Q4 2005 Earnings Call

Subrah S. Iyar, Chairman & CEO

Bill Heil, President & COO

Michael Everett, CFO

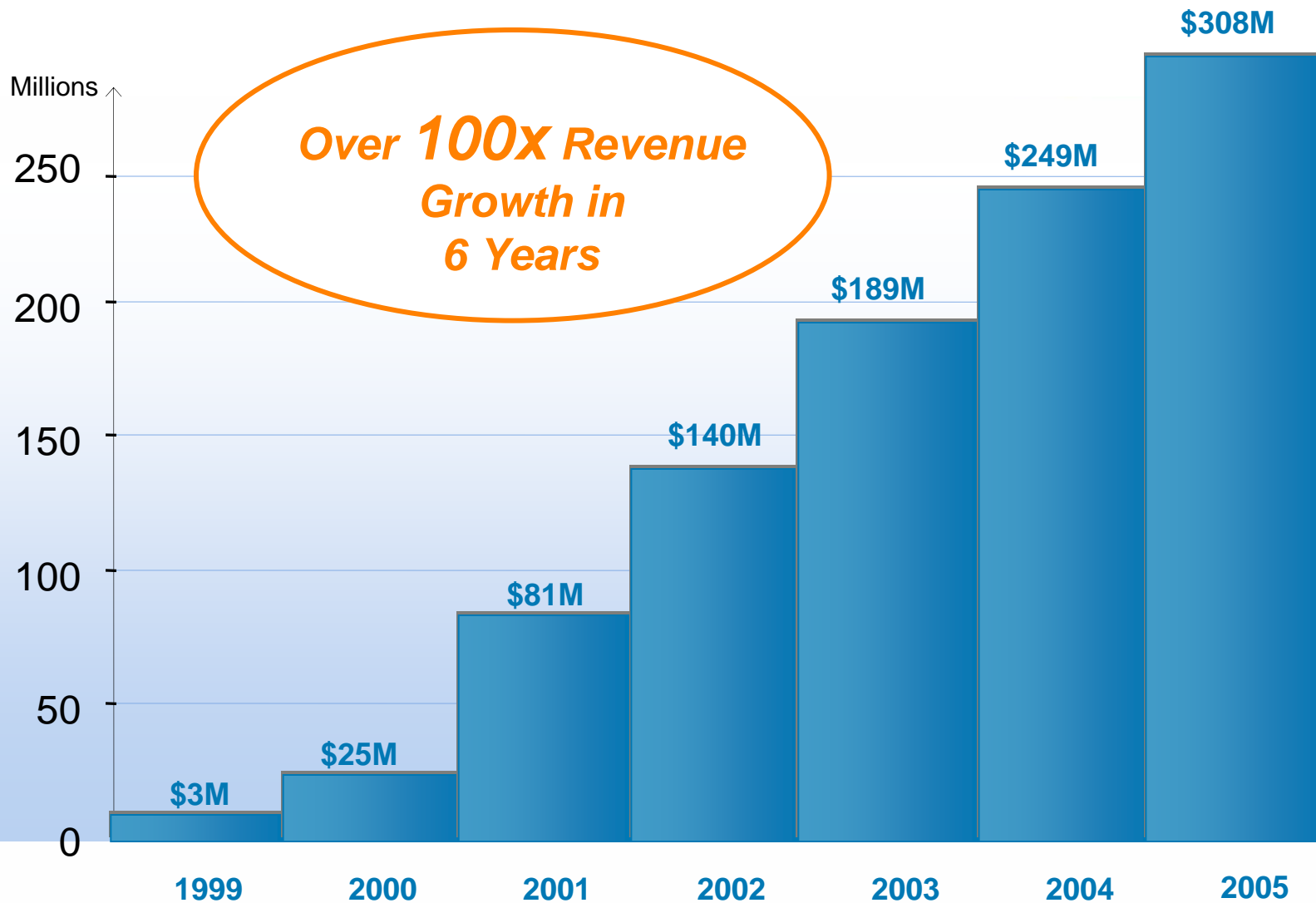02.02.06

Forward Looking Statements

This presentation contains forward-looking statements based on WebEx's current expectations, assumptions, estimates and projections about WebEx, including statements regarding WebEx's future plans, strategies, business and financial results, and other metrics relating to our business. These statements may be identified by the use of words such as "expect," "anticipate," "intend," "believe" and "plan." WebEx's actual results could differ materially from those projected in such forward-looking statements. Additional information concerning factors that could cause our actual results to differ materially from those contained in the forward-looking statements can be found in WebEx's filings with the Securities and Exchange Commission. References to projections or estimates from third party analysts do not constitute or imply any endorsement or adoption of such projections or estimates.

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2005: Another Great Year for WebEx

Over 100x Revenue Growth in 6 Years

Year	Revenue
1999	$3M
2000	$25M
2001	$81M
2002	$140M
2003	$189M
2004	$249M
2005	$308M

Q4 2005

- Revenues and earnings, above the high end of guidance

- Record new bookings

- Record addition of net new customers for core applications - 1000

Focus for Q4 2005

Customer Base Growth

New Market Expansion

MediaTone Network Advantage

webex MediaTone™
NETWORK

webex™

Customer Base Growth

Successful as a result of
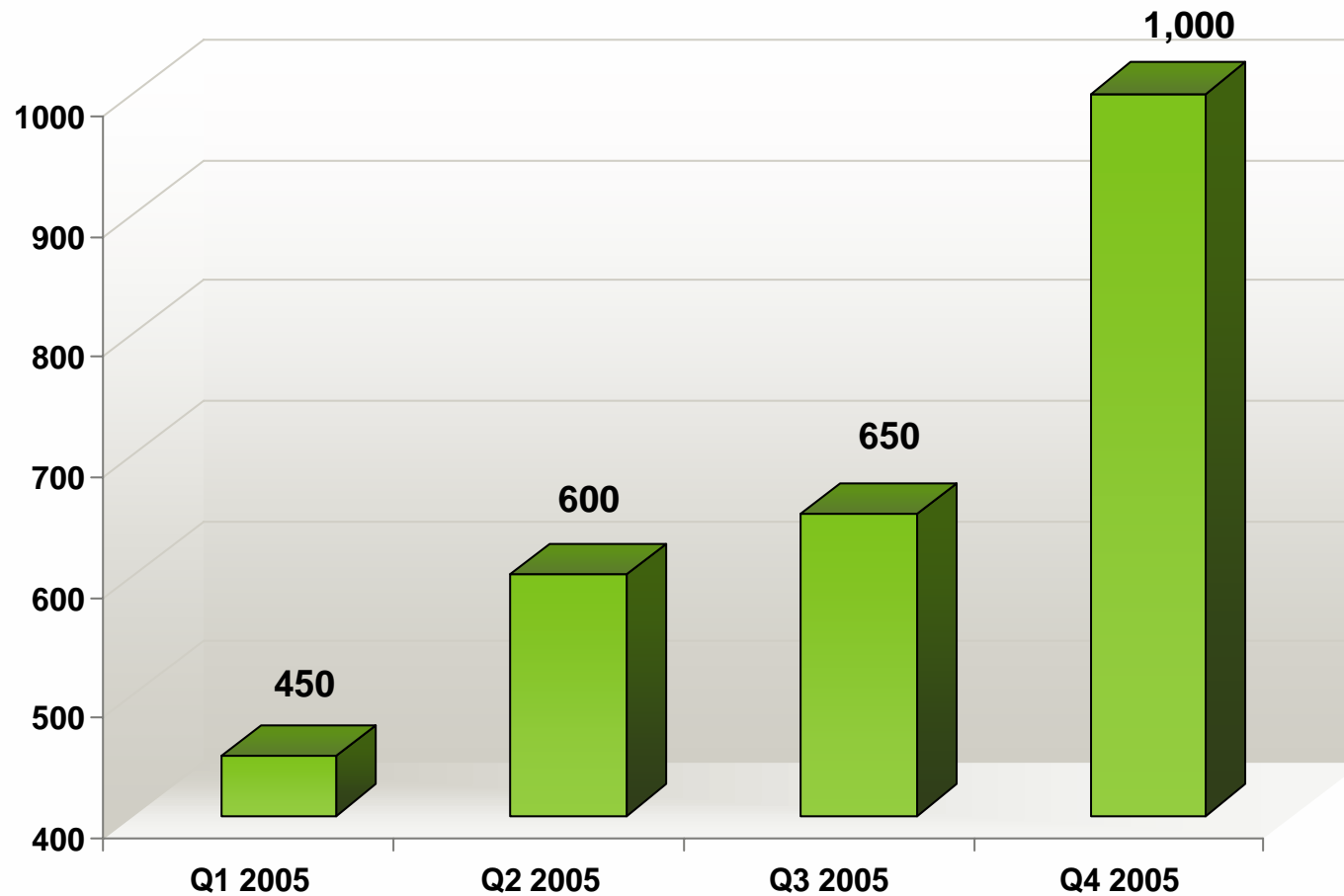
Increasing breadth of WebEx on-demand applications

Pricing and packaging that make it easy to buy and adopt WebEx applications throughout a company

Continued progress in field alignment and marketing to better serve the customers

Q4 2005:Net New Customers For Core Applications
(Q4 excludes new customers from Intranets, PCNOW and MeetMeNow)

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Customer Base Growth - Highlights of Q4 2005

