FORM S-1 · REGISTRATION STATEMENT

Webex Communications Inc

IPO priced 2000-07-27 · $14.00 a share · WEBX



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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MARCH 31, 2000

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

FORM S-1 REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

WEBEX, INC. (EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

CALIFORNIA (prior to reincorporation) DELAWARE (after reincorporation) (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	7379 (PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	77-0396636 (I.R.S. EMPLOYER IDENTIFICATION NO.)

110 ROSE ORCHARD WAY SAN JOSE, CA 95134 (408) 435-7000 (ADDRESS, INCLUDING ZIP CODE AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

SUBRAH S. IYAR CHIEF EXECUTIVE OFFICER WEBEX, INC. 110 ROSE ORCHARD WAY SAN JOSE, CA 95134 (408) 435-7000 (NAME, ADDRESS, INCLUDING ZIP CODE AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPIES TO:

JORGE DEL CALVO, ESQ. ALLISON LEOPOLD TILLEY, ESQ. DAVINA K. KAILE, ESQ. PILLSBURY MADISON & SUTRO LLP 2550 HANOVER STREET PALO ALTO, CA 94304	LARRY W. SONSINI, ESQ. BRIAN C. ERB, ESQ. ANDREW G. STEPHENS, ESQ. STEPHEN E. GILLETTE, ESQ. WILSON SONSINI GOODRICH & ROSATI 650 PAGE MILL ROAD PALO ALTO, CA 94304

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: AS SOON AS PRACTICABLE AFTER THE REGISTRATION STATEMENT BECOMES EFFECTIVE.

IF ANY OF THE SECURITIES BEING REGISTERED ON THIS FORM ARE TO BE OFFERED ON A DELAYED OR CONTINUOUS BASIS PURSUANT TO RULE 415 UNDER THE SECURITIES ACT OF 1933, CHECK THE FOLLOWING BOX. [ ] IF THIS FORM IS FILED TO REGISTER ADDITIONAL SECURITIES FOR AN OFFERING PURSUANT TO RULE 462(B) UNDER THE SECURITIES ACT, PLEASE CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION STATEMENT NUMBERS OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. [ ] IF THIS FORM IS A POST-EFFECTIVE AMENDMENT FILED PURSUANT TO RULE 462(C) UNDER THE SECURITIES ACT, CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION STATEMENT NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. [ ] IF THIS FORM IS A POST-EFFECTIVE AMENDMENT FILED PURSUANT TO RULE 462(D) UNDER THE SECURITIES ACT, CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION STATEMENT NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. [ ] IF DELIVERY OF THE PROSPECTUS IS EXPECTED TO BE MADE PURSUANT TO RULE 434, PLEASE CHECK THE FOLLOWING BOX. [ ]

CALCULATION OF REGISTRATION FEE

CLASS OF SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
Common Stock, no par value.....	$86,250,000	$22,770

(1) ESTIMATED SOLELY FOR THE PURPOSE OF CALCULATING THE REGISTRATION FEE PURSUANT TO RULE 457(O) UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER

BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

THE INFORMATION IN THIS PRELIMINARY PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THESE SECURITIES MAY NOT BE SOLD UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PRELIMINARY PROSPECTUS IS NOT AN OFFER TO SELL NOR DOES IT SEEK AN OFFER TO BUY THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION DATED MARCH 31, 2000.

SHARES

[LOGO] WEBEX, INC.

COMMON STOCK

THIS IS AN INITIAL PUBLIC OFFERING OF SHARES OF COMMON STOCK OF WEBEX, INC. ALL OF THE SHARES OF COMMON STOCK ARE BEING SOLD BY WEBEX.

AT THE REQUEST OF WEBEX, THE UNDERWRITERS HAVE RESERVED UP TO SHARES OF COMMON STOCK FOR SALE AT THE INITIAL PUBLIC OFFERING PRICE TO ITS EMPLOYEES, CUSTOMERS AND OTHER FRIENDS THROUGH A DIRECTED SHARE PROGRAM.

PRIOR TO THIS OFFERING, THERE HAS BEEN NO PUBLIC MARKET FOR THE COMMON STOCK. IT IS CURRENTLY ESTIMATED THAT THE INITIAL PUBLIC OFFERING PRICE PER SHARE WILL BE BETWEEN $ AND $. WEBEX HAS APPLIED FOR QUOTATION OF THE COMMON STOCK ON THE NASDAQ NATIONAL MARKET UNDER THE SYMBOL "WEBX".

SEE "RISK FACTORS" BEGINNING ON PAGE 7 TO READ ABOUT FACTORS YOU SHOULD CONSIDER BEFORE BUYING SHARES OF THE COMMON STOCK.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PER SHARE	TOTAL
Initial public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to WebEx	$	$

TO THE EXTENT THAT THE UNDERWRITERS SELL MORE THAN SHARES OF COMMON STOCK, THE UNDERWRITERS HAVE THE OPTION TO PURCHASE UP TO AN ADDITIONAL SHARES FROM WEBEX AT THE INITIAL PUBLIC OFFERING PRICE LESS THE UNDERWRITING DISCOUNT.

THE UNDERWRITERS EXPECT TO DELIVER THE SHARES AGAINST PAYMENT IN NEW YORK, NEW YORK ON , 2000.

GOLDMAN, SACHS & CO. DEUTSCHE BANC ALEX. BROWN

WIT SOUNDVIEW

CIBC WORLD MARKETS

Prospectus dated , 2000.

INSIDE FRONT COVER

UPPER RIGHT HAND CORNER:

WEB INFRASTRUCTURE FOR GLOBAL INTERACTIVE COMMUNICATIONS WEBEX PROVIDES REAL-TIME INTERACTIVE MULTIMEDIA COMMUNICATIONS SERVICES FOR WEBSITES. OUR SERVICES MEETING-ENABLE THE WEBSITE OF CUSTOMERS AND PARTNERS. WE DELIVER OUR SERVICES USING OUR GLOBALLY DISTRIBUTED NETWORK AND SCALABLE PLATFORM.

FROM UPPER LEFT CORNER TO LOWER RIGHT HAND CORNER: THREE COMPUTER SCREEN SHOTS OF CUSTOMER'S USE OF OUR SERVICES APPEAR HERE WEBEX LOGO APPEARS IN LOWER RIGHT HAND CORNER. BELOW THE LOGO APPEARS PICTURE OF COMPUTER GATEFOLD IN CENTER OF GATEFOLD: PICTURE OF THE A GLOBE DEPICTING WEBEX INERACTIVE NETWORK. FIRST CIRCLE AROUND THE

GLOBE WEBEX INTERACTIVE PLATFORM REAL-TIME DATA SHARING/DISTRIBUTED SERVERS/APIS/SECURITY SECOND CIRCLE AROUND THE GLOBE WEBEX INTERACTIVE SERVICES MEETING CENTER/BUSINESS EXCHANGE/ONCALL/SHOPPING TOGETHER SURROUNDING THE GLOBE - FIVE PICTURES OF WEBEX CUSTOMERS USING WEBEX SERVICE LEFT SIDE OF GATEFOLD LEFT SIDE OF THE PAGE. POWERING INTERACTIVE ONLINE MEETINGS WEBEX INTERACTIVE NETWORK THE WEBEX INTERACTIVE NETWORK (WIN) IS A GLOBALLY DISTRIBUTED NETWORK THAT IS DESIGNED TO DELIVER DEPENDABLE, REAL-TIME COMMUNICATIONS SERVICES TO OUR CUSTOMERS' AND PARTNERS' WEB SITES.

