

## FOR IMMEDIATE RELEASE

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## TIBCO SOFTWARE REPORTS RECORD FOURTH QUARTER FINANCIAL RESULTS

*Year over Year Q4 License Revenues up 13% and Q4 Non-GAAP Operating Profit Rises 17%*

**PALO ALTO, Calif., December 20, 2007** – TIBCO Software Inc. (Nasdaq: TIBX) today announced record results for its fourth quarter, which ended on November 30, 2007.

Total revenue for the fourth quarter of fiscal 2007 was \$186.1 million and net income was \$27.6 million, or \$0.14 per diluted share. This compares to total revenue of \$161.0 million and net income of \$31.5 million, or \$0.14 per diluted share, as reported for the fourth quarter of fiscal 2006.

On a non-GAAP basis, net income for the fourth quarter of fiscal 2007 was \$34.2 million or \$0.18 per diluted share, compared with \$29.8 million or \$0.14 per diluted share for the fourth quarter of fiscal 2006. Non-GAAP operating income for the fourth quarter of fiscal 2007 was \$50.2 million, resulting in non-GAAP operating margins of 27.0 %. This compares to non-GAAP operating income of \$43.0 million, or 26.7% non-GAAP operating margins in the fourth quarter of fiscal 2006. Non-GAAP results exclude stock-based compensation expense, amortization of acquired intangible assets, restructuring charges and gains on sales of certain equity investments, and assume a non-GAAP effective tax rate of 35% for fiscal 2007 and 37% for fiscal 2006.

“We finished with a strong Q4 ending the year with double digit growth,” said Vivek Ranadivé, TIBCO’s chairman and chief executive officer. “As we head into 2008, I am confident that our overall market opportunity remains strong now and over the long-term. I also believe our role as a neutral software infrastructure provider is increasingly valuable, and along with our continual innovation, positions us well for the future.”

### Fourth Quarter Fiscal 2007 Highlights

- License revenues were \$99.6 million, up 89% sequentially and 13% year over year;
- TIBCO closed a record 139 deals over \$100k and had 17 deals over \$1 million;
- Continued strength and demand across all product lines, with several verticals such as Finance, Telecommunications and Life Sciences showing particular strength;
- TIBCO expanded its business with leading companies in Q4 such as Agilent Technologies, Air France-KLM, BP, Chicago Mercantile Exchange, Delta, Equiduct, HBOS plc, Live Nation, PNM Resources, Rand Merchant Bank, TeliaSonera, Telenor and UBS.

### Conference Call Details

TIBCO has scheduled a conference call for 4:30 pm ET / 1:30 pm PT today to discuss its fourth quarter results. The conference call will be hosted by Thomson Financial and may be accessed over the Internet at [www.tibco.com](http://www.tibco.com) or via dial-in at (877) 741-4253 or (719) 325-4793. Please join the conference call at least 10 minutes early to register. A replay of the conference call will be available until midnight on January 20, 2008 at

[www.tibco.com](http://www.tibco.com) or via dial-in at (888) 203-1112 or (719) 457-0820. The pass code for both the call and the replay is 4907912.

## **About TIBCO**

TIBCO digitized Wall Street in the '80s with its event-driven "Information Bus" software, which helped make real-time business a strategic differentiator in the '90s. Today, TIBCO's infrastructure software gives customers the ability to constantly innovate by connecting applications and data in a service-oriented architecture, streamlining activities through business process management, and giving people the information and intelligence tools they need to make faster and smarter decisions, what we call The Power of Now. TIBCO serves more than 3,000 customers around the world with offices in 40 countries and an ecosystem of over 200 partners. Learn more at [www.tibco.com](http://www.tibco.com).

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## **About Non-GAAP Financial Information**

This press release includes non-GAAP financial measures. For a description of these non-GAAP financial measures, including the reasons management uses each measure, and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with Generally Accepted Accounting Principles (GAAP), please see the section entitled "About Non-GAAP Financial Measures" and the accompanying table entitled "Reconciliation of GAAP to Non-GAAP Measures."