New Customers

Record 1000 Net New Customers

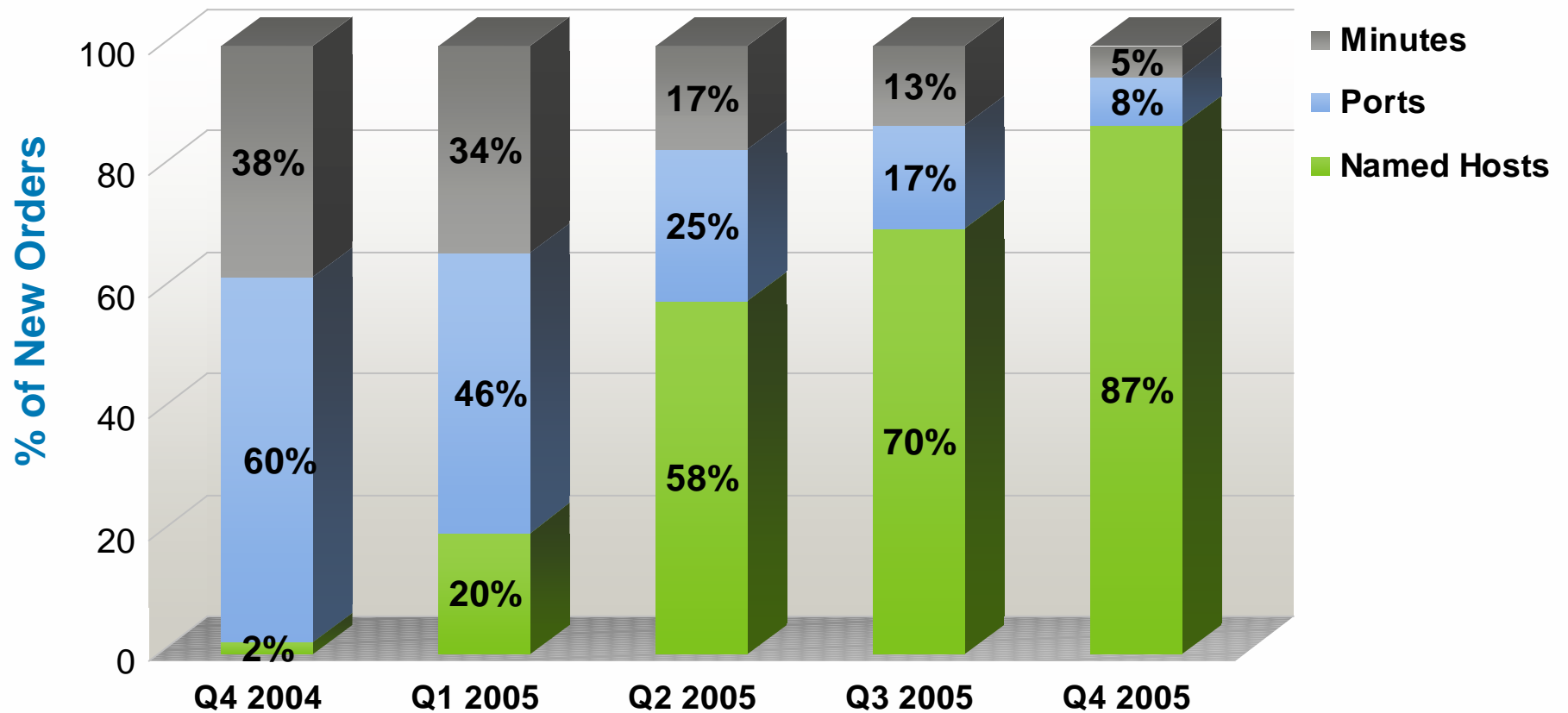**50% Higher Than Q3**

New Bookings

Strongest New Bookings Quarter in History

- Solid execution across all customer sizes, SMB to Enterprise
- Longer average contract length
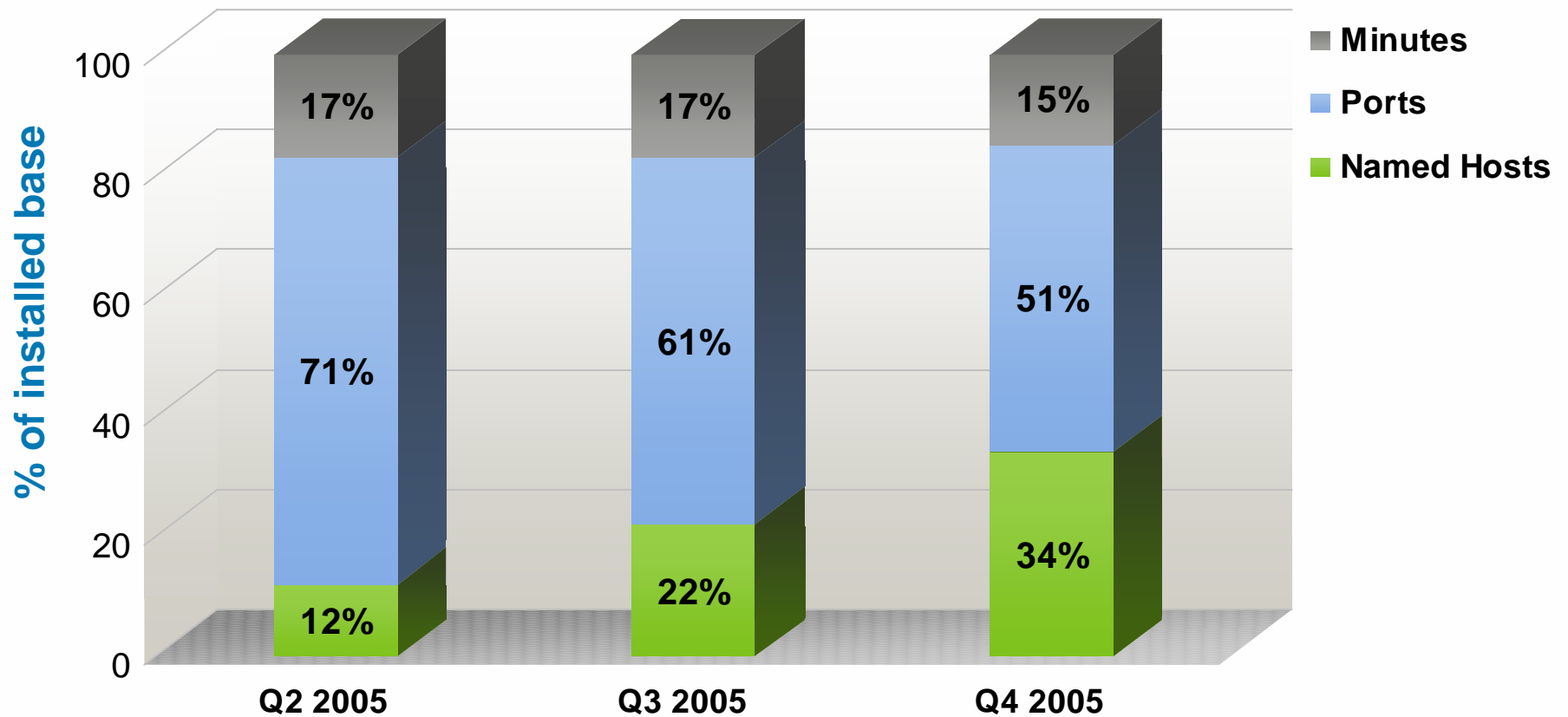- Shorter average sales cycles
- Larger total contract value

Customer Satisfaction

Highest Customer Satisfaction in 8 Quarters

New Order Subscription Pricing Models

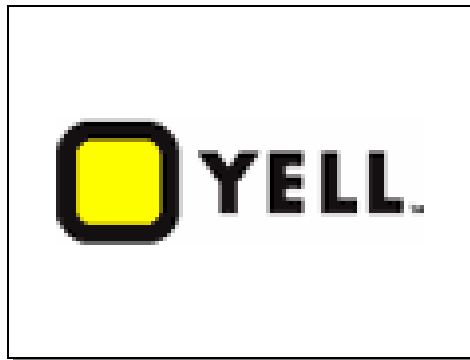# Installed Base Subscription Pricing Models

New customer—Dun & Bradstreet

D&B selected WebEx over competitors for breadth of business-specific applications

– Strong security

– On-demand delivery capabilities of MediaTone Network

– Over time roll out to all employees

Yell selected WebEx, preferring the on-demand model over software-based solutions

– Leading provider of Yellow pages in Europe

– Over $2 Billion in revenues, over 8,000 employees

– Evaluate multiple vendors

– Decided on the On-Demand model
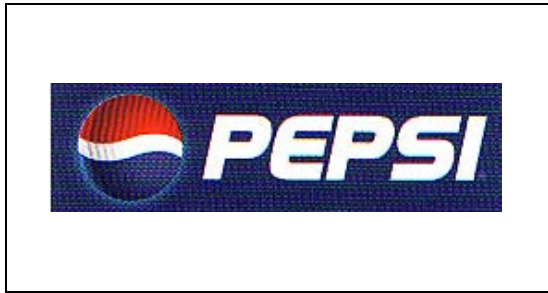
– Standardized on WebEx

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New customer—Manulife Financial

Selected WebEx for the global reach of the MediaTone Network, connecting employees in 85 countries across 9 languages

– Third largest company in Canada

– Global business with 20,000 employees

– Required on-demand business specific applications in 9 languages

New customer—Pepsi

Selected WebEx for its business-specific services and global reach

– World leader in beverages and foods

– WebEx will be the standard platform for core collaborative business processes

– Across their 180 subsidiaries

Growing demand – King Pharmaceuticals

Growth from single to multiple departments, while increasing subscription growth about 20x