WEBWEX INTERACTIVE PLATFORM THE WEBEX INTERACTIVE PLATFORM (WIP) IS DISTRIBUTED, STANDARDS-BASED SERVICE ARCHITECTURE THAT PROVIDES A COMPREHENSIVE SET OF FUNCTIONALITY FOR WEB-BASED INTERACTIVE COMMUNICATION SERVICES AND IS DESIGNED FOR MAXIMUM SCALABILITY AND "DIAL-TONE" RELIABILITY.

WEBEX INTERACTIVE SERVICES THE WEBEX INTERACTIVE SERVICES (WIS) PROVIDE CO-BRANDED TURN-KEY SERVICES THAT CAN BE CUSTOMIZED FOR WEB SITES. SERVICES INCLUDE: MEETING CENTER, BUSINESS EXCHANGE, ONCALL AND SHOPPING TOGETHER.

LOWER RIGHT HAND SIDE OF PAGE. SERVICE FEATURES APPLICATION SHARING DOCUMENT SHARING PRESENTATION SHARING WEB CO-BROWSING DESKTOP REMOTE CONTROL FILE TRANSFERS POLLING LIVE CHAT RECORDING AND PLAYBACK LIVE VIDEO OUTER OFFICE WEB PAGE BUSINESS DIRECTORY MEETING CALENDAR PUBLIC/PRIVATE FOLDERS LOWER RIGHT SIDE OF GATEFOLD THE WEBEX SOLUTION WEBEX PROVIDES CO-BRANDED REAL-TIME, INTERACTIVE MULTIMEDIA COMMUNICATIONS SERVICES FOR WEB SITES.

WEBEX ENABLES EASY AND SPONTANEOUS SHARING OF CONTENT AND APPLICATIONS FROM ANY WEBSITE WITH INTEGRATED AUDIO AND VIDEO IN A SEAMLESS ENVIRONMENT.

WEBEX ENHANCES EFFECTIVENESS OF BUSINESS PROFESSIONALS BY REDUCING PRODUCTION TIME AND GENERATING COST SAVINGS WITH:

LIVE MEDIUM FOR CONDUCTING ON-LINE SALES AND MARKETING MEETINGS REAL-TIME CUSTOMER SERVICE AND SUPPORT REDUCING EXPENSES FOR TRAVEL, COMMUNICATIONS AND TRAINING WEBEX ALLOWS CUSTOMERS TO MEETING-ENABLE THEIR WEBSITES WITH SCALABLE, RELIABLE AND SECURE CO-BRANDED INTERACTIVE SERVICES.

WEBEX DIFFERENTIATES PARTNER SITES BY EXPANDING THE SCOPE OF SERVICE OFFERINGS AND DRIVING INCREASED TRAFFIC AND USAGE.

Prospectus Summary

This summary highlights information described more fully elsewhere in this prospectus. This summary does not contain all the information you should consider before investing in our common stock. You should read the entire prospectus, including the financial statements and related notes, before making an investment decision.

Webex

We provide real-time, interactive multimedia communications services for websites. We deliver our services using our globally distributed network and scalable platform. Our services meeting-enable the websites of customers and partners. End-users access these interactive services through the co-branded websites of our customers and partners as well as at www.webex.com. Our services enable end-users to spontaneously share content and applications in a seamless environment with integrated audio and video. End-users can participate in meetings from anywhere on the Internet using a standard web browser. Our interactive communications services help our customers and our partners to:

- improve their productivity and efficiency, - differentiate and distinguish their product and service offerings, and - enhance and diversify their revenues.

We are able to deliver these business benefits because our platform and services have the following characteristics:

OPEN AND FLEXIBLE. We have designed our platform to be open and flexible to efficiently support many combinations of interactive communications services. This enables our services to be integrated into a large number of websites and web applications that offer a variety of functionality. Moreover, our platform is standards-based and has been designed to enable rapid development and deployment of new services and applications.

COMPREHENSIVE, INTEGRATED FUNCTIONALITY. Our platform seamlessly integrates data, audio and video to provide a comprehensive and fluid experience for end-users. The comprehensive functionality of our platform enables services with features such as real-time sharing of applications, presentations or documents as well as web co-browsing, live chat, recording and playback, desktop sharing and file transfers.

EASY AND SPONTANEOUS INTERACTIVITY. Our services are designed to be easy to use and spontaneous to enable high levels of interactivity among meeting participants. For example, files and applications on any meeting participant's desktop or on the Web can be opened and shared in real time during a WebEx meeting.

SCALABILITY, RELIABILITY AND SECURITY. Our globally distributed network platform is designed to scale to support millions of concurrent meetings across the spectrum of one-to-one, one-to-many or any-to-any interactions. It is also designed to be highly reliable with a redundant architecture and a globally distributed network. In addition, we have designed our services to be secure using measures such as standards-based encryption. Similar to telephone conversations, information passes through our secure platform in real time.

Our globally distributed network includes more than 120 servers in six data centers around the world as well as multiple, dedicated, leased lines. Our platform, which runs on this network, is a distributed, standards-based software architecture that is designed to provide high reliability, high scalability and comprehensive functionality for interactive communication services for websites. To date, we have launched four services on our platform -- WebEx Meeting Center, WebEx Business Exchange, WebEx OnCall and WebEx Shopping Together.

We offer our services on a monthly subscription basis to our customers. To date, we have generated substantially all of our revenue from sales of our services to customers to meeting-enable their websites. We have also initiated efforts to establish revenue-sharing agreements to embed our services into the offerings of partners such as portals, web application providers and communications service providers. As of February 25, 2000, we had 425 customers and had signed agreements with more than 72 partners. Our customers include Hoover's Online, Juniper Networks, Lawson Software, Oracle and TIBCO Software. Our partners include Deutsche Telekom, Sales.com and Yahoo!.

Our objective is to be the leading web-based interactive communications platform. To achieve this objective, we intend to expand our global network, increase our brand recognition and leverage our partnerships. We also intend to become a de facto standard for real-time, interactive multimedia communication services for websites by continuing to enhance the capabilities, applicability and ease of use of our services.

Additional Information

We were incorporated in California in February 1995 under the name Silver Computing, Inc. We changed our name to Stellar Computing Corporation in June 1997, to ActiveTouch Systems, Inc. in December 1997, to ActiveTouch, Inc. in May 1998 and to WebEx, Inc. in December 1999. We anticipate reincorporating in Delaware prior to completion of this offering. Our principal executive offices are located at 110 Rose Orchard Way, San Jose, California 95134, and our telephone number is (408) 435-7000. The address of our website is www.webex.com. Information contained on our website is not part of this prospectus.

ActiveTouch, WebEx, WebEx.com and Meeting-Enable Your Web Site are trademarks of WebEx, Inc. This prospectus also contains brand names, trademarks or service marks of companies other than WebEx, Inc., and these brand names, trademarks and service marks are the property of their respective holders.

The Offering

Shares offered by WebEx..... shares Shares to be outstanding after this offering..... shares Use of proceeds..... For general corporate purposes, including working capital.

Proposed Nasdaq National Market symbol..... WEBX The above information is based on the shares outstanding as of December 31, 1999.

This information includes:

- 787,131 shares of common stock issuable upon conversion of our Series C preferred stock sold in January 2000;

- 2,052,846 shares of common stock issuable upon conversion of our Series D preferred stock sold in March 2000; and - 450,000 shares of common stock issuable upon exercise of a warrant that expires prior to completion of this offering.