## **Legal Notice Regarding Forward-Looking Statements**

This release contains forward-looking statements within the meaning of the "safe harbor" provisions of the federal securities laws. The final financial results for fourth quarter of fiscal year 2007 may differ materially from the preliminary results presented in this release due to factors that include, but are not limited to, risks associated with the final review of the results and preparation of audited financial statements. In addition, forward-looking statements such as statements regarding the future strength of the market opportunity for infrastructure software and TIBCO's ability to capitalize on such opportunity are subject to risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. These risks include: adverse changes in general economic or market conditions resulting in delays or reductions in information technology spending; successful execution of TIBCO's business plans; and competitive factors, including but not limited to pricing pressures, industry consolidation and new product introductions. Additional information regarding potential risks is provided in TIBCO's filings with the SEC, including its most recent Annual Report on Form 10-K for the year ended November 30, 2006 and Quarterly Report on Form 10-Q for the quarter ended September 2, 2007. TIBCO assumes no obligation to update the forward-looking statements included in this release.

**TIBCO Software Inc.**  
Condensed Consolidated Balance Sheets  
*(unaudited)*  
*(in thousands)*

|   | <b>As of November 30,</b> |              |
|---|---------------------------|--------------|
|   | <b>2007</b>               | <b>2006</b>  |
| <b>ASSETS</b>   |                           |              |
| Current assets:                                       |                           |              |
| Cash and cash equivalents                             | \$ 170,237                | \$ 138,912   |
| Short-term investments                                | 95,534                    | 400,658      |
| Accounts receivable, net                              | 161,730                   | 149,141      |
| Prepaid expenses and other current assets             | 53,540                    | 35,699       |
| Total current assets                                  | 481,041                   | 724,410      |
| Property and equipment, net                           | 111,390                   | 113,787      |
| Goodwill  | 412,256                   | 274,442      |
| Acquired intangible assets, net                       | 110,930                   | 55,072       |
| Long-term deferred income tax assets                  | 35,307                    | 21,437       |
| Other assets  | 47,535                    | 37,211       |
| Total assets  | \$ 1,198,459              | \$ 1,226,359 |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>           |                           |              |
| Current liabilities:                                  |                           |              |
| Accounts payable                                      | \$ 12,076                 | \$ 12,651    |
| Accrued liabilities                                   | 95,526                    | 74,347       |
| Accrued excess facilities costs                       | 5,421                     | 4,251        |
| Deferred revenue                                      | 128,511                   | 102,269      |
| Current portion of long-term debt                     | 1,924                     | 1,892        |
| Total current liabilities                             | 243,458                   | 195,410      |
| Accrued excess facilities costs, less current portion | 10,811                    | 18,150       |
| Long-term deferred revenue                            | 13,008                    | 4,151        |
| Long-term deferred income tax liabilities             | 25,821                    | 11,439       |
| Long-term debt, less current portion                  | 44,558                    | 46,453       |
| Other long-term liabilities                           | 5,006                     | 4,749        |
| Total long-term liabilities                           | 99,204                    | 84,942       |
| Total liabilities                                     | 342,662                   | 280,352      |
| Minority interest                                     | 401                       | -            |
| Total stockholders' equity                            | 855,396                   | 946,007      |
| Total liabilities and stockholders' equity            | \$ 1,198,459              | \$ 1,226,359 |