– King has $1.5 Billion in revenues
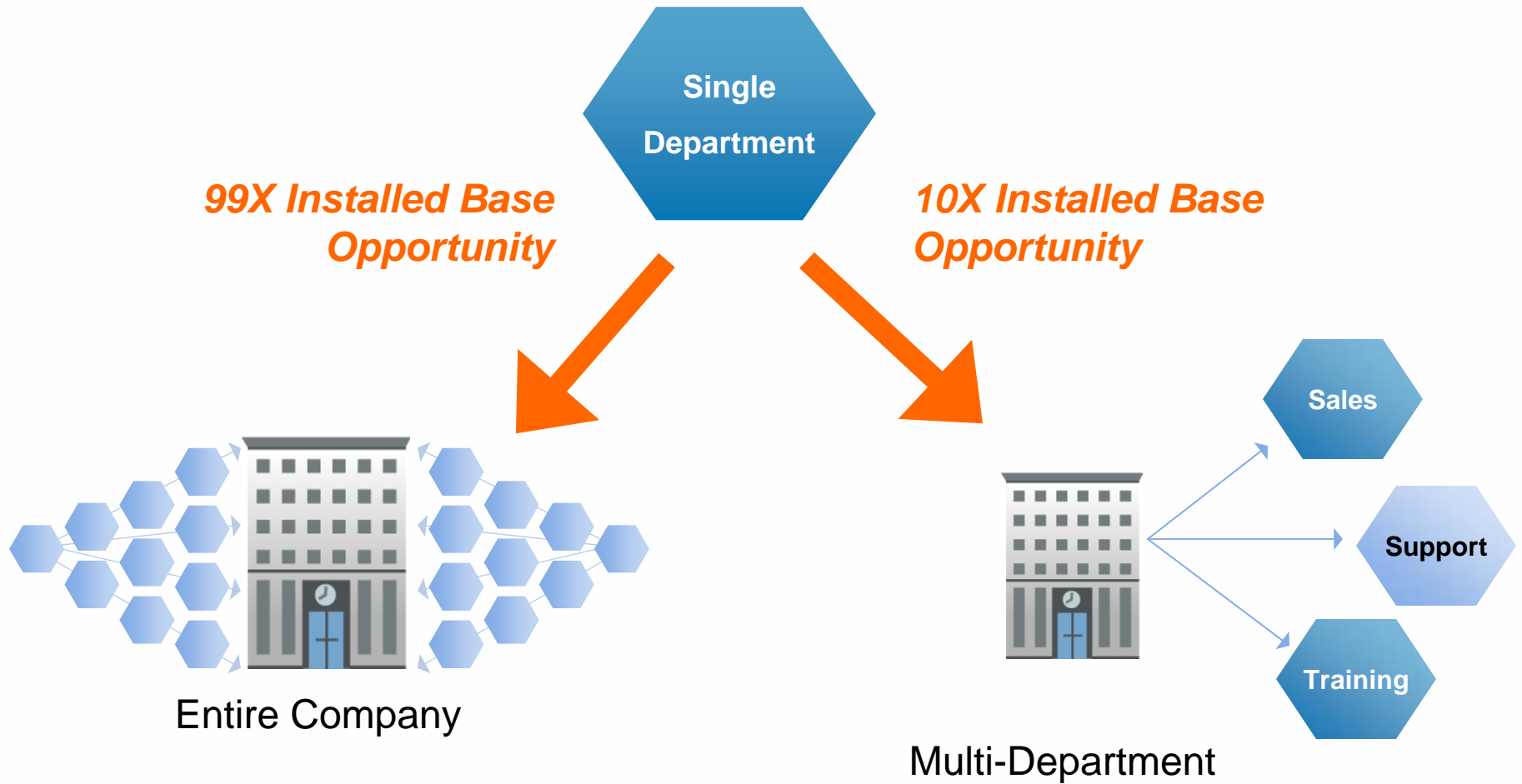– Rolling out on-demand applications
for sales, marketing, training

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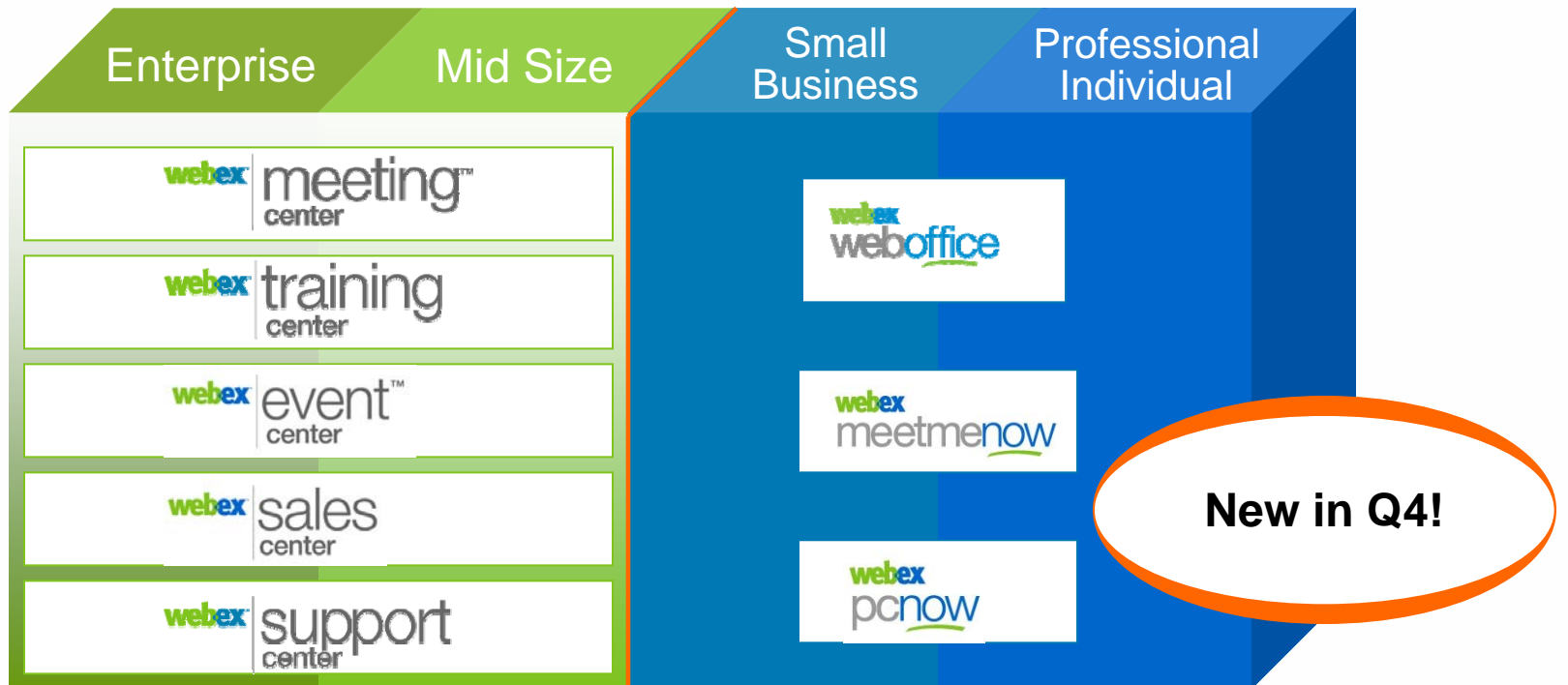# *Full deployment – EMC (VMWare Division)*

vmware™

Starting using WebEx in marketing for lead generation with huge success. Now making WebEx available to all employees.

– After seeing the huge business benefits, decided to roll WebEx applications to all employees

– Using WebEx applications in all aspects of the business
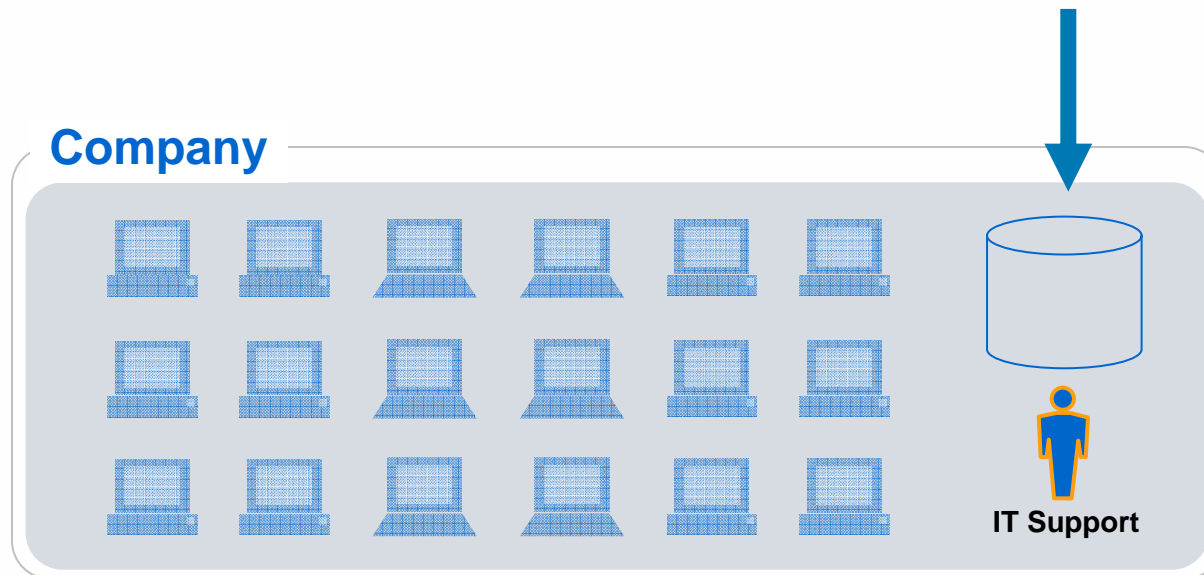
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Growing the Installed Base is a Huge Opportunity