This information excludes:

- 4,675,775 shares issuable upon exercise of options outstanding at a weighted average exercise price of $0.303 per share as of December 31, 1999;

- 339,915 shares issuable upon exercise of a warrant at an exercise price of $12.50 per share; and - a total of 4,677,059 shares available for future issuance under our various stock plans.

Unless otherwise indicated, this prospectus assumes:

- the automatic conversion of our outstanding preferred stock into common stock upon completion of this offering;

- our reincorporation in Delaware;

- the filing of our amended and restated certificate of incorporation, authorizing a class of 5,000,000 shares of undesignated preferred stock upon closing of this offering; and - no exercise by the underwriters of their option to purchase additional shares of stock in this offering.

Summary Financial Information (In Thousands, Except Per Share Data)

The following table sets forth a summary of our statements of operations data for the periods presented. See notes 1(d) and 1(p) of the notes to our financial statements for an explanation of the method used to determine the number of shares used in the computing per share data below.

Years Ended December 31, 1997 1998 1999

STATEMENT OF OPERATIONS DATA:			
Revenue	$1,289	$ 1,987	$ 2,607
Gross profit	1,097	1,503	1,919
Operating Income (loss)	26	(2,437)	(14,498)
Net income (loss)	$ 28	$(2,335)	$(14,371)
Net income (loss) per share:			
Basic and diluted	$ 0.00	$ (0.23)	$ (1.34)
Weighted average shares -- basic and diluted	7,192	10,103	10,700
Pro forma net loss per share:			
Basic and diluted			$ (0.83)
Weighted average shares -- basic and diluted			17,246

The following table sets forth a summary of our balance sheet at December 31, 1999:

- on an actual basis;

- on a pro forma basis to give effect to the proceeds of $28.1 million from the sale of 787,131 shares of our Series C preferred stock in January 2000 and 2,052,846 shares of our Series D preferred stock in March 2000, the exercise of a warrant to purchase 450,000 shares of common stock and the automatic conversion of all outstanding shares of our preferred stock into common stock upon the closing of this offering; and - on the same pro forma basis as adjusted to reflect our receipt of the estimated net proceeds from the sale of shares of common stock in this offering.

DECEMBER 31, 1999 PRO FORMA ACTUAL PRO FORMA AS ADJUSTED

BALANCE SHEET DATA:			
Cash and cash equivalents	$ 13,621	$41,647	$
Working capital	10,588	38,662	
Total assets	21,649	49,723	
Long-term obligations, net of current portion	--	--	
Stockholders' equity	14,799	42,825	

Risk Factors

Any investment in our shares of common stock involves a high degree of risk. You should carefully consider the risks described below and the other information in this prospectus before deciding to invest in shares of our common stock. If any of the events described below actually occurs, our business, results of operations and financial condition would likely suffer. In these circumstances, the market price of our common stock could decline, and you could lose all or part of your investment.

Risks Related to Webex

WE EXPECT CONTINUING LOSSES AND MAY NEVER ACHIEVE PROFITABILITY IN THE FUTURE, IN WHICH CASE THE MARKET PRICE OF OUR STOCK WOULD LIKELY DECLINE.

As of December 31, 1999, we had an accumulated deficit of approximately $17.1 million. We expect to continue to incur substantial net losses for the foreseeable future. If we continue to incur net losses, we may not be able to increase the number of our employees, our investment in expanding our network services and application platform or our sales, marketing and research and development programs in accordance with our present plans, each of which is critical to our long-term success. We do not know when or if we will become profitable. If we did not become profitable within the time frame expected by securities analysts or investors, the market price of our stock would likely decline.

OUR QUARTERLY RESULTS COULD FLUCTUATE, AND IF WE DO NOT MEET QUARTERLY FINANCIAL EXPECTATIONS OF SECURITIES ANALYSTS OR INVESTORS OUR STOCK PRICE COULD DECLINE.

We commenced operations in February 1995 and our business originally consisted of consulting services. In early 1998, we licensed an interactive communications product to a small number of customers. We launched WebEx Meeting Center in February 1999, our first real-time, interactive multimedia communications service, and began selling this service to customers and partners. Because of our limited operating history providing services, and other factors, our quarterly revenue and operating results are difficult to predict. In addition, due to the emerging nature of the market for interactive communications services for websites, our quarterly revenue and operating results may fluctuate from quarter to quarter. In addition, a number of other factors could cause fluctuations in our operating results, including, but not limited to, the following:

- the growth rate of the market for interactive communications services for websites;

- our ability to develop, enhance and maintain our network services and application platform in a timely manner;

- technical difficulties or system outages;

- the mix of services we offer;

- our ability to attract and retain customers and maintain customer satisfaction;

- our partners' degree of success in distributing our services to end-users;

- the amount and timing of operating costs and capital expenditures relating to expansion of our business and network infrastructure;

- the announcement, introduction and market acceptance of new or enhanced services or products by us or our existing or potential competitors; and - changes in our pricing policies or those of our existing or potential competitors.

If any of these factors impact our business in a particular period, our operating results may be below the expectations of securities analysts or investors, in which case the market price of our common stock would likely decline.

We expect to continue to spend substantial financial and other resources on developing and introducing new services, and expanding our sales and marketing organization and network infrastructure. As a result, we expect that our operating expenses will continue to increase in absolute dollars. If our revenue does not correspondingly increase, our business and operating results could suffer. We base our expense levels in part on our expectations regarding future revenue levels. If our revenue for a particular quarter is lower than we expect, we may be unable to proportionately reduce our operating expenses for that quarter, in which case our operating results for that quarter would be adversely affected.

OUR CUSTOMERS DO NOT HAVE LONG-TERM OBLIGATIONS TO PURCHASE OUR SERVICES AND OUR REVENUE AND OPERATING RESULTS COULD DECLINE IF OUR CUSTOMERS DO NOT CONTINUE TO USE OUR SERVICES.

Our customers do not have long-term obligations to purchase services from us. Our customer contracts are typically for an initial term of three months or more and can be terminated at any time thereafter. Our customers may choose not to continue to use our services, and we may not obtain a sufficient number of additional customers to compensate for any customers we may lose. In 1999, Baan Company N.V. accounted for approximately 16% of our revenue. The failure of existing customers to continue to use our services or our failure to obtain additional customers would harm our business and operating results.

Our Business and Operating Results May Suffer If We Fail to Establish Partnerships.

To date, we have generated substantially all of our revenue from sales to customers to meeting-enable their websites. We expect to derive an increasing percentage of our revenue from our partnerships with portals, web application providers and communications service providers to jointly market and sell our services, provide us the flexibility to rapidly adapt our services to customer needs and to generate referral sales for our services. We must continue to establish and extend these partnerships. Establishing these partner relationships can take as long as several months or more. In addition, our agreements with our partners are typically 12 months in duration and can be terminated at any time

thereafter. Our partners may choose to devote insufficient resources to marketing and supporting our services or they may choose to devote greater resources to marketing and supporting the products and services of other companies. If we fail to establish new partner relationships in a timely manner or if our partners do not successfully distribute our services, our ability to achieve market acceptance of our interactive communications services for websites will suffer and our business and operating results will be harmed.

WE HAVE RELIED ON OUR SALES FORCE TO GENERATE SUBSTANTIALLY ALL OF OUR REVENUE AND THEREFORE OUR SUCCESS DEPENDS ON OUR ABILITY TO EXPAND OUR SALES FORCE.