**TIBCO Software Inc.**  
Condensed Consolidated Statements of Operations  
*(unaudited)*  
*(in thousands, except net income per share)*

|  | <b>Three Months Ended<br/>November 30,</b> |             | <b>Year Ended<br/>November 30,</b> |             |
|--|--|-------------|------------------------------------|-------------|
|  | <b>2007</b>                                | <b>2006</b> | <b>2007</b>                        | <b>2006</b> |
| Revenue:   |  |             |                                    |             |
| License revenue  | \$ 99,609                                  | \$ 88,333   | \$ 259,313                         | \$ 240,071  |
| Service and maintenance revenue:                               |  |             |                                    |             |
| Service and maintenance  | 84,211                                     | 70,796      | 310,444                            | 269,908     |
| Reimbursable expenses  | 2,281                                      | 1,920       | 7,629                              | 7,300       |
| Total service and maintenance revenue                          | 86,492                                     | 72,716      | 318,073                            | 277,208     |
| Total revenue  | 186,101                                    | 161,049     | 577,386                            | 517,279     |
| Cost of revenue:   |  |             |                                    |             |
| License  | 8,591                                      | 5,171       | 24,024                             | 15,936      |
| Service and maintenance  | 37,522                                     | 30,227      | 134,877                            | 117,745     |
| Total cost of revenue  | 46,113                                     | 35,398      | 158,901                            | 133,681     |
| Gross Profit   | 139,988                                    | 125,651     | 418,485                            | 383,598     |
| Operating expenses:  |  |             |                                    |             |
| Research and development                                       | 26,069                                     | 21,015      | 92,924                             | 85,923      |
| Sales and marketing  | 59,260                                     | 54,584      | 197,397                            | 172,768     |
| General and administrative                                     | 13,009                                     | 12,482      | 51,538                             | 44,139      |
| Restructuring adjustment                                       | -  | (1,042)     | (1,095)                            | (1,042)     |
| Amortization of acquired intangible assets                     | 4,164                                      | 2,362       | 13,164                             | 9,454       |
| Acquired in-process research and development                   | -  | -           | 1,600                              | -           |
| Total operating expenses                                       | 102,502                                    | 89,401      | 355,528                            | 311,242     |
| Income from operations   | 37,486                                     | 36,250      | 62,957                             | 72,356      |
| Interest income  | 3,499                                      | 5,261       | 18,447                             | 19,936      |
| Interest expense   | (1,170)                                    | (1,169)     | (2,824)                            | (3,171)     |
| Other income (expense), net                                    | 56   | 292         | (1,181)                            | 1,437       |
| Income before provision for income taxes and minority interest | 39,871                                     | 40,634      | 77,399                             | 90,558      |
| Provision for income taxes                                     | 12,186                                     | 9,093       | 25,401                             | 17,694      |
| Minority interest, net of tax                                  | 40   | -           | 110                                | -           |
| Net income   | \$ 27,645                                  | \$ 31,541   | \$ 51,888                          | \$ 72,864   |
| Net income per share:  |  |             |                                    |             |
| Basic  | \$ 0.15                                    | \$ 0.15     | \$ 0.26                            | \$ 0.35     |
| Diluted  | \$ 0.14                                    | \$ 0.14     | \$ 0.25                            | \$ 0.33     |
| Shares used to compute net income per share:                   |  |             |                                    |             |
| Basic  | 188,748                                    | 210,181     | 198,885                            | 209,538     |
| Diluted  | 192,940                                    | 217,849     | 205,316                            | 218,075     |

## TIBCO Software Inc.

### Condensed Consolidated Statements of Cash Flows

(unaudited)  
(in thousands)

