

BEA AT A GLANCE

Background

BEA Systems, Inc. is the world's leading application infrastructure software provider. BEA's WebLogic Enterprise Platform™ delivers a highly reliable, scalable software infrastructure for customers to bring new services to market quickly and to lower operational costs by automating internal processes and relationships with suppliers. Its WebLogic Enterprise Platform includes the WebLogic family of application servers, a standards-based platform for deployment of enterprise scale applications and Web services; WebLogic Integration, a standards-based platform for workflow, application integration, Web services and business-to-business integration; WebLogic Portal, a sophisticated rules-based infrastructure for rich user interfaces to a wide variety of enterprise data; and WebLogic Workshop, a rich, easy to use framework for development and deployment of Web services and Java-based applications. In addition, BEA offers the associated customer support, training and consulting services. BEA products recently won 5 awards and distinctions including Java Pro Reader's Choice Awards, naming BEA WebLogic Portal and BEA WebLogic Server the best 2002 Java Enterprise Portal and Application Server, respectively.

BEA's products have been adopted in a wide variety of industries, including commercial and investment banking, securities trading, telecommunications, airlines, retail, manufacturing, pharmaceuticals, package delivery, insurance and government. The BEA WebLogic Enterprise Platform provides infrastructure for building and deploying an integrated enterprise, allowing customers to integrate private client/server networks, the Internet, intranets, extranets, mainframe and legacy systems and Web services as system components. BEA's platform serves as a foundation for deployment or integration of applications such as billing, provisioning, customer service, electronic funds transfers, ATM networks, securities trading, online banking, Internet sales, supply chain management, enterprise resource planning, scheduling, logistics, and hotel, airline and car rental reservations. The company employs over 3,000 people, is headquartered in San Jose, California, and has 91 offices in 33 countries.

FINANCIAL PERFORMANCE (as of and for the period ended July 31, 2002)

Q2 Total Revenue	\$225.9 million
Q2 License Revenue	\$124.1 million
Q2 License/Services Mix	54.9% / 45.1%
Q2 Customer Support	\$74.4 million - 73% of services revenue, up from \$58.7 million and 61% of services revenue in Q2 02
Q2 Operating Margin(a)	15.7% (GAAP Operating Margin 12.1%)
Q2 EPS(a)(b)	\$0.06 (GAAP EPS \$0.05)
Deferred Revenues	\$215 million - Up approx. \$10 million from Q1 03
Current Cash and Restricted Cash	\$1,233 million - Up \$25 million from Q1 03
Q2 Operating Cash Flow	\$32 million - 19th consecutive quarter of positive operating cash flow
Days' sales outstanding	75 days - Below target range of 80-85 days

(a) Adjusted to exclude amortization of acquired intangible assets and goodwill; employer payroll taxes on stock options; net gains or losses on investments in equity securities and other non-recurring charges.

(b) Amounts presented on a pro forma basis, assuming a tax rate of 30 percent.

BEA has 13,000 customers around the world, including the majority of the Fortune 500 and Fortune Global 500. In addition, BEA's platform is used by systems integrators (SIs), independent software vendors (ISVs), hardware OEMs and application service providers (ASPs), who provide value-added solutions on BEA's platform. Examples include Intel, Accenture, EDS, Nokia, PeopleSoft, Manugistics, i2 Technologies, Lockheed Martin, Research in Motion, Palm and Yahoo. BEA's client base includes financial services companies, such as Axa, Bacs, Charles Schwab, China Construction Bank, Citicorp, Credit Suisse Group, Depository Trust Company, Deutsche Bank, E*Trade, Fannie Mae, Goldman Sachs, Lehman Brothers, MasterCard, Prudential and Visa; telecommunications companies such as AT&T, British Telecom, China Telecom, Cingular Wireless, Hutchinson Whampoa 3G, NTT DoCoMo, Sprint, Sprint PCS, Verizon, Virgin Mobile and Vivendi; manufacturing companies such as AstraZeneca, BMW, Dell, DuPont, Ford, Hewlett-Packard, Lockheed Martin, Pfizer and Texas Instruments; and services companies such as Bertelsmann, Delta Airlines, DHL, Electronic Arts, FedEx, Financial Times, Knight Ridder, PepsiAmericas, Sony, United Airlines, UPS, Washington Post and Yellow Freight.