Our success depends on increasing the size of our sales force. There is intense competition for sales personnel and we may be unsuccessful in attracting, integrating, motivating and retaining new sales personnel. If we fail to increase our sales force, our growth will be impaired and our business and operating results will suffer.

OUR FUTURE SUCCESS DEPENDS ON THE BROAD MARKET ADOPTION AND ACCEPTANCE OF INTERACTIVE COMMUNICATIONS SERVICES FOR WEBSITES.

The market for interactive communications services for websites is relatively new and rapidly evolving. Market demand for communications services over the Web is unproven. If the market for interactive communications services does not grow at the rate we expect, our business and operating results will be harmed. Factors that might influence market acceptance of our services include the following, many of which are beyond our control:

- willingness of businesses and end-users to use interactive communications services for websites;

- the growth of the Web and commercial on-line services;

- the willingness of our partners to integrate interactive communications services for websites in their service offerings; and - the ongoing level of security and reliability for conducting business over the Web.

WE EXPECT TO DEPEND ON SALES OF OUR WEBEX MEETING CENTER SERVICE FOR SUBSTANTIALLY ALL OF OUR REVENUE FOR THE FORESEEABLE FUTURE.

Our WebEx Meeting Center service has accounted for substantially all of our revenue to date. We anticipate that revenue from our WebEx Meeting Center service will continue to constitute substantially all of our revenue for the foreseeable future. Consequently, any decline in the demand for our WebEx Meeting Center service, or its failure to achieve broad market acceptance, would seriously harm our business.

FAILURE TO SUCCESSFULLY DEVELOP AND INTRODUCE ENHANCED VERSIONS OF OUR INTERACTIVE COMMUNICATIONS SERVICES FOR WEBSITES THAT MEET CHANGING CUSTOMER DEMANDS OR EVOLVING TECHNOLOGICAL STANDARDS WOULD HARM OUR BUSINESS.

We must successfully offer our customers a comprehensive, integrated solution in order for us to expand market acceptance of our interactive communications services for websites. Our industry is characterized by rapid technological change, frequent new product introductions and enhancements, changes in customer demands and evolving industry standards. Our existing services will be rendered obsolete if we fail to introduce new services or service enhancements that meet new customer demands, support new standards or are compatible with upgraded versions of software. In addition, the technological life cycle of our services is difficult to estimate.

As a result, our future success depends in large part on our ability to develop, in a timely manner, new or enhanced interactive communications services for websites and to provide new services that achieve rapid and broad market acceptance. We may fail, however, to identify new service opportunities successfully or to develop and bring new services to market in a timely manner. In addition, we may incur substantial costs in developing new or enhanced versions of our services. If we experience delays in completing development of, enhancements to, new or localized versions of, or cross-platform capabilities for, our services, our operating results would suffer. We also may need to develop and acquire new technologies or service applications to broaden our service offerings. We may be unable to develop or acquire marketable services on a timely basis, if at all. In addition, our service innovations may not achieve the market penetration or price stability necessary for profitability.

IF OUR SERVICES FAIL TO FUNCTION WHEN USED BY LARGE NUMBERS OF PARTICIPANTS, WE MAY LOSE CUSTOMERS AND OUR BUSINESS AND REPUTATION MAY BE HARMED.

Our strategy requires that our services be able to accommodate large numbers of meetings at any one time. We have limited experience in conducting large numbers of concurrent meetings. If our services do not perform adequately when used by large numbers of participants, we may lose customers, be unable to attract new customers and our operating results could suffer.

Our Sales Cycle Makes It Difficult to Predict Our Quarterly Operating Results.

We have a long sales cycle because we generally need to educate potential customers regarding the benefits of interactive communications services for websites. Our sales cycle varies depending on the size and type of customer contemplating a purchase. Potential customers frequently need to obtain approvals from multiple decision makers within their organization and may evaluate competing products and services prior to deciding to use our services. Our sales cycle, which can range from several weeks to several months or more, makes it difficult to predict the quarter in which use of our services may begin.

IF WE FAIL TO EXPAND OUR MARKETING ACTIVITIES, OR IF OUR BRANDING AND MARKETING EFFORTS ARE NOT SUCCESSFUL, OUR BUSINESS MAY BE HARMED.

We believe that continued expansion of our marketing and brand recognition efforts will be critical to achieve widespread acceptance of our interactive communications services for websites. We plan to increase our marketing expenditures to create and maintain brand recognition. Our marketing and advertising campaigns or branding efforts may not be successful or consumers may not find our marketing efforts compelling. In addition, our sales and marketing expenses may not be offset by the expenses we incur in building our brand. If our marketing efforts are not successful, our business and operating results will be harmed.

WE RELY ON RELATED THIRD PARTIES IN CHINA AND THE LOSS OF THESE THIRD-PARTY SERVICES WOULD HARM OUR BUSINESS.

We currently rely on third parties, located in China, owned by one of our executive officers and his spouse to conduct quality assurance testing and to modify the software underlying our services to enable our services to work with various operating systems. Most of the personnel who conduct these activities are contract engineers to these third parties. Our reliance on independent contractors located in China for quality assurance and software development activities exposes us to a variety of economic and political risks. In particular, current tensions between the United States and China could adversely affect our ability to conduct operations in China, which could increase our operating costs and harm our business and operations.

We Could Incur Substantial Costs Resulting from Claims Relating to Use of Our Services.

Many of the business interactions supported by our services are critical to our customers' businesses. Any failure in a customer's business interaction or other communications activity caused or allegedly caused by our services could result in a claim for substantial damages against us, regardless of our responsibility for the failure.

If Our System Security Is Breached, Our Business and Reputation Could Be Harmed.

A fundamental requirement for on-line communications, transactions and support is the secure transmission of confidential information over public networks. Third parties may attempt to breach our security or that of our customers. Our customers and end-users may use our services to share proprietary information, the security of which is critical to their business. We may be liable to our customers for any breach in such security and any breach could harm our business and our reputation. In addition, computers are vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to interruptions, delays or loss of data. We may be required to expend significant capital and other resources to further protect against security breaches or to rectify problems caused by any breach.

OUR BUSINESS COULD BE HARMED IF OUR SERVICES FAIL TO PERFORM PROPERLY DUE TO UNDETECTED ERRORS OR SIMILAR PROBLEMS WITH OUR UNDERLYING SOFTWARE.

Complex software, such as the software underlying our services, often contains undetected errors. Although we conduct testing during development, we may be forced to delay commercial release of our services until problems are corrected and, in some cases, may need to provide enhancements to correct errors that we do not detect until after deployment of our services. If we do detect an error in our software before we introduce new versions of our services, we might have to limit our services for an extended period of time while we address the problem. In addition, problems with the software underlying our services could result in:

- damage to our reputation;

- damage to our efforts to build brand awareness;

- loss of or delay in revenue;

- delays in or loss of market acceptance of our services; and - unexpected expenses and diversion of resources to remedy errors.

IF OUR SERVICES DO NOT WORK WITH THE MANY HARDWARE AND SOFTWARE PLATFORMS USED BY OUR CUSTOMERS AND END-USERS, OUR BUSINESS MAY BE HARMED.

We currently serve customers and end-users who use a wide variety of constantly changing hardware and software applications and networking platforms. If our services are unable to support these platforms, they may fail to gain broad market acceptance, which would cause our operating results to suffer. Our success depends on our ability to deliver our services to multiple platforms and existing, or legacy, systems and to modify our services and underlying technology as new versions of applications are introduced. In addition, the success of our services depends on our ability to anticipate and support new standards, especially web standards.

