

webMethods, Inc. Balance Sheets						
(in thousands)						
(Unaudited)						
	June 30	Mar 31	Dec 31	Sept 30	June 30	March 31
	2003	2003	2002	2002	2002	2002
ASSETS						
<i>Current assets:</i>						
Cash and cash equivalents	\$98,183	\$79,702	\$74,264	\$66,933	\$118,492	\$98,497
Marketable securities available for sale	96,751	97,079	116,420	103,589	83,365	113,345
Accounts receivable, net of allowances	32,059	43,691	44,656	41,070	40,555	46,417
Prepaid expenses and other current assets	8,023	7,562	6,670	9,256	8,234	7,516
Total current assets	235,016	228,034	242,010	220,848	250,646	265,775
Marketable securities available for sale	10,455	24,845	9,335	28,219	5,174	0
Property and equipment, net	11,922	12,068	13,435	15,370	15,993	17,181
Goodwill and acquired intangibles	29,838	29,838	29,838	29,838	29,838	29,838
Other assets	8,165	9,651	9,648	9,707	10,702	11,269
Total assets	295,396	304,436	304,266	303,982	312,353	324,063
LIABILITIES & STOCKHOLDERS' EQUITY						
<i>Current liabilities:</i>						
Accounts payable	\$11,022	\$9,768	\$9,015	\$12,633	\$10,876	\$15,105
Accrued expenses	14,725	14,803	14,469	13,512	15,337	16,170
Accrued salaries and commissions	9,719	11,648	12,879	11,367	11,232	15,594
Deferred revenue	38,384	39,649	39,373	37,187	39,005	37,298
Current portion of capital lease obligations	1,923	2,743	3,747	4,595	5,023	2,699
Total current liabilities	75,773	78,611	79,483	79,294	81,473	86,866
Long term deferred revenue	4,610	6,700	9,208	10,974	13,141	19,888
Capital leases obligations, net of current portion and other	905	567	823	1,263	1,284	1,765
Total liabilities	81,288	85,878	89,514	91,531	95,898	108,519
Total stockholders' equity	214,108	218,558	214,752	212,451	216,455	215,544
Total liabilities and stockholders's equity	\$295,396	\$304,436	\$304,266	\$303,982	\$312,353	\$324,063

webMethods, Inc.
Supplemental Financial Data
\$ Thousands

PROFIT & LOSS STATEMENT	Calendar Year 2001				
	Mch 2001 Q4	June 2001 Q1	Sept 2001 Q2	Dec 2001 Q3	TOTAL
Revenue:					
License revenue	43,679	36,804	21,742	30,434	132,659
Professional services revenue	9,981	9,691	9,401	8,852	37,925
Maintenance revenue	8,114	8,902	9,594	9,828	36,438
Total revenues	61,774	55,397	40,737	49,114	207,022
Cost of revenues:					
Cost of license revenue	1,225	701	651	613	3,190
Cost of professional services and maint. revenue	12,911	12,399	9,968	10,050	45,328
Total cost of revenues	14,136	13,100	10,619	10,663	48,518
Gross Profit	47,638	42,297	30,118	38,451	158,504
Operating expenses:					
Sales and marketing	31,261	30,200	24,109	26,063	111,633
Research and development	13,851	13,299	12,110	12,219	51,479
General and administrative	5,901	5,904	4,711	4,573	21,089
Total operating expenses excluding non-cash and other charges	51,013	49,403	40,930	42,855	184,201
Total cost of revenues and operating expenses	65,149	62,503	51,549	53,518	232,719
Income (loss) from operations excluding non-cash and other charges	(3,375)	(7,106)	(10,812)	(4,404)	(25,697)
Interest income, net	3,653	2,677	2,730	1,782	10,842
Income (loss) before income taxes (excludes non-cash and other charges)	278	(4,429)	(8,082)	(2,622)	(14,855)
Pro forma income tax provision	-	-	-	-	-
Pro Forma Net Income (loss)	278	(4,429)	(8,082)	(2,622)	(14,855)
EPS including non-cash and other charges	(\$0.01)	(\$0.09)	(\$0.16)	(\$0.05)	(\$0.30)
Shares used in computing EPS	52,287	48,840	49,349	49,575	48,983