Single Department

99X Installed Base Opportunity

10X Installed Base Opportunity

Sales

Support

Training

Entire Company

Multi-Department

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New Markets – New Products

Old Model – Systems Management
Expensive, Complex and Limiting

**Expensive,
On-Premise Solution**

Company

IT Support

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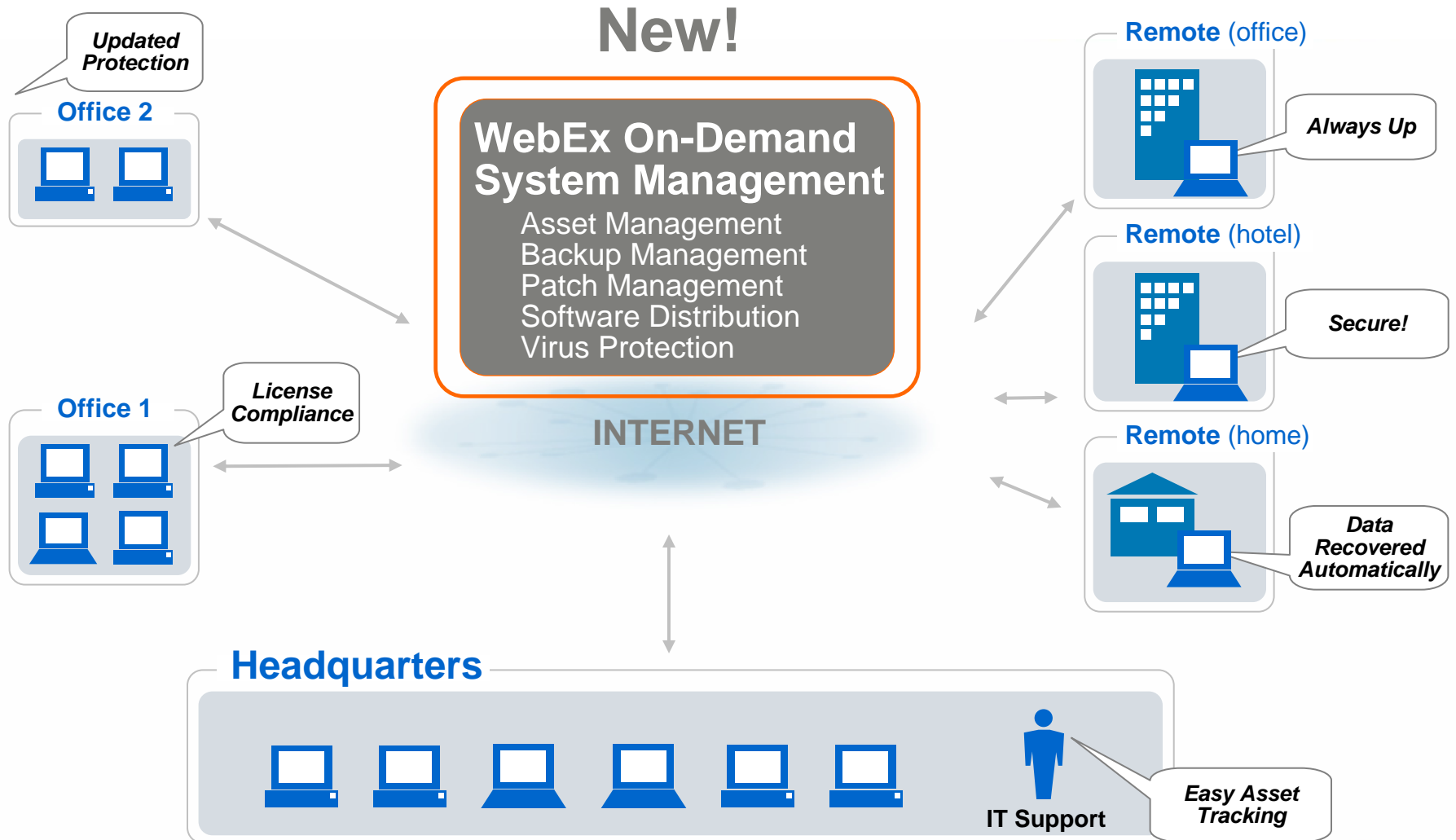
Continued Investments in MediaTone

The world's most <u>reliable</u>, <u>scalable</u> and <u>secure</u> platform to deliver software-as-a-service

Build Out of New Services
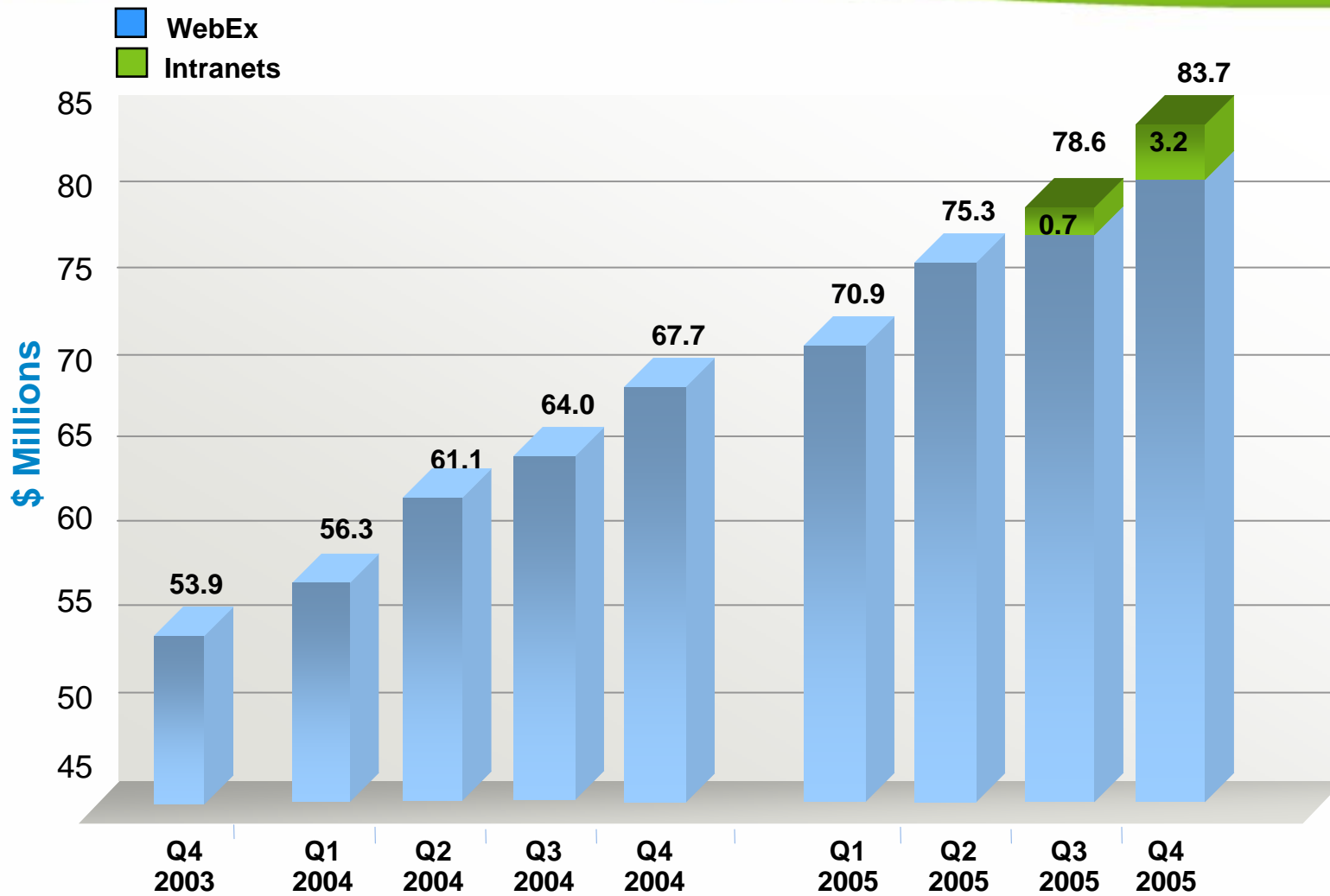
- VoIP & Rich Media

- Web Services

Increased Capacity for New Services

- PCNow, MeetMeNow, WebOffice

- Expansion in Europe & India
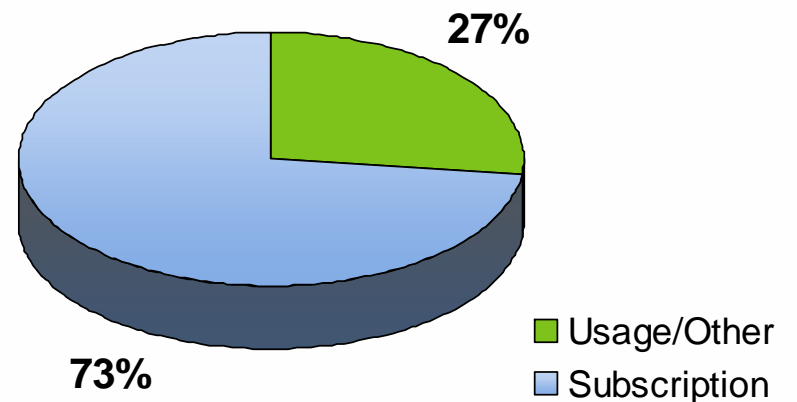
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Diversified Revenue Sources