Products

The Java-based **BEA WebLogic Platform 7.0** increases productivity and lowers the cost structure of enterprise IT organizations by providing a unified, simplified, and extensible architecture. BEA WebLogic Platform pre-integrates into a single product 6 different categories of application infrastructure: application server; integration; portal; security; development and deployment; and operations, administration and management. Industry estimates are that around 25% of all integration dollars are spent integrating pieces of application infrastructure. BEA WebLogic Platform enables customers to save the time and money of integrating application infrastructure. BEA WebLogic Platform 7.0 is scheduled to become generally available in June 2002 and includes BEA WebLogic Server 7.0, BEA WebLogic Integration 7.0, BEA WebLogic Portal 7.0, BEA WebLogic Workshop and BEA WebLogic JRockit.

- **BEA WebLogic Server 7.0** – Released in April 2002, the latest version of the world's number one application server improves the productivity of developers and administrators through enhanced server performance, new graphical tools, wizard-driven server cluster configuration, and support for emerging standards, such as J2EE 1.3 and Web services. BEA WebLogic Server 7.0 also includes an entirely new security framework for authorization, authentication, public key infrastructure and single sign-on.
- **BEA WebLogic Workshop** – formerly code-named Cajun – is an integrated development framework for the J2EE application architecture that reduces development time and broadly expands access to the J2EE architecture. It empowers application developers, not just J2EE experts, to rapidly create, test and deploy enterprise-class Web services applications on the BEA WebLogic Platform, and it opens up the power of J2EE to a possible 9 million developers worldwide who currently use tools such as Visual Basic, Power Builder or COBOL.
- **BEA WebLogic Integration** - is a single solution that provides application server, application integration, business process management, and B2B functionality for the enterprise. This comprehensive solution based on the J2EE Connection Architecture (JCA) and Java Messaging Services (JMS) standards, enables the enterprise to speed application development and deployment, minimize the pain of integration, and reduce the total cost of IT initiatives.
- **BEA WebLogic Portal** - simplifies, personalizes, and lowers the cost of access to information, applications, and business processes. BEA WebLogic Portal enables the agile enterprise by delivering a fully integrated e-business platform including a portal framework with portal foundation services, personalization and interaction management, intelligent administration, and integration services.
- **BEA WebLogic JRockit** - BEA WebLogic JRockit is a server-centric Java Virtual Machine (JVM) designed to ensure reliability, scalability, manageability, and high-performance for Java applications. WebLogic JRockit delivers a new level of performance for Java applications deployed on any kind of hardware architecture. It is the only enterprise-class JVM offering that is optimized for Intel Architecture, providing seamless interoperability across multiple hardware and operating system configurations.

Distribution

BEA sells primarily through an enterprise sales force covering named national and global accounts. An important lead generator is developers' ability to download a free trial copy of BEA's products. BEA employs telesales and geographic sales professionals to prioritize calls and make early sales based on analysis of the downloads, as well as qualifying leads for the enterprise level of the sales force. In addition, in Fiscal 2002, 31% of BEA's revenue came from indirect channels, such as systems integrators and ISVs, up from 24% in Fiscal 2001.

Alliances

To broaden its capacity and customer coverage, BEA has established alliances with leading SIs, ISVs, ASPs and hardware OEMs. BEA alliances include leading SIs such as Accenture, Cap Gemini Ernst & Young, CSC, Deloitte Consulting, EDS, KPMG Consulting, Lockheed Martin, Northrop Grumman and SchlumbergerSema. Hardware OEMs include Dell, Ericsson, Hewlett-Packard, Intel and Nokia. ISV partners build applications on BEA's infrastructure, or provide solutions that complement and complete BEA's product. BEA's ISVs include solution providers in several categories:

