>18,330</u>	<u>15,774</u>	<u>53,786</u>	<u>46,453</u>
Gross profit	47,535	39,679	136,698	116,330
Operating expenses:				
Sales and marketing	22,311	19,000	67,018	59,008
Research and development	10,513	9,552	30,145	27,928
General and administrative	6,251	6,812	17,332	17,742
Amortization of intangible assets	734	814	2,070	2,470
Restructuring and excess facilities charges	<u>18</u>	<u>1</u>	<u>14</u>	<u>65</u>
Total operating expenses	<u>39,827</u>	<u>36,179</u>	<u>116,579</u>	<u>107,213</u>
Income from operations	7,708	3,500	20,119	9,117
Interest income and other, net	<u>878</u>	<u>2,199</u>	<u>3,305</u>	<u>6,973</u>
Income before provision for income taxes	8,586	5,699	23,424	16,090
Provision for income taxes	<u>849</u>	<u>1,638</u>	<u>2,086</u>	<u>3,096</u>
Net income	<u>\$ 7,737</u>	<u>\$ 4,061</u>	<u>\$ 21,338</u>	<u>\$ 12,994</u>
Basic net income per common share	<u>\$ 0.17</u>	<u>\$ 0.09</u>	<u>\$ 0.46</u>	<u>\$ 0.29</u>
Shares used in computing basic net income per common share	<u>45,951</u>	<u>45,293</u>	<u>45,662</u>	<u>44,995</u>
Diluted net income per common share	<u>\$ 0.16</u>	<u>\$ 0.09</u>	<u>\$ 0.45</u>	<u>\$ 0.28</u>
Shares used in computing diluted net income per common share	<u>47,133</u>	<u>46,538</u>	<u>46,696</u>	<u>46,555</u>