35%

65%

■ MC Alone

■ Diversified Services

17%

83%

■ Indirect

■ Direct

13%

87%

■ International

■ Domestic

27%

73%

■ Usage/Other

■ Subscription

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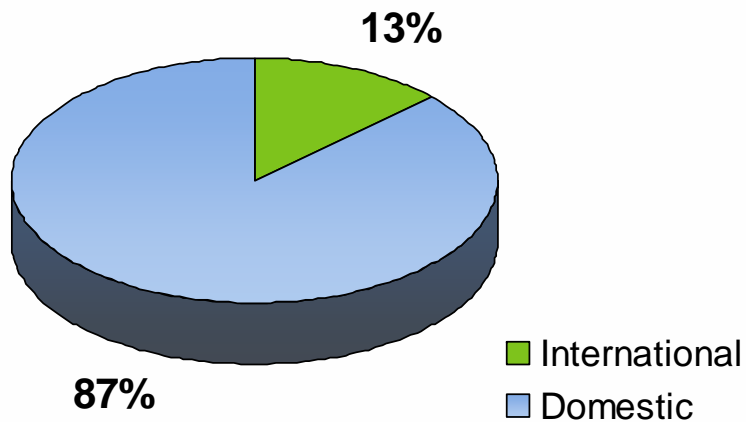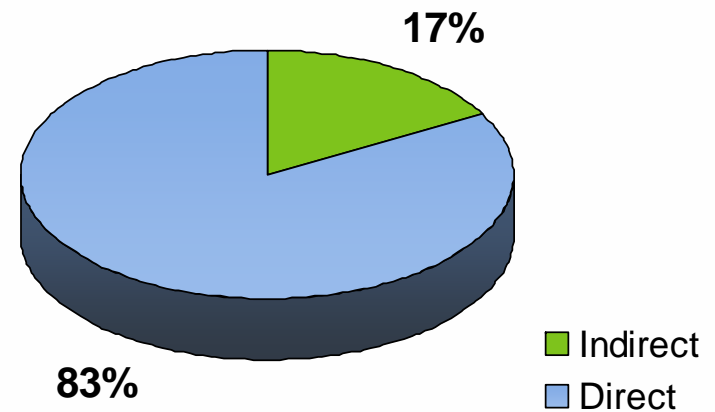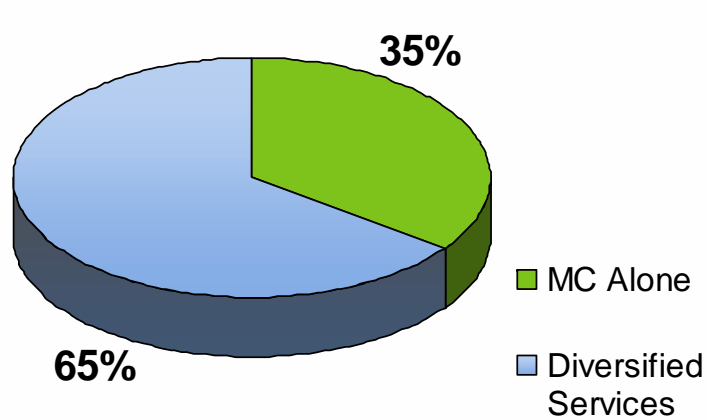
Diluted Earnings Per Share

Pro Forma
GAAP
Tax Benefit

0.76

NOL 0.47   0.29

NOL 0.8   0.34

0.26   0.26

0.27   0.29   0.26   0.27   0.28   0.30

0.22   0.22

0.40

0.30

0.20

0.10

| Q4 2003 | Q1 2004 | Q2 2004 | Q3 2004 | Q4 2004 | Q1 2005 | Q2 2005 | Q3 2005 | Q4 2005 |

Pro Forma excludes Intranets deferred purchase price and non cash amortization

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Pro Forma To GAAP EPS Bridge

	Q4 '04			Q4 '05		
	Pro-Forma	Adjustments	GAAP	Pro-Forma	Adjustments	GAAP
EPS	$0.26	$0.08	$0.34	$0.30	($0.02)	$0.28
Sharecount (Diluted)	47,012		47,012	47,803		47,803

Q4 '04 includes a $4M Tax Benefit for GAAP purposes, as well as the impact of equity-based compensation.

Q4 '05 includes charges related to the acquisition of Intranets of $1.4M, as well as the impact of equity-based compensation.

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Financial Ratios
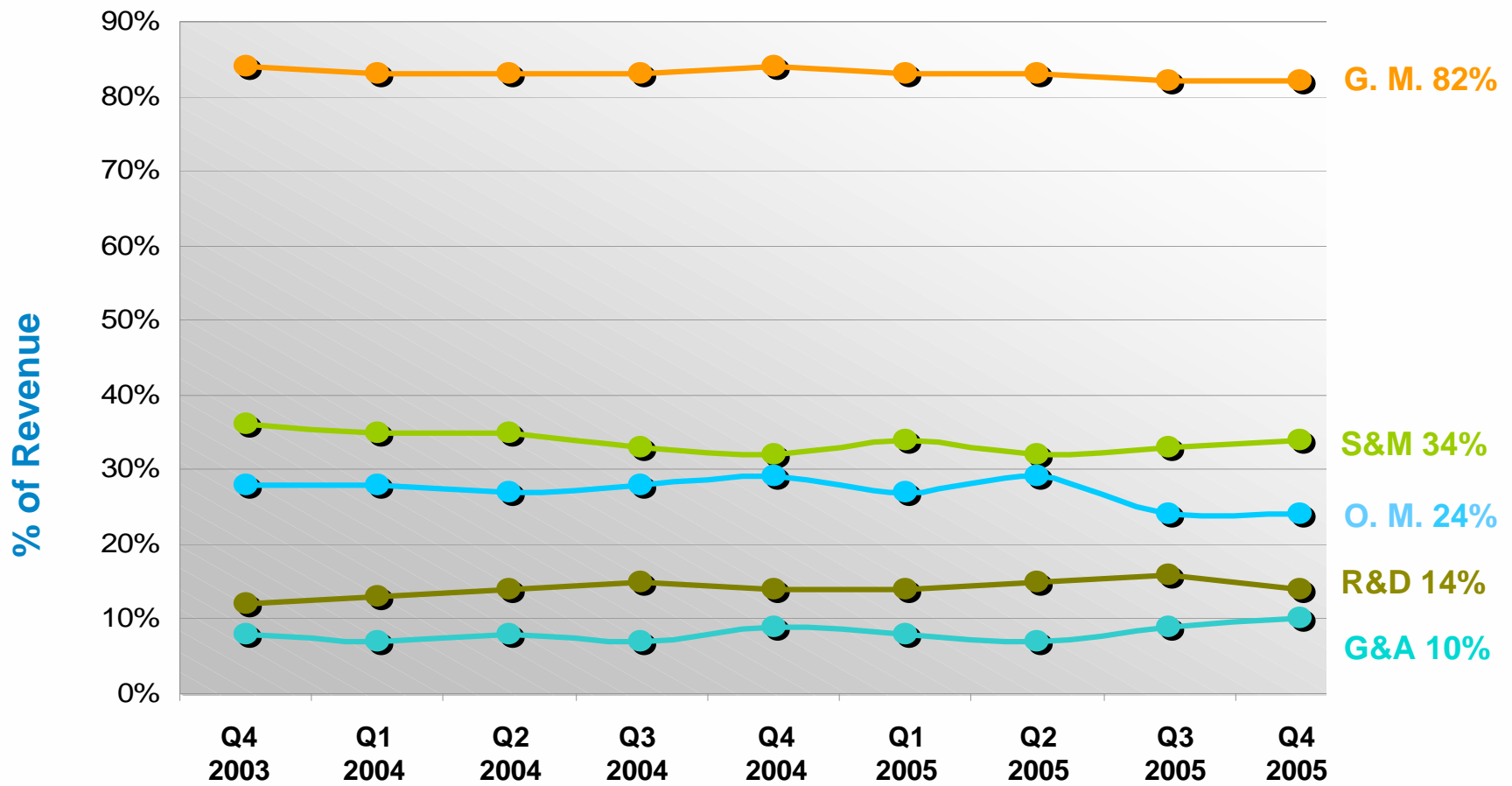
Cash Flow From Operations