Packaged Applications: Agile, AMDOCS, Ariba, Bertelsmann mediaSystems, Chordiant, CommerceOne, Convergys, eGain, E.piphany, i2 Technologies, JD Edwards, Kana, Lawson, Lockheed Martin, Manugistics, MatrixOne, MetaSolv, MRO Software, PeopleSoft, S1 Corporation, SunGuard Data Systems and Yantra

Integration: Attachmate, Contivo, Cyclone Commerce, Peregrine, Siperian and Software AG

Development and Deployment: Borland, Bowstreet, Macromedia, Rational and TogetherSoft

Operations, Administrations and Management: BMC Software, Computer Associates, Hewlett-Packard, Mercury Interactive, NEON Systems, TeaLeaf Technology, Tivoli Software and Wily Technology

Portal: Alphablox, Autonomy, Business Objects, Clickmarks, Cognos, Divine, Documentum, FatWire, Informatica, Interwoven, Screaming Media, Stellent, Verity, Vignette, WebEx and Yahoo

Security: Baltimore, Entegriy Solutions, Entrust Technology, Netegrity, Oblix, Pentasafe, RSA Data Security and Verisign

Wireless: air2web, Nokia, Palm and Research in Motion

ASPs: AT&T Online Services, C&W Optus, Digex, Divine, Exodus and Intel Online Services

Linux: Red Hat

Customers

BEA has 13,000 customers, including:

100% of the *Fortune* Global 500 **Computer/Office Equipment** Manufacturers

100% of the *Fortune* Global 500 **Financial Securities** Companies

100% of the *Fortune* Global 500 **Network Communications** Companies

92% of the *Fortune* Global 500 **Pharmaceutical** Companies

78% of the *Fortune* Global 500 **Airline** Companies

Majority of the *Fortune* Global 500 **Aerospace, Delivery Service, Commercial Banking, Diversified Financial, Electronics Manufacturers, Healthcare, Insurance, Motor Vehicles and Parts, and Telecommunications** Companies

Majority of the companies on *Fortune* Global 500, *Fortune* 500, *Forbes* Super 100, *Forbes* World 50, *Fortune* e-50, and *Business* 2.0 100 lists

BEA customers include:

Financial Services: Aetna, Alltel, Axa, Bacs, Bank of New York, Bear Stearns, Bombay Stock Exchange, Charles Schwab, China Construction Bank, Citicorp, Credit Suisse Group, Dah Sing Bank, Delta Dental, Depository Trust Company, Deutsche Bank, E*Trade, Franklin Templeton, Goldman Sachs, JP Morgan Chase, Lehman Brothers, Marsh & McLennan, MasterCard, Matsui Securities, Merrill Lynch, Mizuho Securities, Morgan Stanley Online, Nordea, Prudential Life, Societe Generale, The Hartford, United Overseas Bank (Singapore), Visa and Wells Fargo

Telecommunications: AT&T, British Telecomm, China Telecom, Cingular Wireless, Hutchinson Whampoa 3G, Nextel, NTT DoCoMo, Sprint, Sprint PCS, Szechual Mobile Communications, Telefonica Moviles, Telia Mobile, Terra Mobile, United States Cellular, Verizon, Virgin Mobile, Vivendi and Vodafone

Manufacturing: 3Com, AstraZeneca, BMW, BP Amoco, Cisco Systems, DuPont, Ford, Gap, Harley-Davidson Motor, Hewlett-Packard, Johnson & Johnson, KLA Tencor, Kuwait Petroleum, Lockheed Martin, Motorola, Network Appliances, PepsiAmericas, Pfizer, STMicroelectronics, Texas Instruments, Toshiba America Business Solutions, TotalFinaElf, Toyota Motor Sales and Vattenfall

Services and Retail: Amazon.com, American Airlines, American President Lines, AOL/TimeWarner, Bertelsmann, Budget Rent a Car, Cox Interactive Media, Delta Airlines, DHL, DirecTV, DISH Network, Electronic Arts, FedEx, Financial Times, Homestore.com, Knight Ridder, Kohl's Department Stores, Longs Drug Stores, McKesson Corporation, NCS Pearson, Sony, The Limited (Victoria's Secret), United Airlines, United Parcel Service, Washington Post and Yellow Freight

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