Calendar Year 2002				
Mch 2002 Q4	June 2002 Q1	Sept 2002 Q2	Dec 2002 Q3	TOTAL
32,823	28,669	26,475	33,940	121,907
7,856	8,202	8,584	7,951	32,593
10,069	10,810	11,103	11,919	43,901
50,748	47,681	46,162	53,810	198,401
370	135	525	765	1,795
9,707	10,267	10,668	10,409	41,051
10,077	10,402	11,193	11,174	42,846
40,671	37,279	34,969	42,636	155,555
26,005	24,310	22,592	24,309	97,216
12,006	12,279	11,821	12,059	48,165
4,184	4,065	4,228	4,758	17,235
42,195	40,654	38,641	41,126	162,616
52,272	51,056	49,834	52,300	205,462
(1,524)	(3,375)	(3,672)	1,510	(7,061)
1,348	1,339	913	975	4,575
(176)	(2,036)	(2,759)	2,485	(2,486)
-	-	-	(870)	(870)
(176)	(2,036)	(2,759)	1,615	(3,356)
(\$0.00)	(\$0.04)	(\$0.05)	\$0.03	(\$0.07)
50,216	50,565	50,846	52,056	50,921

Calendar Year 2003		
Mch 2003 Q4	June 2003 Q1	6 Month TOTAL
27,982	21,802	49,784
8,641	8,873	17,514
12,478	12,550	25,028
49,101	43,225	92,326
512	467	979
10,593	11,659	22,252
11,105	12,126	23,231
37,996	31,099	69,095
21,747	22,450	44,197
11,282	11,200	22,482
4,780	4,423	9,203
37,809	38,073	75,882
48,914	50,199	99,113
187	(6,974)	(6,787)
849	934	1,783
1,036	(6,040)	(5,004)
(363)	-	(363)
673	(6,040)	(5,367)
0.01	(0.12)	(0.10)
52,744	51,805	51,738

RECONCILIATION OF PRO FORMA TO GAAP

RECONCILIATION OF PRO FORMA TO GAAP:	Calendar Year 2001				
	Mch 2001 Q4	June 2001 Q1	Sept 2001 Q2	Dec 2001 Q3	TOTAL
Pro Forma Operating Income (loss)	(3,375)	(7,106)	(10,812)	(4,404)	(25,697)
Non-Cash and One Time Charges					
Amort of deferred stock compensation	4,009	5,001	7,330	2,357	18,697
Amort of goodwill and acquired intangibles	10,507	10,508	10,516	8,876	40,407
Acquisition related expenses	-	-	-	-	-
Restructuring charges	-	-	7,243	-	7,243
In-process research and development	32,599	-	-	-	32,599
Total non-cash and other charges	47,115	15,509	25,089	11,233	98,946
GAAP Income (loss) from operations	(50,490)	(22,615)	(35,901)	(15,637)	(124,643)
Interest income, net	3,653	2,677	2,730	1,782	10,842
Impairment Charges	-	-	-	-	-
GAAP Income tax provision	-	-	-	-	-
GAAP Net Income (loss)	(46,837)	(19,938)	(33,171)	(13,855)	(113,801)
GAAP EPS	(\$0.97)	(\$0.41)	(\$0.67)	(\$0.28)	(\$2.33)
Shares used in computing EPS	48,168	48,840	49,349	49,575	48,983

Calendar Year 2002				
Mch 2002 Q4	June 2002 Q1	Sept 2002 Q2	Dec 2002 Q3	TOTAL
(1,524)	(3,375)	(3,672)	1,510	(7,061)
1,572	1,086	1,122	987	4,767
8,797	-	-	-	8,797
-	-	-	-	-
-	-	-	2,237	2,237
-	-	-	-	-
10,369	1,086	1,122	3,224	15,801
(11,893)	(4,461)	(4,794)	(1,714)	(22,862)
1,348	1,339	913	975	4,575
5,200	-	1,000	-	6,200
-	-	-	-	-
(15,745)	(3,122)	(4,881)	(739)	(24,487)
(\$0.31)	(\$0.06)	(\$0.10)	(\$0.01)	(\$0.49)
50,216	50,565	50,846	51,047	50,669

CY 2003		
Mch 2003 Q4	June 2003 Q1	6 Month TOTAL
187	(6,974)	(6,787)
961	721	1,682
-	-	-
-	-	-
(82)	-	(82)
-	-	-
879	721	1,600
(692)	(7,695)	(8,387)
849	934	1,783
-	-	-
-	-	-
157	(6,761)	(6,604)
\$0.00	(\$0.13)	(\$0.13)
52,744	51,805	51,738