|   | <b>Year Ended November 30,</b> |             |
|---|--------------------------------|-------------|
|   | <b>2007</b>                    | <b>2006</b> |
| <b>Cash flows from operating activities:</b>                                      |                                |             |
| Net income  | \$ 51,888                      | \$ 72,864   |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                |             |
| Depreciation of property and equipment  | 16,167                         | 15,641      |
| Amortization of acquired intangible assets  | 23,490                         | 14,776      |
| Stock-based compensation  | 17,563                         | 15,818      |
| Acquired in-process research and development                                      | 1,600                          | -           |
| Deferred income tax   | (6,021)                        | (19,549)    |
| Tax benefits related to stock benefit plans                                       | 19,456                         | 24,695      |
| Excess tax benefits from stock-based compensation                                 | (20,995)                       | (21,482)    |
| Minority interest, net of tax   | 110                            | -           |
| Other non-cash adjustments, net   | (1,506)                        | (799)       |
| Changes in assets and liabilities:  |                                |             |
| Accounts receivable   | (5,459)                        | (28,002)    |
| Due from related parties, net   | -                              | 1,243       |
| Prepaid expenses and other assets   | (4,367)                        | (4,935)     |
| Accounts payable  | (885)                          | 3,008       |
| Accrued liabilities and excess facilities costs                                   | (9,080)                        | 8,559       |
| Deferred revenue  | 17,304                         | 24,113      |
| Net cash provided by operating activities   | 99,265                         | 105,950     |
| <b>Cash flows from investing activities:</b>                                      |                                |             |
| Purchases of short-term investments   | (140,928)                      | (407,639)   |
| Maturities and sales of short-term investments                                    | 450,311                        | 277,588     |
| Purchases of private equity investments   | (63)                           | (82)        |
| Proceeds from private equity investments  | 803                            | 1,488       |
| Cash used in acquisition, net of cash received                                    | (182,912)                      | -           |
| Purchases of property and equipment   | (12,599)                       | (12,974)    |
| Restricted cash pledged as security   | 368                            | (1,506)     |
| Net cash provided by (used for) investing activities                              | 114,980                        | (143,125)   |
| <b>Cash flows from financing activities:</b>                                      |                                |             |
| Proceeds from issuance of common stock  | 25,043                         | 22,243      |
| Repurchases of the Company's common stock   | (226,932)                      | (77,672)    |
| Excess tax benefits from stock-based compensation                                 | 20,995                         | 21,482      |
| Principal payments on long-term debt  | (6,277)                        | (1,798)     |
| Proceeds from minority investors  | 189                            | -           |
| Net cash used for financing activities  | (186,982)                      | (35,745)    |
| Effect of foreign exchange rate changes on cash and cash equivalents              | 4,062                          | 3,076       |
| Net change in cash and cash equivalents   | 31,325                         | (69,844)    |
| Cash and cash equivalents at beginning of period                                  | 138,912                        | 208,756     |
| Cash and cash equivalents at end of period  | \$ 170,237                     | \$ 138,912  |

## About Non-GAAP Financial Measures

TIBCO provides non-GAAP measures for operating income, net income and net income per share data as supplemental information regarding TIBCO's business performance. TIBCO believes that these non-GAAP financial measures are useful to investors because they exclude non-operating charges. TIBCO's management excludes these non-operating charges when it internally evaluates the performance of TIBCO's business and makes operating decisions, including internal budgeting, performance measurement and the calculation of bonuses and discretionary compensation, because these measures provide a consistent method of comparison to historical periods. Moreover, management believes these non-GAAP measures reflect the essential revenue generation activities of TIBCO. Accordingly, management excludes gains and losses on equity investments, costs related to formal restructuring plans, stock-based compensation related to employee stock options, the amortization of acquired intangible assets and charges for acquired in-process research and development, and the income tax effects of the foregoing, as well as adjustments for the impact of changes in the valuation allowance recorded against TIBCO's deferred tax assets when making operational decisions.

TIBCO believes that providing the non-GAAP measures that management uses to its investors is useful to investors for a number of reasons. The non-GAAP measures provide a consistent basis for investors to understand TIBCO's financial performance on a trended basis across historical periods. In addition, it allows investors to evaluate TIBCO's performance using the same methodology and information as that used by TIBCO's management.

Non-GAAP measures are subject to material limitations as these measures are not in accordance with, or a substitute for, GAAP and thus TIBCO's definition may be different from similar non-GAAP measures used by other companies and/or analysts. However, TIBCO's management compensates for these limitations by providing the relevant disclosure of the items excluded in the calculation of non-GAAP operating income, non-GAAP net income and non-GAAP net income per share. In addition, some items such as restructuring charges that are excluded from non-GAAP net income and non-GAAP earnings per share can have a material impact on cash flows and stock compensation charges can have a significant impact on earnings. Management compensates for these limitations by evaluating the non-GAAP measure together with the most directly comparable GAAP measure. TIBCO has historically provided non-GAAP measures to the investment community as a supplement to its GAAP results, to enable investors to evaluate TIBCO's business performance in the way that management does.