WE MAY NEED TO LICENSE THIRD-PARTY TECHNOLOGIES, TOOLS AND APPLICATIONS AND MAY BE UNABLE TO DO SO.

We intend to continue to license technologies from third parties, including applications used in our research and development activities and technology which is integrated into our services. For example, we rely on a third-party vendor for the voice-over IP technology used in our services, and we may continue to rely on this third-party vendor or others in the future. This voice-over IP technology and other third-party technologies that we may utilize in the future may not continue to be available to us on commercially reasonable terms or at all. In addition, we may fail to successfully integrate any licensed technology into our services. Third-party licenses and our use of third-party application programming interfaces, known as APIs, expose us to increased risks, including the potential diversion of our resources from the development of our own proprietary technology and our potential inability to generate sufficient revenue from new technology to offset associated acquisition and maintenance

costs. Our inability to obtain any of these licenses could delay service development until equivalent technology can be identified, licensed and integrated. This in turn could harm our business and operating results.

IF WE DO NOT SUCCESSFULLY ADDRESS THE RISKS INHERENT IN THE EXPANSION OF OUR INTERNATIONAL OPERATIONS, OUR BUSINESS COULD SUFFER.

We intend to expand further into international markets. If our revenue from international operations does not exceed the expense of establishing and maintaining these operations, our business could suffer. We have limited experience in international operations and may not be able to compete effectively in international markets. Some risks we face in conducting business internationally include:

- difficulties and costs of staffing and managing international operations;

- difficulties in expanding our network overseas;

- political and economic instability;

- changes in currency exchange rates or controls; and - longer sales cycles.

OUR RECENT GROWTH HAS PLACED A STRAIN ON OUR INFRASTRUCTURE AND RESOURCES, AND IF WE FAIL TO MANAGE OUR FUTURE GROWTH TO MEET CUSTOMER AND PARTNER REQUIREMENTS, OUR BUSINESS COULD SUFFER.

We are currently experiencing a period of rapid expansion in our personnel, facilities, and infrastructure that has been placing a significant strain on our resources. For example, we hired 78 employees in 1999, and we expect that our hiring rate will continue at a rapid pace. We expect further significant expansion will be required as the volume and complexity of customer and partner needs increase and as we are presented with new opportunities. For example, we will need to obtain additional office space prior to the end of 2000. If we fail to obtain sufficient space, our business could suffer. Our expansion has placed, and we expect that it will continue to place, a significant strain on our management, operational and financial resources. Any failure by us to effectively manage our growth could disrupt our operations or delay execution of our business plan and could consequently harm our business.

THE INTEGRATION OF NEW SENIOR MANAGEMENT PERSONNEL INTO OUR MANAGEMENT TEAM MAY INTERFERE WITH OUR OPERATIONS.

We have recently hired a number of new officers, including our Chief Financial Officer, Craig Klosterman, who joined us in February 2000, and our Vice President of Business Development, Leo Jolicoeur, our Vice President of Corporate Development, Stewart Sonnenfeldt, and our Vice President, General Counsel and Secretary, David Farrington, each of whom joined us in March 2000. These individuals must spend a significant amount of time learning our business in addition to performing their regular duties. Accordingly, the integration of new personnel could result in some disruption to our ongoing operations. In addition, if our senior management is unable to work effectively as a team, our business operations will be harmed.

IF WE LOSE THE SERVICES OF ANY OF OUR SENIOR MANAGEMENT OR OTHER KEY PERSONNEL, OUR BUSINESS MAY BE HARMED.

Our success will depend on the skills, experience and performance of our senior management, engineering, sales, marketing and other key personnel, many of whom have worked together for only a short period of time. We do not have long-term employment agreements with or life insurance policies on any of our key employees. The loss of the services of any of our senior management or other key personnel, including our Chief Executive Officer and co-founder, Subrah S. Iyar, or our President and Chief Technical Officer and co-founder, Min Zhu, would harm our business.

WE MUST ATTRACT, INTEGRATE AND RETAIN QUALIFIED PERSONNEL, WHICH IS PARTICULARLY DIFFICULT FOR US BECAUSE WE ARE HEADQUARTERED IN THE SAN FRANCISCO BAY AREA WHERE COMPETITION FOR PERSONNEL IS EXTREMELY INTENSE.

Our future success will depend on our ability to attract, train, retain and motivate highly skilled engineering, technical, managerial, sales and marketing and customer support personnel. Competition for these personnel is intense, especially in the San Francisco Bay Area. We are currently experiencing a period of rapid expansion in the number of our employees, and we currently plan to substantially increase our headcount over the next 12 months. We have had difficulty hiring qualified personnel as quickly as we have desired. In particular, we have had difficulty hiring a sufficient number of qualified technical, development and support personnel. Our inability to hire, integrate and retain qualified personnel in sufficient numbers could reduce the quality of our services. If we fail to retain and recruit necessary sales, marketing or other personnel, our ability to develop new services and to provide a high level of customer service, and consequently our business, could suffer. In addition, if we hire employees from our competitors, these competitors may claim that we have engaged in unfair hiring practices. We could incur substantial costs in defending ourselves against any of these claims, regardless of their merits.

INTERRUPTIONS IN EITHER OUR INTERNAL OR OUTSOURCED COMPUTER AND COMMUNICATIONS SYSTEMS COULD REDUCE OUR ABILITY TO PROVIDE OUR SERVICES AND COULD HARM OUR BUSINESS AND REPUTATION.

The success of our interactive communications services for websites depends on the efficient and uninterrupted operation of our internal and outsourced computer and communications hardware and software systems. In this regard, our communications hardware and software are hosted at third-party co-location facilities. These systems and operations are vulnerable to damage or interruption from human error, telecommunications failures, break-ins, sabotage, computer viruses, intentional acts of vandalism and similar events. Because our central computer and communications hardware and network operations are located in the San Francisco Bay Area, an earthquake or other natural disaster could impair the performance of our entire network. We have no formal disaster recovery plan in the event of damage to or interruption of our internal or outsourced systems, and business interruption insurance may not adequately compensate us for losses that may occur. Any system failure that causes an interruption in our interactive communications services for websites or a decrease in their performance could harm our relationships with our customers and partners.

Due to the Web-based Nature of Our Services, We Might Have Liability for Web Content.

Due to the web-based nature of our services, we face potential liability for defamation, negligence, copyright, patent or trademark infringement and other claims based on the nature and content of the materials transmitted via the Internet. Any imposition of liability could harm our reputation and our business and operating results, or could result in the imposition of criminal penalties.

Our Success Depends Upon the Protection of Our Patent Rights.

Our success and ability to compete depend to a significant degree upon the protection of our underlying software and our proprietary technology rights through patents. We regard the protection of patentable inventions as important to our future opportunities. We currently have seven patent applications pending in the United States and we may seek additional patents in the future. However, it is possible that:

- any patents acquired by or issued to us may not be broad enough to protect us;

- any issued patent could be successfully challenged by one or more third parties, which could result in our loss of the right to prevent others from exploiting the inventions claimed in those patents;

- current and future competitors may independently develop similar technology, duplicate our services or design around any of our patents;

- our pending patent applications may not result in the issuance of patents; and - effective patent protection may not be available in every country in which we do business.

WE ALSO RELY UPON TRADEMARKS, COPYRIGHTS AND TRADE SECRETS TO PROTECT OUR PROPRIETARY RIGHTS, WHICH MAY NOT BE SUFFICIENT TO PROTECT OUR INTELLECTUAL PROPERTY.

