

Press Release

Metastorm Continues Breakaway Growth in 2006

Record Sales Revenues, Customer Success Further Solidify BPM Vendor's Global Leadership

BALTIMORE, MD – February 5, 2007 – Metastorm, a leading provider of Business Process Management (BPM) software for organizational agility, innovation, and governance, today announced financial results for its year ended December 31, 2006. The privately held company posted record total revenues, experienced 66% total year-over-year growth, and increased license revenues by 40%. Metastorm added 134 new strategic customers to its portfolio in 2006 and realized a 93% maintenance renewal rate from its existing customers. The company also saw a continued increase in the size of investment that organizations are willing to make to obtain a true enterprise-level BPM solution. Metastorm's existing customers accounted for an impressive 39 percent of the company's revenue during the year – a strong validation of the results that Metastorm BPM® delivers. Metastorm customers see the value of taking their BPM initiatives beyond basic process automation and control and are starting to view BPM as a mechanism for increased business agility, governance and innovation. The strategic value offered by a proven, enterprise-scale BPM suite such as that offered by Metastorm is in high demand.

Metastorm continued to witness broad adoption of BPM software and solutions in its competitive wins at ABA Seguros (Mexico), British Broadcasting Corporation (U.K.), Ergo Hestia (Poland), Federal Bureau of Investigations (U.S), General Services Administration (U.S), Lawyers Access Web (South Africa), Portman Building Society (U.K.), Trafigura Limited (U.K.), UBS (Italy), and U.S. Navy (U.S.). Existing customers expanding their use of the Metastorm BPM suite included AmerisourceBergen (U.S), Ernst & Young (U.S), IKON (U.S.), SABMiller (Poland), Postbank Systems (Germany), Thomson Elite (U.S.), and the U.S. Army (U.S.). Metastorm's growth

enabled the company to surpass 1300 customers further strengthening its position as a BPM software market leader.

From a product perspective, Metastorm set itself apart from other vendors with the 2006 release of Metastorm Integration Manager – a robust integration platform for system-to-system process management, high-speed managed file transfer, and powerful legacy system enablement capabilities that expose legacy applications as web services for easy integration into modern-day business processes. Over the past year, business and IT users used Metastorm BPM to successfully collaborate on and improve hundreds of enterprise-scale projects, tying together all elements of a process – people, data, applications, systems – across platforms and environments. Metastorm BPM has proven to be a platform that unifies process management and provides customers with a solution that meets both human-centric and integration-centric process needs.

“Metastorm exhibited strong performance in 2006, and we remain the only pure-BPM vendor to consistently deliver above-market revenue growth and profitability on a repeated basis,” stated Robert Farrell, president and CEO of Metastorm. “Metastorm customers and partners place a high value on how we run the company and leverage their investments in Metastorm BPM. Our operating model allows us to serve our customers, expand the scope of BPM through practical innovation, attract strategic partners around the world, and most importantly serve as the global thought leader and leading software provider of BPM for the long term.”

Showing true thought leadership in 2006, Metastorm led a successful worldwide BPM education tour that attracted hundreds of attendees to seminars in North America, Europe, the Middle East, Africa, and Asia-Pacific, and launched Metastorm Process Pods® – solution frameworks designed to accelerate deployment of industry processes and application integrations on the Metastorm BPM software suite. Additional achievements by Metastorm included being recognized by both Gartner⁽¹⁾ and IDC⁽²⁾ as one of the Top 10 BPM providers worldwide in market share as measured by 2005 BPM software revenues, and making the Deloitte & Touche Fast 50 list of the fastest growing software vendors for the fourth consecutive year.

Metastorm also expanded its channel partnerships – extending its OEM agreement with Thomson Elite for the Legal vertical and bringing on new distribution partners in Australia, Germany, Mexico, Poland, Slovenia, Spain, Sweden, and Switzerland. The company continued to realize the benefit of a strong worldwide partner network with over 120 channel partners

selling Metastorm-based solutions, enabling Metastorm to further solidify its position as the strongest global provider of business process management software and services.

About Metastorm, Inc.

With a focus on improving processes for greater innovation, agility, and governance, Metastorm leads the market in business process management (BPM) software and best practice methodologies for human and system-based processes. Going beyond the basics of modeling and automation, the Metastorm BPM® Suite supports the complete process lifecycle and is designed specifically to address complex processes that are unique to organizations. Metastorm's 1300+ global client base in manufacturing, retail, financial services, business services, healthcare and government are achieving rapid ROI and Enterprise Process Advantage® in customer service, supply chain operations, risk management, and internal operations. For more information visit www.metastorm.com.

(1) Gartner Dataquest, "Market Share: BPM Pure-Play and BRE Software, Worldwide, 2005," August 2006

(2) IDC, "Worldwide Business Process Automation Deployment Software 2005 Vendor Shares: The Start-Ups and Restarts," April 2006

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