

### **FINANCIAL PERFORMANCE**

- Total Revenues of \$43.2 million; License Revenue of \$21.8 million
- GAAP Loss of (\$6.8) million or (\$0.13) per share
- Pro Forma Net Loss of (\$6.0) million or \$(0.12) per share
- GAAP Operating Loss of (\$7.7) million
- Pro Forma Operating Loss of (\$7.0) million

### **BALANCE SHEET**

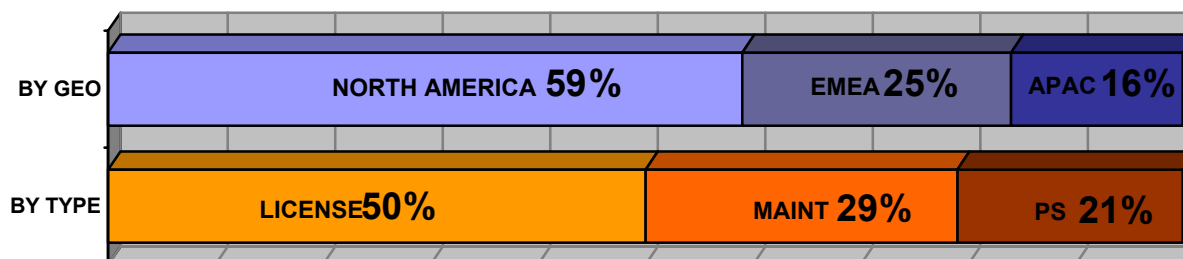
For the past three fiscal years, webMethods has maintained a strong balance sheet, including a significant cash and marketable securities balance of approximately \$200 million and no debt. As of June 30, 2003:

- Cash and marketable securities balance of \$205.4million
- Days Sales Outstanding (DSOs) of 67 days
- Deferred revenue balance of \$43.0 million
- No debt (excluding capital leases)

### **OTHER HIGHLIGHTS**

- Approximately 45% of bookings came from existing customers
- Approximately 55% of bookings directly influenced by partners
- International revenues represented 41% of total revenue
- No customer represented 10% or more of revenues

### **REVENUE BREAKOUT**



Throughout the last year, webMethods achieved approximately 50% of its quarterly revenues from existing customers. As customers achieve success, additional software licenses are often purchased for new or existing projects. During our most recent quarter, we are proud that our customers put into production more than 100+ new integration projects, or more than 1 production event per day -- the highest number in our history.

### **STRONG INSTITUTIONAL INVESTOR BASE AND ANALYST COVERAGE**

webMethods has a very strong and well-respected investor base. Our top 10 institutional investors as of March 31, 2003 include: Barclays Global Investors, Citigroup Global Asset Management, Columbia Management, Credit Suisse Asset Management, Fidelity Management & Research, Franklin Advisers, Munder Capital Management, Perkins, Wolf McDonnell & Company, Putnam Investment Management and TCW Asset Management. Approximately fifteen research analysts cover webMethods, including top investment firms such as CIBC World Markets, Credit Suisse First Boston, Lazard Freres, Merrill Lynch, RBC Capital Markets, and Thomas Weisel Partners.

**WEBMETHODS FIRST QUARTER FY2004**  
**FINANCIAL HIGHLIGHTS**

**Q1FY04 P&L SUMMARY**

<b>\$ MILLIONS</b>	<b>QUARTER ENDED JUN 30 2003*</b>	<b>QUARTER ENDED MAR 31 2003*</b>
<b>LICENSE REVENUE</b>	<b>\$21.8</b>	<b>\$28.0</b>
<b>PROF SVC &amp; MAINT REVENUE</b>	<b>21.4</b>	<b>21.1</b>
<b>TOTAL REVENUES</b>	<b>43.2</b>	<b>49.1</b>
<b>COST OF REVENUES &amp; OP EXPENSES</b>	<b>50.2</b>	<b>48.9</b>
<b>OPERATING INCOME (loss)</b>	<b>(7.0)</b>	<b>0.2</b>
<b>OTHER INCOME AND INCOME TAXES</b>	<b>1.0</b>	<b>0.5</b>
<b>PRO FORMA NET INCOME (loss)</b>	<b>(6.0)</b>	<b>0.7</b>
<b>EARNINGS (loss) PER DILUTED SHARE</b>	<b>(0.12)</b>	<b>\$0.01</b>

*\*Pro forma results exclude amortization of stock and warrant charges for both the March and June 2003 quarters, but include a restructuring credit and a provision for income taxes based on a 35% combined tax rate for the March 2003 quarter.*

**Q1FY04 BALANCE SHEET SUMMARY**

<b>\$ MILLIONS</b>	<b>QUARTER ENDED JUN 30 2003</b>	<b>QUARTER ENDED MAR 31 2003</b>
<b>CASH &amp; MARKETABLE SECURITIES</b>	<b>\$205.4</b>	<b>\$201.6</b>
<b>CURRENT RATIO</b>	<b>3:1</b>	<b>3:1</b>
<b>DSO-GROSS</b>	<b>67</b>	<b>80</b>
<b>TOTAL ASSETS</b>	<b>295.4</b>	<b>304.4</b>
<b>DEFERRED REVENUES</b>	<b>43.0</b>	<b>46.3</b>
<b>CAPITAL LEASE OBLIGATIONS</b>	<b>2.8</b>	<b>3.3</b>
<b>DEBT</b>	<b>0</b>	<b>0</b>
<b>EQUITY</b>	<b>\$214.1</b>	<b>\$218.6</b>