Capex excludes purchase of data center, Cyber Bazaar and Intranets
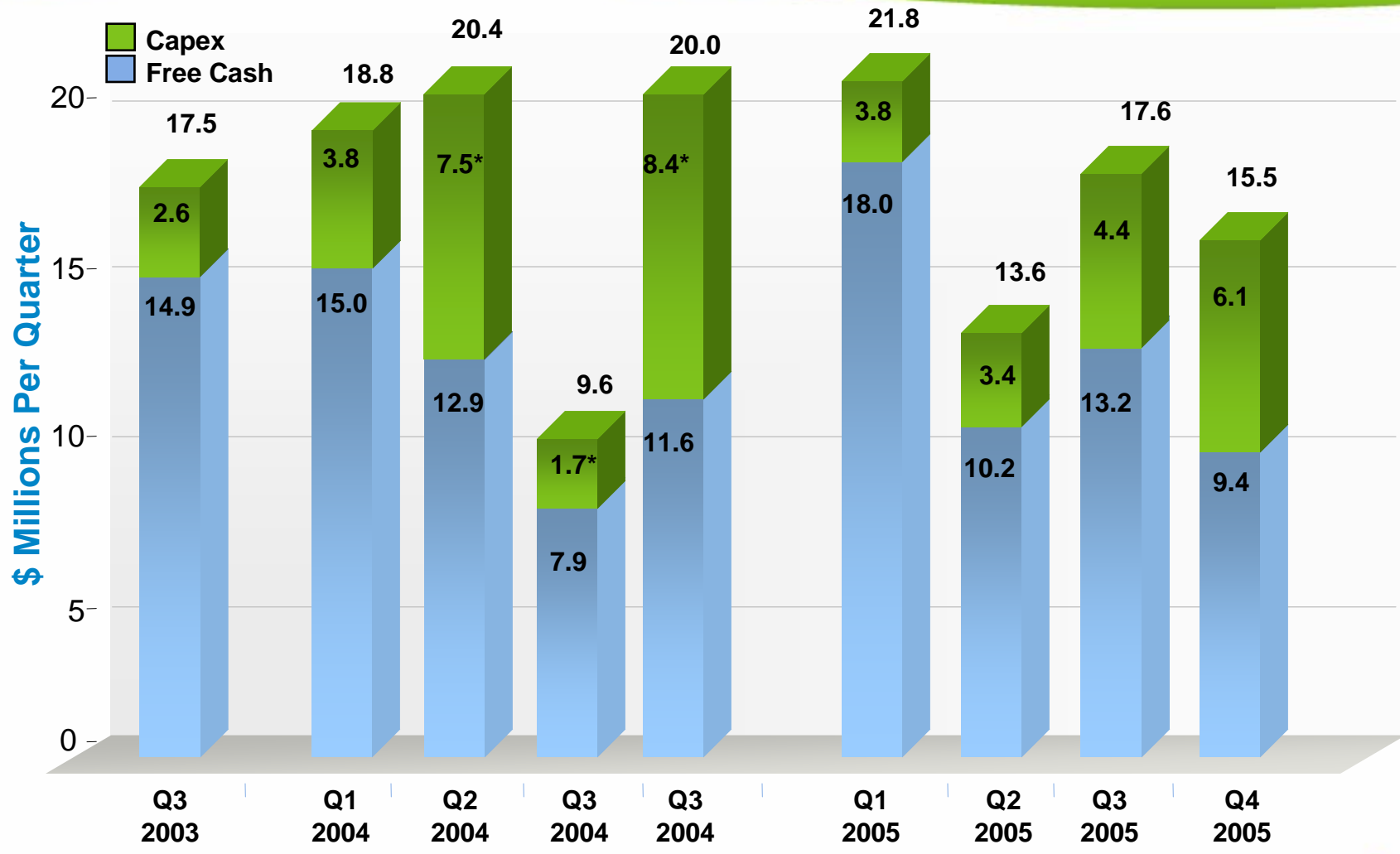
Summary Balance Sheet

$ Millions	Sept 30	Dec 31
Cash and investments	$195	$197
Net receivables	44	51
Property and equipment	49	52
Goodwill and intangibles	46	45
Total assets	352	362
Debt	--	--
Deferred revenue	12	13
Trade payables	33	34
Stockholders equity	305	312
Total liabilities and equity	352	362

DSOs
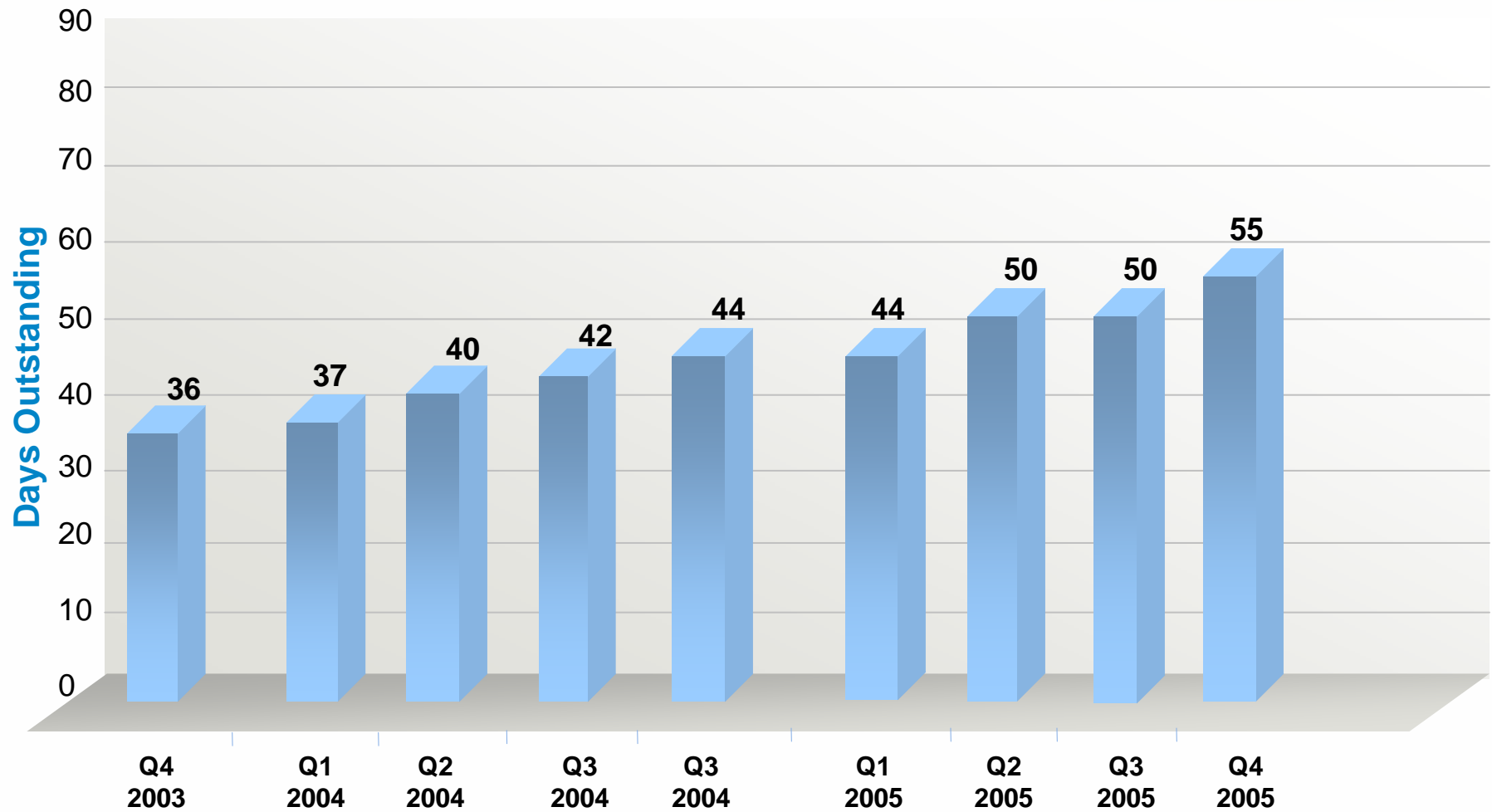
Receivable Reserves

	Bad Debt Allowance and Write Off Activity				Sales Reserve and Write Off Activity			
	Beginning Balance Bad Debt	Credit Memos	Bad debt to expense	Ending Balance Bad Debt	Beginning Balance Sales Reserve on Bal Sheet	Credit Memos	Revenue to reserve	Ending Balance Sales Reserve on Bal Sheet
Q4	2,733	-199	-268	2,266	4,618	-1,967	1,919	4,571
Q1	2,266	-178	-440	1,649	4,571	-2,004	2,115	4,682
Q2	1,649	-248	-134	1,266	4,682	-1,996	2,309	4,995
Q3	1,266	-92	-258	917	4,995	-1,879	1,331	4,448
Q4	917	-144	231	1,004	4,448	-2,334	2,518	4,631
Q1	1,004	-395	238	846	4,631	-2,865	2,621	4,388
Q2	846	-249	-35	562	4,388	-2,819	3,179	4,748
Q3	562	-136	455	881	4,748	-3,290	4,021	5,479
Q4	881	-68	242	1,055	5,479	-3,218	3,816	6,076

$ Thousands

Bad Debt Reserve increased by $200k
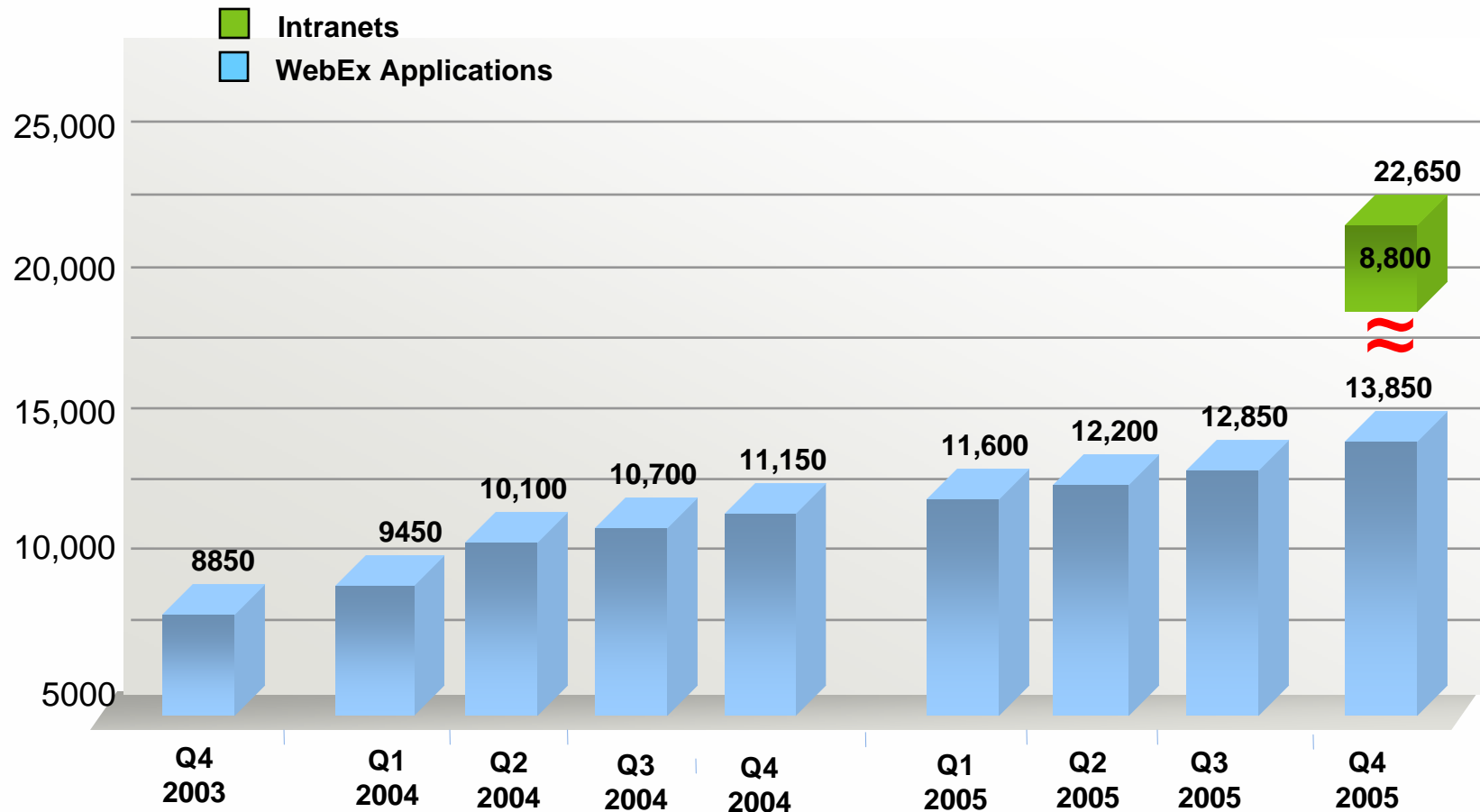
Sales Reserve increased by $600k