We also rely on a combination of laws, such as copyright, trademark and trade secret laws, and contractual restrictions, such as confidentiality agreements and licenses, to establish and protect our technology. However, despite any precautions that we have taken, - third parties may infringe or misappropriate our copyrights, trademarks and similar proprietary rights;

- laws and contractual restrictions may not be sufficient to prevent misappropriation of our technology or to deter others from developing similar technologies;

- effective trademark, copyright and trade secret protection may be unavailable or limited in foreign countries;

- other companies may claim common law trademark rights based upon state or foreign laws that precede the federal registration of our marks; and - policing unauthorized use of our services and trademarks is difficult, expensive and time-consuming, and we may be unable to determine the extent of any unauthorized use.

Reverse engineering, unauthorized copying or other misappropriation of our proprietary technology could enable third parties to benefit from our technology without paying us for it, which would significantly harm our business.

WE MAY FACE INTELLECTUAL PROPERTY INFRINGEMENT CLAIMS THAT COULD BE COSTLY TO DEFEND AND RESULT IN OUR LOSS OF SIGNIFICANT RIGHTS.

We may be subject to legal proceedings and claims, including claims of alleged infringement of the trademarks and other intellectual property rights of third parties. Although we have not received notice of any alleged infringement, our services may infringe issued patents that may relate to our services. In addition, because the contents of patent applications in the United States are not publicly disclosed until the patent is issued, we may be unaware of filed patent applications relating to our services. Intellectual property litigation is expensive and time-consuming and could divert management's attention away from running our business. This litigation could also require us to develop non-infringing technology or enter into royalty or license agreements. These royalty or license agreements, if required, may not be available on acceptable terms, if at all, in the event of a successful claim of infringement. Our failure or inability to develop non-infringing technology or license proprietary rights on a timely basis would harm our business.

WE MAY ENGAGE IN FUTURE ACQUISITIONS OR INVESTMENTS THAT COULD DILUTE THE OWNERSHIP OF OUR EXISTING STOCKHOLDERS, CAUSE US TO INCUR SIGNIFICANT EXPENSES OR HARM OUR OPERATING RESULTS.

We may use a portion of the net proceeds of this offering to acquire or invest in complementary businesses, technologies or services, although we currently have no specific agreements or commitments with respect to any of these transactions. Integrating any newly acquired businesses, technologies or services may be expensive and time-consuming. To finance any acquisitions, it may be necessary for us to raise additional funds through public or private financings. Additional funds may not be available on terms that are favorable to us and, in the case of equity financings, may result in dilution to our stockholders. We may be unable to complete any acquisitions or investments on commercially reasonable terms, if at all. Even if completed, we may be unable to operate any acquired businesses profitably or otherwise implement our growth strategy successfully. If we are unable to integrate any newly acquired entities or technologies effectively, our operating results could suffer. Future acquisitions by us could also result in large and immediate write-offs, incurrence of debt and contingent liabilities, or amortization of expenses related to goodwill and other intangibles, any of which could harm our operating results.

Industry Risks

We Must Compete Successfully in the Interactive Communications Services Market.

The market for interactive communications services is intensely competitive, subject to rapid change and is significantly affected by new product and service introductions and other market activities of industry participants. Although we do not currently compete against any one entity with respect to all aspects of our services, we do compete with various companies in regards to specific elements of our interactive communications solution. For example, we compete with providers of traditional communications technologies such as teleconferencing and videoconferencing as well as applications software and tools companies, such as Centra Software, Contigo Software, Lotus (SameTime), Microsoft (NetMeeting) and Placeware. We also face potential competition from a variety of enterprise software vendors, such as Microsoft, and from a variety of providers of infrastructure services for websites, such as Akamai, Inktomi, Infospace and Critical Path, any of which could choose to extend their products and services to include interactive communications.

Many of our current and potential competitors have longer operating histories, significantly greater financial, technical and other resources and greater name recognition than we do. Our current and future competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements. In addition, current and potential competitors have established, and may in the future establish, cooperative relationships with third parties and with each other to increase the availability of their products and services to the marketplace. Competitive pressures could reduce our market share or require us to reduce the price of our services, either of which could harm our business and operating results.

OUR SUCCESS DEPENDS ON THE CONTINUED GROWTH OF WEB USAGE AND THE CONTINUED RELIABILITY OF THE INTERNET.

Because our services are designed to work over the Web, our revenue growth depends on the continued development and maintenance of the Internet infrastructure. This continued development of the Web would include maintenance of a reliable network with the necessary speed, data capacity and security, as well as timely development of complementary products and services, including high speed modems, for providing reliable Internet access and services. Because global commerce on the Web and the on-line exchange of information is new and evolving, we cannot predict whether the Web will continue to be a viable commercial marketplace over the long term. The success of our business will rely on the continued improvement of the Web as a convenient means of customer interaction and commerce, as well as an efficient medium for the delivery and distribution of information by businesses to their employees.

GOVERNMENTAL REGULATION AND LEGAL UNCERTAINTIES COULD IMPAIR THE GROWTH OF THE WEB AND DECREASE DEMAND FOR OUR PRODUCTS OR INCREASE OUR COST OF DOING BUSINESS.

The laws and regulations that govern our business change rapidly. The United States government and the governments of other states and foreign countries have attempted to regulate activities involving the Web and the distribution of computer software over the Internet. Although there are currently few laws and regulations directly applicable to the Web and the use of the Web as a commercial medium, a number of laws have been proposed involving the Web. These proposed laws include laws addressing user privacy, pricing, content, copyrights, distribution, antitrust and characteristics and quality of products and services. Moreover, the applicability to the Web of existing laws in various jurisdictions governing issues such as property ownership, sales and other taxes, libel and personal privacy is uncertain and may take years to resolve. Evolving areas of law that are relevant to our business include privacy law, proposed encryption laws, telecommunications law and regulations, content regulations and sales and use tax laws and regulations. Because of this rapidly evolving and uncertain regulatory environment, we cannot predict how these laws and regulations might affect our business. Any new laws and regulations could harm us by subjecting us to liability or forcing us to change how we do business. For example, in 1996, Congress passed the Telecommunications Act, which prohibits certain types of information and content from being transmitted over the Web. The prohibition's scope and the liability associated with its violation are currently unsettled and might be interpreted to cover our activities. In addition, regulatory treatment of web-based voice communications outside the United States varies from country to country. For example, access to voice-over IP services, which we currently offer as part of our integrated service offering, may be blocked in some countries in Asia and the Middle East by government-controlled telecommunication companies. This action and other similar actions may adversely affect our continuing ability to offer services in these and other countries, causing us to lose customers and revenue.

The Year 2000 Problem Could Harm Our Operations.

Prior to January 1, 2000, there was a great deal of concern regarding the ability of computers to adequately recognize 21st century dates from 20th century dates due to the two-digit date fields used by many systems. To date, our computer systems are functioning normally and our compliance and remediation efforts leading up to 2000 have been effective to prevent any problems. However, computer experts have warned that there may still be residual consequences of the change in centuries and any such difficulties could disrupt our ability to deliver our services.

Offering Risks

OUR STOCK PRICE MAY BE VOLATILE, AND YOU MAY NOT BE ABLE TO SELL YOUR SHARES AT OR ABOVE THE OFFERING PRICE.