The non-GAAP adjustments, and the basis for excluding them, are outlined below:

### Stock-based Compensation

TIBCO incurs stock-based compensation expense under SFAS 123(R). TIBCO excludes this item for the purposes of calculating non-GAAP operating income, non-GAAP net income and non-GAAP net income per share because it is a non-cash expense that TIBCO believes is not reflective of its business performance. The nature of the stock-based compensation expense also makes it very difficult to estimate prospectively, since the expense will vary with changes in the stock price and market conditions at the time of new grants, varying valuation methodologies, subjective assumptions and different award types, making the comparison of current results with forward-looking guidance potentially difficult for investors to interpret. The tax effects of stock-based compensation expenses may also vary significantly from period to period, without any change in underlying operational performance, thereby obscuring the underlying profitability of operations relative to prior periods (including prior periods following the adoption of SFAS 123(R)). The exclusion of stock-based compensation from the non-GAAP measures also allows a consistent comparison of TIBCO's relative historical financial performance, since the method for accounting for stock-based compensation changed at the beginning of fiscal 2006 when TIBCO adopted SFAS 123(R). Finally, TIBCO believes that non-GAAP measures of profitability that exclude stock-based compensation are widely used by analysts and investors in the software industry.

## Amortization of Intangible Assets

TIBCO has incurred amortization of intangible assets, included in its GAAP financial statements, related to various acquisitions TIBCO has made. Management excludes these items, for the purposes of calculating non-GAAP operating income, non-GAAP net income and non-GAAP net income per share. TIBCO believes that eliminating this expense from its non-GAAP measures is useful to investors, because the amortization of intangible assets can be inconsistent in amount and frequency and is significantly impacted by the timing and magnitude of TIBCO's acquisition transactions, which also vary substantially in frequency from period to period.

## Acquired In Process Research and Development

The Company recorded charges for acquired in-process research and development ("IPR&D"), included in its GAAP presentation of operating expense, in connection with its acquisitions. These amounts were expensed on the acquisition dates as the acquired technology had not yet reached technological feasibility and had no future alternative uses. There can be no assurance that acquisition of businesses, products or technologies in the future will not result in substantial charges for acquired IPR&D. Accordingly, acquired IPR&D are non-recurring and generally unpredictable. The Company believes that eliminating this expense, for the purposes of calculating non-GAAP operating income, non-GAAP net income and non-GAAP net income per share, is useful to investors.

## Restructuring Activities

TIBCO has incurred restructuring expenses, included in its GAAP presentation of operating expense, primarily due to workforce related charges such as payments for severance and benefits and estimated costs of exiting and terminating facility lease commitments related to a formal restructuring plan. TIBCO excludes these items, for the purposes of calculating non-GAAP operating income, non-GAAP net income and non-GAAP net income per share, when it evaluates the continuing business performance of TIBCO. TIBCO believes that these items are not consistently recurring and do not necessarily reflect expected future operating expense, nor does TIBCO believe that they provide a meaningful evaluation of current versus past business results or the expense levels required to support TIBCO's operating plan.

## Investment Activities

TIBCO records gains or losses on its equity investments based on its pro-rata share of gains or the net losses of the investment. These gains or net losses are included in TIBCO's GAAP presentation of operating income, net income and net income per share. TIBCO's business is not to invest in third parties, and such investments do not constitute a material portion of TIBCO's assets. The timing and magnitude of gains and losses are unpredictable, as they are inherently based on the performance of the third party subject to a particular investment. TIBCO excludes these items, for the purposes of calculating non-GAAP operating income, non-GAAP net income and non-GAAP net income per share, when it evaluates the continuing business performance of TIBCO. TIBCO believes that these items do not necessarily reflect expected future operating expense or income, nor does TIBCO believe that they provide a meaningful evaluation of current versus past business results or the expense levels required to support TIBCO's operating plan.