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Monthly Revenue Rate Exiting Quarter
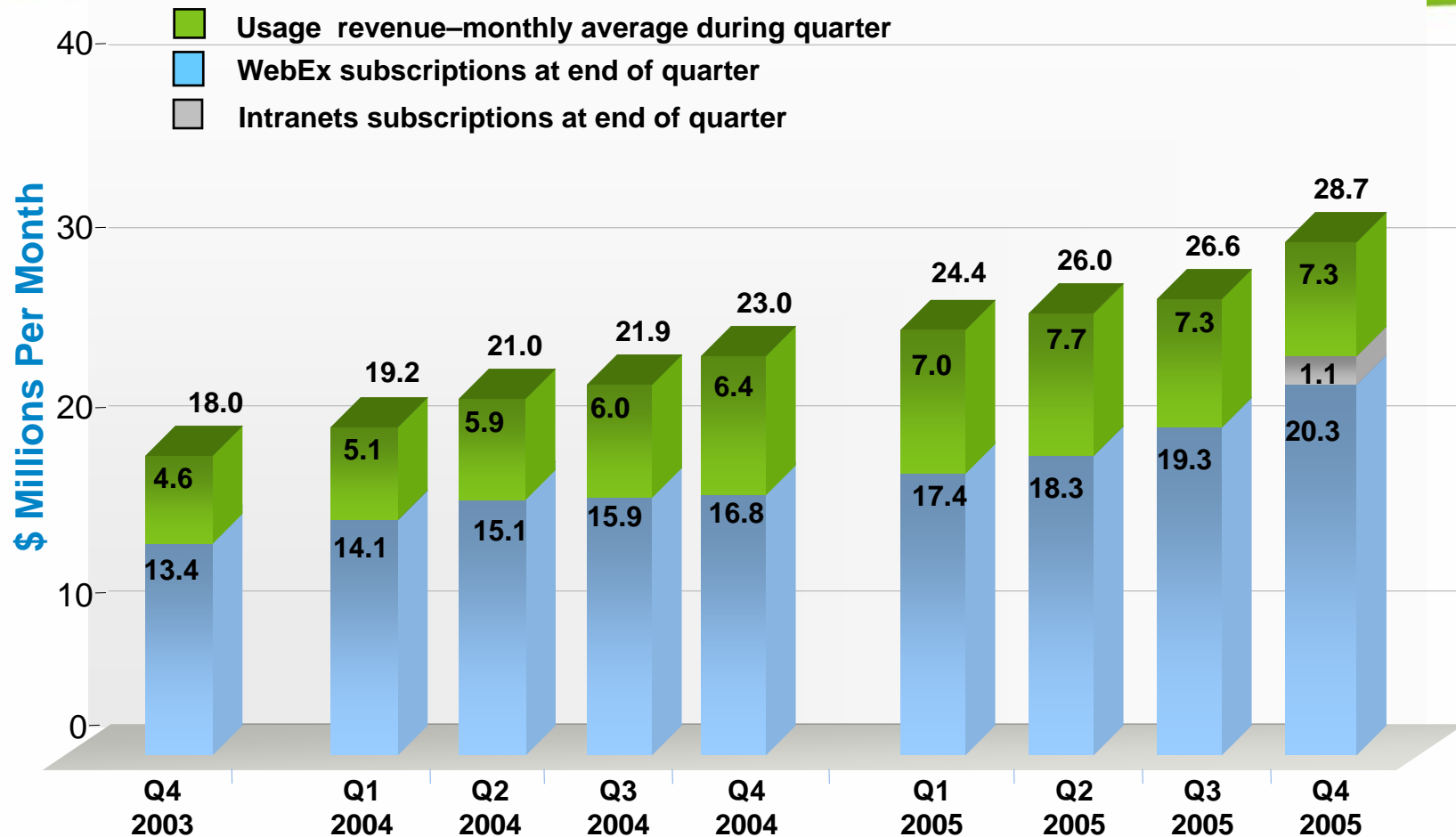
Includes Intranets in Q4 2005. Usage includes most channel resales, overage and pay per use.

Subscription Customers

Legend:
- Intranets
- WebEx Applications

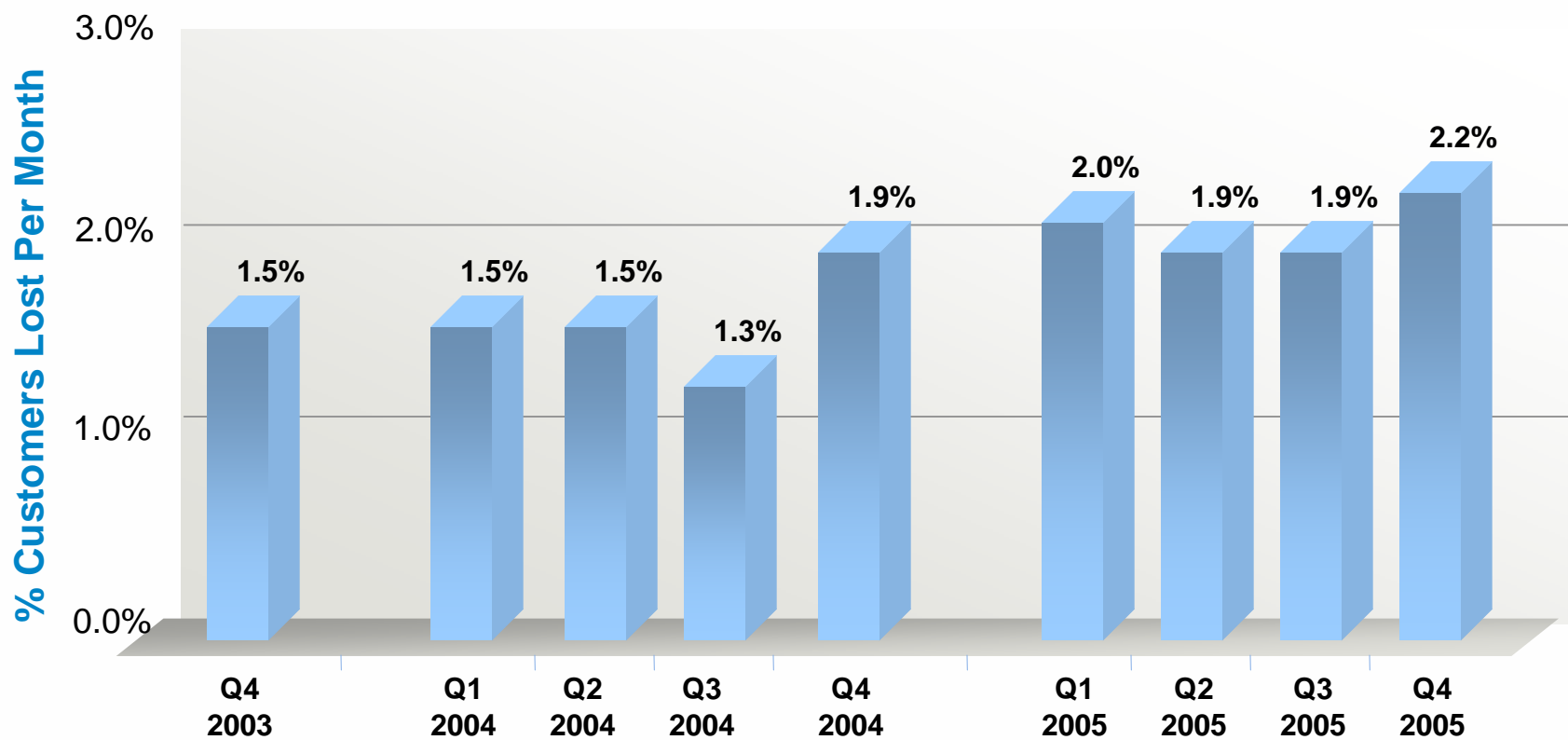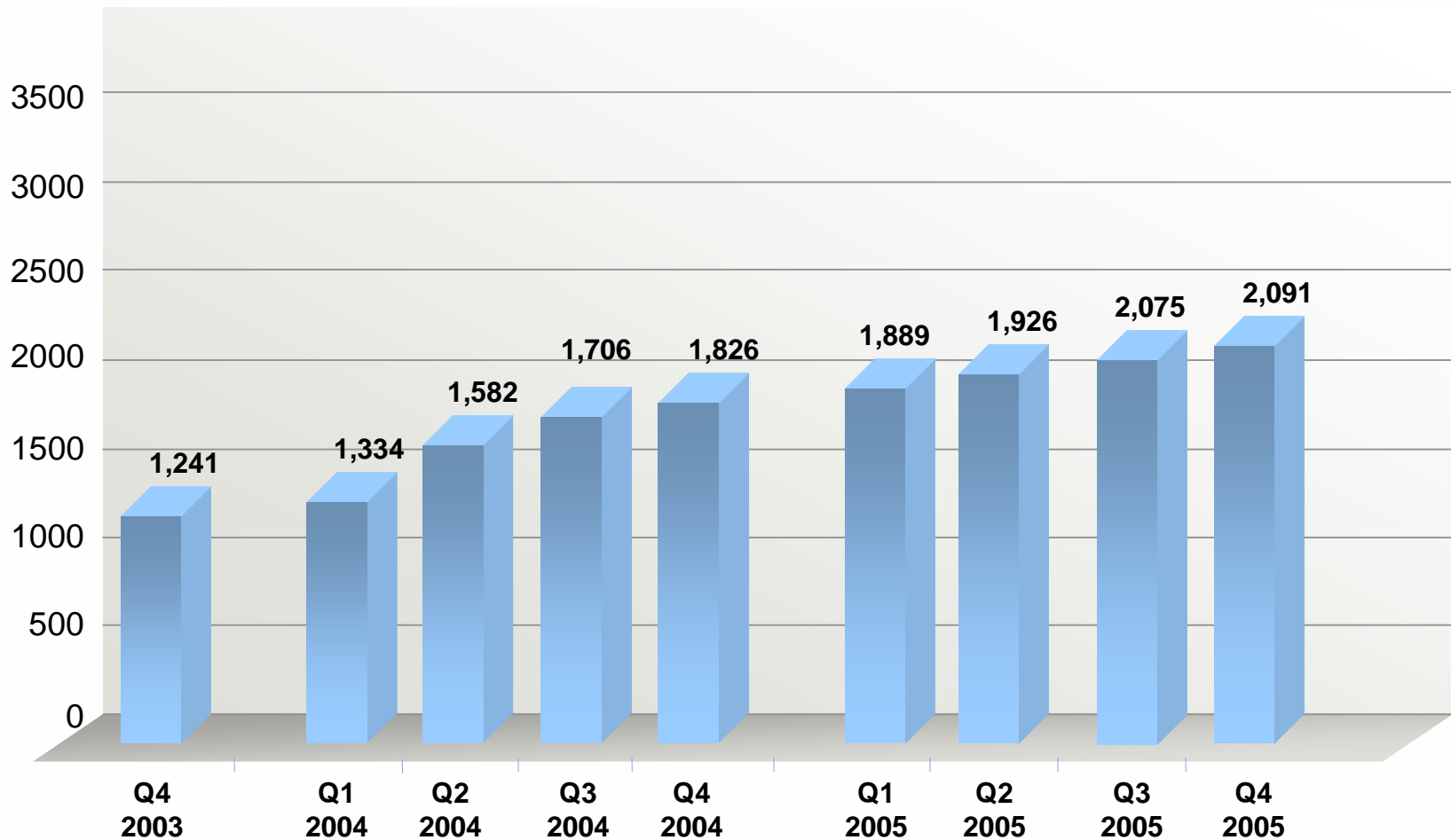| Quarter	WebEx Applications	Intranets	Total
Q4 2003	8850		
Q1 2004	9450		
Q2 2004	10,100		
Q3 2004	10,700		
Q4 2004	11,150		
Q1 2005	11,600		
Q2 2005	12,200		
Q3 2005	12,850		
Q4 2005	13,850	8,800	22,650