Prior to this offering, our common stock has not been publicly traded, and an active trading market may not develop or be sustained after this offering. You may not be able to sell your shares at or above the offering price. The price at which our common stock will trade after this offering is likely to be highly volatile and may fluctuate substantially due to factors such as the following:

- actual or anticipated fluctuations in our operating results;

- changes in or our failure to meet securities analysts' expectations;

- conditions and trends in the Internet and other technology industries;

- fluctuations in stock market valuations and trading volume, which are particularly common among securities of Internet-related companies; and - general market conditions.

Purchasers of Our Common Stock Will Suffer Immediate and Substantial Dilution.

Purchasers of our common stock in this offering will experience immediate dilution of $ in the pro forma net tangible book value per share of common stock, based on an assumed initial public offering price of $ per share. Purchasers will also experience additional dilution upon the exercise of outstanding stock options and warrants. The initial public offering price is expected to be substantially higher than the book value per share of our common stock. Some elements of our market value do not originate from measurable transactions.

AFTER THIS OFFERING, OUR DIRECTORS, EXECUTIVE OFFICERS AND PRINCIPAL STOCKHOLDERS WILL CONTINUE TO HAVE SUBSTANTIAL CONTROL OVER MATTERS REQUIRING STOCKHOLDER APPROVAL AND MAY NOT VOTE IN THE SAME MANNER AS OUR OTHER STOCKHOLDERS.

After this offering, our directors, executive officers and stockholders who currently own over 5% of our common stock will collectively beneficially own, in the aggregate, approximately % of our outstanding common stock. These stockholders, if they vote together, will be able to significantly influence all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership may also delay or prevent a change in control of our company.

Future Sales of Our Common Stock May Depress Our Stock Price.

Sales of a substantial number of shares of common stock, including shares issued upon the exercise of outstanding options and warrants, in the public market after this offering or after the expiration of lockup and holding periods could cause the market price of our common stock to decline. After this offering, we will have approximately shares of common stock outstanding. All the shares sold in this

offering will be freely tradable. The remaining shares of common stock outstanding after this offering are subject to lock-up agreements that prohibit the sale of the shares for 180 days after the date of this prospectus. Any or all of these shares may be released prior to expiration of the 180-day lockup period at the discretion of Goldman, Sachs & Co. Immediately after the 180-day lockup period, of these shares of outstanding options and warrants will become available for sale. The remaining shares of our common stock will become available at various times thereafter upon the expiration of one-year holding periods.

WE MAY NEED ADDITIONAL CAPITAL, AND RAISING ADDITIONAL CAPITAL MAY DILUTE EXISTING STOCKHOLDERS.

We believe that our existing capital resources, including the anticipated proceeds of this offering, will enable us to maintain our current and planned operations for at least the next 12 months. However, we may choose to, or be required to, raise additional funds due to unforeseen circumstances. If our capital requirements vary materially from those currently planned, we may require additional financing sooner than anticipated. This financing may not be available in sufficient amounts or on terms acceptable to us and may be dilutive to existing stockholders. If adequate funds are not available or are not available on acceptable terms, our ability to hire, train or retain employees, to fund our expansion, take advantage of unanticipated opportunities, develop or enhance services or products, or otherwise respond to competitive pressures would be significantly limited.

OUR CERTIFICATE OF INCORPORATION, BYLAWS AND DELAWARE CORPORATE LAW CONTAIN PROVISIONS WHICH COULD DELAY OR PREVENT A CHANGE IN CONTROL EVEN IF THE CHANGE IN CONTROL WOULD BE BENEFICIAL TO OUR STOCKHOLDERS.

Delaware law, as well as our certificate of incorporation and bylaws, contain provisions that could delay or prevent a change in control of our company, even if it were beneficial to the stockholders to do so. These provisions could limit the price that investors might be willing to pay in the future for shares of our common stock. These provisions:

- authorize the issuance of preferred stock that can be created and issued by the board of directors without prior stockholder approval to increase the number of outstanding shares and deter or prevent a takeover attempt;

- prohibit stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of our stockholders;

- establish a classified board of directors requiring that not all members of the board be elected at one time;

- prohibit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates;

- limit the ability of stockholders to call special meetings of stockholders; and - establish advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

In addition, Section 203 of the Delaware General Corporation Law and the terms of our stock option plans may discourage, delay or prevent a change in control of our company.

WE MAY NOT USE THE PROCEEDS FROM THIS OFFERING IN A MANNER THAT IMPROVES OUR OPERATING RESULTS OR INCREASES OUR MARKET VALUE.

We have no current specific plans for the net proceeds from this offering. As a result, our management will have significant flexibility in applying the net proceeds of this offering. The net proceeds could be applied in ways that do not improve our operating results or increase our market value. We intend generally to use the net proceeds from this offering for working capital and general corporate purposes. We have not yet determined the actual expected expenditures and thus cannot estimate the amounts to be used for each specified purpose. The actual amounts and timing of these expenditures will vary significantly depending on a number of factors, including, but not limited to, the amount of cash used in or generated by our operations and the market response to the introduction of any new product and service offerings. Depending on future developments and circumstances, we may use some of the proceeds for purposes other than those described above. You will not have the opportunity, as part of your investment decision, to assess whether proceeds are being used appropriately.

Special Note Regarding Forward-looking Statements

This prospectus contains forward-looking statements. These statements relate to our, and in some cases our customers' and/or partners', future plans, objectives, expectations, intentions and financial performance, and the assumptions that underlie these statements. In some cases, you can identify forward-looking statements because they use terms such as "anticipates," "believes," "continue," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "should" or "will" or the negative of those terms or other comparable words. These statements involve known and unknown risks, uncertainties and other factors that may cause industry trends or our actual results, level of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. These factors include those listed under "Risk Factors," "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this prospectus.

Although we believe that expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of these statements. We are under no duty to update any of the forward-looking statements after the date of this prospectus to conform these statements to actual results or changes in our expectations. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus.

Use of Proceeds

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     We estimate that we will receive net proceeds of approximately $   million
from the sale of         shares of our common stock, and $   million if the
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underwriters' over-allotment option is exercised in full at the initial public
offering price of $     per share, after deducting the estimated underwriting
discounts and commissions and the estimated offering expenses payable by us.
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The principal purposes of this offering are to increase our working capital, create a public market for our common stock, facilitate our future access to the public capital markets and increase our visibility in our markets. We intend to use the net proceeds of this offering primarily for general corporate purposes, including working capital. The amounts and timing of these expenditures will vary depending on a number of factors, including the amount of cash generated by our operations, competitive and technological developments and the rate of growth, if any, of our business. We may also use a portion of the net proceeds to acquire additional businesses, services, products or technologies that we believe will complement our current or future business. However, we have no specific plans, agreements or commitments to do so and are not currently engaged in any negotiations for any acquisition or joint venture. As a result, we will retain broad discretion in the allocation of the net proceeds of this offering. Pending the uses described above, we will invest the net proceeds of this offering in short-term interest-bearing, investment-grade securities. We cannot predict whether the proceeds will be invested to yield a favorable return. We believe that our available cash, together with the net proceeds of this offering, will be sufficient to meet our capital requirements for at least the next 12 months.

Dividend Policy

We have never declared or paid dividends on our capital stock and do not anticipate paying any dividends in the foreseeable future. We currently expect to retain our earnings, if any, for the development of our business.

