

Press Release

Metastorm Exceeds Revenue Targets for 1st Quarter

Global BPM Leader Posts 90% Growth, Strong Sales of Full BPM Suite Fuel another Record Quarter

BALTIMORE, MD – May 2, 2006 – Metastorm, a leading provider of Business Process Management (BPM) software for modeling, automating, integrating, and improving both human and system-based processes, today announced record financial results for its quarter ending March 31, 2006. Metastorm's total revenue for the first quarter of 2006 increased 90 percent over the same quarter last year. These results include the effect of the acquisition of CommerceQuest in October 2005. This growth was driven by strong sales of its full BPM suite – a software suite that is differentiated by its ability to support the entire process life-cycle across multiple enterprise processes. The company also posted its eighth consecutive quarter of profitability.

In the first quarter of 2006, Metastorm added twenty-five new BPM customers spanning several industries and geographies, including CONAIR (USA), Duke Energy (USA), Eppendorf (Germany), Linklaters Business Services (UK), Portman Building Society (UK), U.S. Navy (USA), and U.S. Investigative Services (USA). In addition, existing customers substantially expanding their use of the Metastorm BPM™ suite this quarter included AmerisourceBergen (USA), Great Clips (USA), IKON Office Solutions (USA), and InBev (UK).

Additional Metastorm achievements in Q1 included the release of Process Pods™ – solution frameworks that address specific vertical and horizontal processes as well as technical integration to complementary applications – and significant third-party recognition of Metastorm's continued market leadership, including being named by KMWorld in "The 100 Companies that Matter in Knowledge Management for 2006" and being reported by IDC as one of the top 10 vendors worldwide for Business Process Automation as measured by 2005 software license and

maintenance revenues¹.

“We are off to a very strong start for 2006, building on the strong performance we reported throughout 2005,” says Robert Farrell, president and CEO of Metastorm. “The investment we made last year in developing a complete BPM Suite is paying off now in the form of sales to organizations looking for a single solution to address the complete roundtrip process life-cycle across both human-centric and system-centric business processes. Our comprehensive product suite, our proven success in delivering results across many industries, and our global support infrastructure make Metastorm the ideal solution for organizations seeking greater control and agility across mission critical processes. We exceeded our revenue and profitability objectives for Q1 and plan to accelerate that growth even further throughout 2006.”

⁽¹⁾ “Worldwide Business Process Automation Deployment Software 2005 Vendor Shares: The Start-Ups and Restarts Make a Move“, Dennis Byron, IDC April 2006.

About Metastorm, Inc.

As a leading provider of business process management (BPM) software and best practice methodologies for modeling, automating, integrating, and improving both human and system-based processes, Metastorm delivers a complete solution for roundtrip process improvement and is the only company helping organizations achieve Enterprise Process Advantage® – a heightened level of business performance resulting from increased process efficiency, control, and agility. With a focus on complex processes that are unique to their organizations, Metastorm’s 1200+ global client base in manufacturing, retail, financial services, business services, healthcare and government are achieving rapid ROI and unique process advantage in customer service, supply chain operations, risk management, and internal operations.

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