Includes Intranets in Q4 2005

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Subscription Customer Churn

Includes Intranets in Q4 2005. Excludes Meet Me Now and PC Now customers.

Employee Growth

Cyber Bazaar acquired in Q2 2004; Intranets acquired in Q3 2005

Management Guidance

	Q1 2006	FY 2006
Revenue	**$85 – $87M**	**$370 – $385M**
Non-GAAP* EPS	**$0.29 – $0.31**	**$1.30 – $1.40**
Diluted GAAP EPS	**$0.16 – $0.18**	**$0.84 – $0.94**

Non-GAAP excludes charges related to the acquisition of Intranets and impact of stock-based compensation under FAS123R.

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Pro Forma to GAAP EPS Bridge

Q1 '06

	Pro-Forma	Adjustments		GAAP
		FAS 123R	Intranets	
EPS	$0.29 - $0.31	($0.10 - $0.12)	($0.02)	$0.16 - $0.18
Sharecount (Diluted)	48,600			48,600

FY '06

	Pro-Forma	Adjustments		GAAP
		FAS 123R	Intranets	
EPS	$1.30 - $1.40	($0.37 - $0.41)	($0.07)	$0.84 - $0.94
Sharecount (Diluted)	49,200			49,200

Adjustments include charges related to the acquisition of Intranets and impact of stock-based compensation under FAS123R.

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Summary : Laser Focus on three Driving Principals

- Leveraging MediaTone On-Demand Platform to expand our applications suite

- Delivering and extending vision of a WebEx online workplace, namely the WebEx WebOffice Suite

- Enabling the web-touch business model for our customers

MediaTone

WebOffice

Web-Touch

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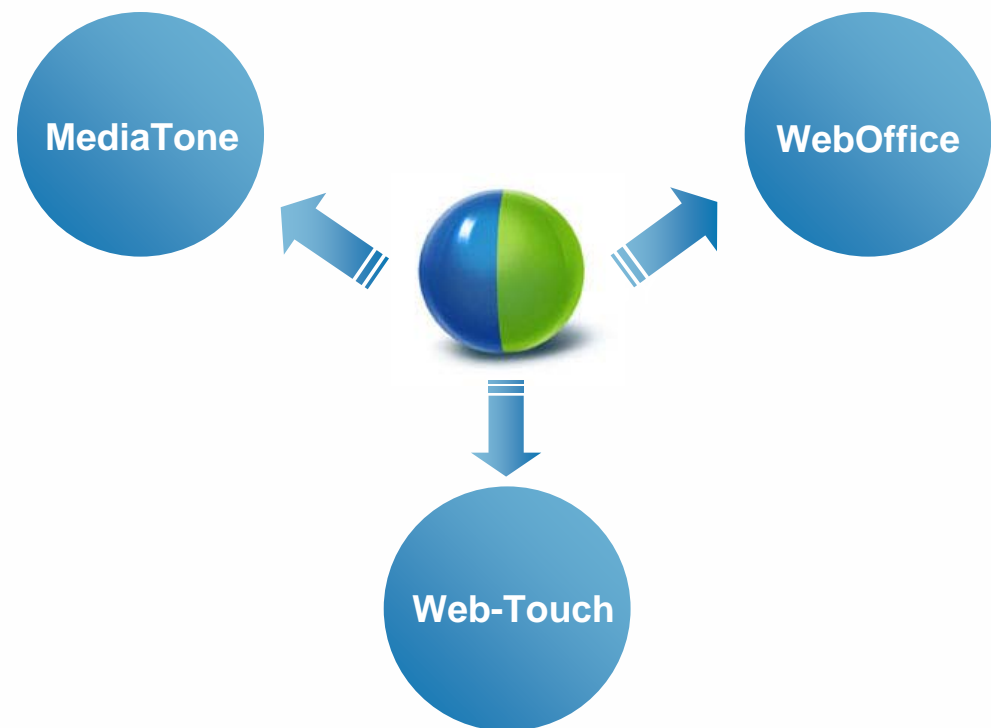
Leveraging MediaTone to Expand into New Markets

- Worldwide Systems Management software spending was $6 Billion dollars in 2005*

- Old Systems Management Applications
  - Not designed for the Internet World
  - Too expensive and complex for small and mid-size companies

- Experience in On-Demand to rapidly bring new products to market

* Gartner Group

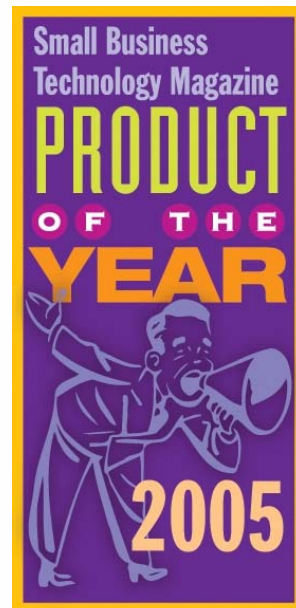# Delivering and Extending Vision of WebEx Online Workplace

- The online workplace

- Gartner has embraced the 'High-Performance Workplace'

- Enabling knowledge workers to cross geographic, company and platform boundaries

- First release of WebOffice in Q4 2005 targeted at small and medium-sized businesses
  - Document management, project workspaces, task management, group calendaring

Internet Era :
WebOffices Extend Across Boundaries

Departments & Project Teams

Remote & Branch Offices

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weboffice

Partners & Suppliers

Home Offices

Customers

webex

WebEx WebOffice Awards

Enabling Web-Touch Business For Our Customers

Onsite: High-Touch, but high cost and geographically limited

Online: Low cost, geographically unlimited, but low/no touch

Web-Touch:
Best of Both

High-Touch
Geographically Unlimited
Low Cost

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Speeding Ahead into 2006

- **Aggressive Posture**

- **Expanding MediaTone**

- **Innovation & Leadership**

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Q & A

Speakers:
Subrah Iyar, CEO
Bill Heil, COO
Michael Everett, CFO
Rick Faulk, President Small Business