

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

	<u>Three Months Ended</u> <u>December 31,</u>		<u>Year Ended</u> <u>December 31,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(Unaudited)			
Revenues:				
License	\$ 26,517	\$ 24,932	\$ 96,027	\$ 86,788
Support and service	<u>43,287</u>	<u>37,953</u>	<u>164,261</u>	<u>138,880</u>
Total revenues	69,804	62,885	260,288	225,668
Cost of revenues:				
License	1,884	1,981	7,415	7,886
Support and service	<u>16,360</u>	<u>14,666</u>	<u>64,615</u>	<u>55,214</u>
Total cost of revenues	<u>18,244</u>	<u>16,647</u>	<u>72,030</u>	<u>63,100</u>
Gross profit	51,560	46,238	188,258	162,568
Operating expenses:				
Sales and marketing	22,925	24,193	89,943	83,201
Research and development	10,233	9,519	40,378	37,447
General and administrative	6,324	6,878	23,656	24,620
Amortization of intangible assets	736	759	2,806	3,229
Restructuring and excess facilities charges	<u>24</u>	<u>83</u>	<u>38</u>	<u>148</u>
Total operating expenses	<u>40,242</u>	<u>41,432</u>	<u>156,821</u>	<u>148,645</u>
Income from operations	11,318	4,806	31,437	13,923
Interest income and other, net	<u>708</u>	<u>2,297</u>	<u>4,013</u>	<u>9,270</u>
Income before provision for income taxes	12,026	7,103	35,450	23,193
Provision (benefit) for income taxes	<u>1,317</u>	<u>(3,581)</u>	<u>3,403</u>	<u>(485)</u>
Net income	<u>\$ 10,709</u>	<u>\$ 10,684</u>	<u>\$ 32,047</u>	<u>\$ 23,678</u>
Basic net income per common share	<u>\$ 0.23</u>	<u>\$ 0.24</u>	<u>\$ 0.70</u>	<u>\$ 0.53</u>
Shares used in computing basic net income per common share	<u>46,236</u>	<u>45,287</u>	<u>45,805</u>	<u>45,068</u>
Diluted net income per common share	<u>\$ 0.23</u>	<u>\$ 0.23</u>	<u>\$ 0.69</u>	<u>\$ 0.51</u>
Shares used in computing diluted net income per common share	<u>47,004</u>	<u>46,477</u>	<u>46,783</u>	<u>46,524</u>