The following table is a reconciliation of GAAP measures to non-GAAP for the fourth quarter and year ended November 30, 2007.

**TIBCO Software Inc.**

Reconciliation of GAAP to Non-GAAP Measures  
(unaudited)  
(in thousands, except net income per share)

|   | Three Months Ended November 30, |                  |                     |                  | Year Ended November 30, |                  |                     |                  |
|---|---------------------------------|------------------|---------------------|------------------|-------------------------|------------------|---------------------|------------------|
|   | 2007                            |                  | 2006                |                  | 2007                    |                  | 2006                |                  |
|   | Operating<br>Income             | Net<br>Income    | Operating<br>Income | Net<br>Income    | Operating<br>Income     | Net<br>Income    | Operating<br>Income | Net<br>Income    |
| GAAP  | \$ 37,486                       | \$ 27,645        | \$ 36,250           | \$ 31,541        | \$ 62,957               | \$ 51,888        | \$ 72,356           | \$ 72,864        |
| Amortization of intangible assets - cost of revenue   | 3,829                           | 3,829            | 1,330               | 1,330            | 10,326                  | 10,326           | 5,322               | 5,322            |
| Amortization of intangible assets - operating expense | 4,164                           | 4,164            | 2,363               | 2,363            | 13,164                  | 13,164           | 9,454               | 9,454            |
| Stock-based compensation - cost of revenue            | 647                             | 647              | 498                 | 498              | 2,465                   | 2,465            | 2,112               | 2,112            |
| Stock-based compensation - R&D expense                | 897                             | 897              | 852                 | 852              | 3,712                   | 3,712            | 3,612               | 3,612            |
| Stock-based compensation - S&M expense                | 1,593                           | 1,593            | 1,199               | 1,199            | 5,695                   | 5,695            | 4,617               | 4,617            |
| Stock-based compensation - G&A expense                | 1,601                           | 1,601            | 1,519               | 1,519            | 5,691                   | 5,691            | 5,477               | 5,477            |
| Acquired in-process research and development          | -                               | -                | -                   | -                | 1,600                   | 1,600            | -                   | -                |
| Restructuring adjustment                              | -                               | -                | (1,042)             | (1,042)          | (1,095)                 | (1,095)          | (1,042)             | (1,042)          |
| Realized gain on sales of private equity investment   | -                               | -                | -                   | -                | -                       | (64)             | -                   | (738)            |
| Income tax adjustment for non-GAAP <sup>(1)</sup>     | -                               | (6,225)          | -                   | (8,428)          | -                       | (16,212)         | -                   | (26,474)         |
| Non-GAAP  | <u>\$ 50,217</u>                | <u>\$ 34,151</u> | <u>\$ 42,969</u>    | <u>\$ 29,832</u> | <u>\$104,515</u>        | <u>\$ 77,170</u> | <u>\$101,908</u>    | <u>\$ 75,204</u> |
| Diluted net income per share:                         |                                 |                  |                     |                  |                         |                  |                     |                  |
| GAAP  |                                 | <u>\$ 0.14</u>   |                     | <u>\$ 0.14</u>   |                         | <u>\$ 0.25</u>   |                     | <u>\$ 0.33</u>   |
| Non-GAAP  |                                 | <u>\$ 0.18</u>   |                     | <u>\$ 0.14</u>   |                         | <u>\$ 0.38</u>   |                     | <u>\$ 0.34</u>   |
| Shares used to compute diluted net income per share   |                                 | <u>192,940</u>   |                     | <u>217,849</u>   |                         | <u>205,316</u>   |                     | <u>218,075</u>   |

<sup>(1)</sup> The estimated non-GAAP effective tax rate was 35% for fiscal 2007 and 37% for fiscal 2006, and has been used to adjust the provision for income taxes for non-GAAP purposes.