Capitalization

The following table sets forth our capitalization as of December 31, 1999:

- on an actual basis;

- on a pro forma basis after giving effect to:

-- the issuance of 787,131 shares of Series C preferred stock in January 2000;

-- the issuance of 2,052,846 shares of Series D preferred stock in March 2000;

-- the assumed exercise of an outstanding warrant to purchase 450,000 shares of common stock that expires prior to completion of this offering; and -- the conversion of all outstanding shares of preferred stock into common stock; and - on the same pro forma basis as adjusted to give effect to our receipt of the estimated net proceeds from the sale of shares of common stock in this offering.

DECEMBER 31, 1999 PRO FORMA ACTUAL PRO FORMA AS ADJUSTED (IN THOUSANDS EXCEPT SHARE DATA) Stockholders' equity: Preferred stock, no par value, none authorized, issued or outstanding, actual; 5,000,000 shares authorized, none issued or outstanding, pro forma and pro forma

as adjusted..... $ -- $ -- $ -- Series A preferred stock, 1,144,474 shares authorized, issued and outstanding, actual; none authorized, issued or outstanding pro forma and pro forma as adjusted..... 1,288 -- -- Series B preferred stock, 4,598,383 shares authorized, issued and outstanding, actual; none authorized, issued or outstanding, pro forma and pro forma as adjusted..... 5,817 -- -- Series C preferred stock, 8,856,262 shares authorized, 7,334,194 issued and outstanding, actual; none authorized, issued or outstanding, pro forma and pro forma as adjusted..... 22,003 -- -- Series D preferred stock, none authorized, issued or outstanding, actual; none authorized, issued or outstanding pro forma and pro forma as adjusted..... -- -- -- Common stock, 40,000,000 shares authorized, 11,047,166 shares issued and outstanding, actual; 250,000,000 shares authorized, 27,414,194 shares issued and outstanding, pro forma; shares authorized, shares issued and outstanding, pro forma as adjusted..... -- -- Additional paid-in capital..... 5,184 62,318 Deferred stock-based compensation..... (2,431) (2,431) (2,431) Accumulated deficit..... (17,062) (17,062) (17,062) Total stockholders' equity..... 14,799 42,825 Total capitalization..... $ 14,799 $ 42,825 $ This table excludes the following shares:

- 4,675,775 shares issuable upon exercise of options outstanding at a weighted average exercise price of $0.303 per share as of December 31, 1999;

- 339,915 shares issuable upon exercise of a warrant at an exercise price of $12.50 per share; and - a total of shares available for future issuance under our various stock plans.

Dilution

Our pro forma net tangible book value as of December 31, 1999 was approximately $41.4 million, or $2.40 per share. Pro forma net tangible book value per share represents the amount of our total tangible assets reduced by the amount of total liabilities and divided by the total number of shares of common stock outstanding, assuming the issuance of 450,000 shares of common stock upon the exercise of a warrant that expires prior to completion of this offering and the automatic conversion of our preferred stock, and including 787,131 shares of Series C preferred stock issued in January 2000 and 2,052,846 shares of Series D preferred stock issued in March 2000. Dilution in pro forma net tangible book value per share represents the difference between the amount per share paid by purchasers of common stock in this offering and the pro forma net tangible book value per share of common stock immediately after the completion of this offering. After giving effect to the sale of the shares of common stock offered by us at an assumed initial public offering price of $ per share, and after deducting the estimated underwriting discount and estimated offering expenses payable by us, our pro forma net tangible book value at December 31, 1999 would have been approximately $ million or $ per share. This represents an immediate increase in pro forma net tangible book value of $ per share to the existing stockholders and an immediate dilution of $ per share to new investors in our common stock. The following table illustrates this dilution:

Assumed initial public offering price per share..... $ Pro forma net tangible book value per share as of December 31, 1999..... $ Increase per share attributable to new investors..... Pro forma net tangible book value per share after this offering..... Dilution per share to new investors..... $ The following table summarizes on a pro forma basis after giving effect to the offering, as of December 31, 1999, the differences between the existing stockholders and new investors with respect to the number of shares of common stock purchased from us, the total consideration paid and the average price per share paid.

	SHARES PURCHASED		TOTAL CONSIDERATION		
	NUMBER	PERCENT	AMOUNT	PERCENT	AVERAGE PRICE PER SHARE
Existing stockholders.....		%	$	%	$
New investors.....					
Total.....		100.00%	$	100.00%	

The foregoing discussion and tables are based upon the number of shares actually issued and outstanding on December 31, 1999 and assume no exercise of options or warrants outstanding as of December 31, 1999. To the extent theses options are exercised, there will be further dilution to new investors. As of December 31, 1999, there were 4,675,775 shares issuable upon exercise of options outstanding at a weighted average exercise price of $0.303 per share and additional shares reserved for issuance under our various stock plans.

If the underwriters' over-allotment option is exercised in full, the number of shares held by new investors will increase to or % of the total shares of common stock outstanding after this offering.

Selected Financial Data

The selected financial data below should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this prospectus. The following selected statement of operations data for the years ended December 31, 1997, 1998 and 1999 and the selected balance sheet data as of December 31, 1998 and 1999 are derived from our audited financial statements included elsewhere in this prospectus which have been audited by KPMG LLP, independent auditors. The balance sheet data as of December 31, 1997 have been derived from our audited financial statements not included in this prospectus. Our historical results are not necessarily indicative of results to be expected for any future period. The data have been derived from financial statements that have been prepared in accordance with generally accepted accounting principles. See notes 1(d) and 1(p) of the notes to our financial statements for an explanation of the determination of the number of shares used in computing basic and diluted net income (loss) per share.

YEARS ENDED DECEMBER 31, 1997 1998 1999 (IN THOUSANDS, EXCEPT PER SHARE DATA)

STATEMENT OF OPERATIONS DATA:			
Revenue.....	$1,289	$ 1,987	$ 2,607
Cost of revenue.....	192	484	688
Gross profit.....	1,097	1,503	1,919
Operating expenses:			

Sales and marketing	421	2,244	9,319
Research and development	525	1,406	3,361
General and administrative	125	198	1,732
Stock-based compensation	--	92	2,005
Total operating expenses	1,071	3,940	16,417
Operating income (loss)	26	(2,437)	(14,498)
Other income, net	2	102	127
Net income (loss)	$ 28	$(2,335)	$(14,371)
Net loss per share:			
Basic and diluted	$ 0.00	$ (0.23)	$ (1.34)
Shares used in computing net income (loss) per share:			
Basic and diluted	7,192	10,103	10,700
Unaudited pro forma basic and diluted net loss per share			$ (0.83)
Shares used in computing unaudited pro forma basic and diluted net income (loss) per share			17,246

DECEMBER 31, 1997 1998 1999 (IN THOUSANDS)

BALANCE SHEET DATA:			
Cash and cash equivalents	$ 58	$ 5,522	$ 13,621
Working capital (deficit)	(405)	4,880	10,588
Total assets	283	5,991	21,649
Long-term obligations, net of current portion	--	--	--
Total stockholders' equity	(332)	5,112	14,799

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition and our results of operations should be read together with the consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of several factors, including, but not limited to, those discussed in "Risk Factors" and elsewhere in this prospectus.

Overview

We commenced operations in February 1995 and until 1996, were engaged in consulting services. From January 1997 through February 1999, we engaged in research and development activities for our real-time, interactive multimedia communications services. During this period, from 1997 to 1998, we provided contract development services with a focus on assignments that enhanced our capabilities for the interactive communications marketplace. Our product development activities were funded primarily from our contract development business during this period. We released an interactive communications product built on our technology in early 1998. Based on sales of this product and the associated customer feedback, we obtained our first external financing in 1998. We launched WebEx Meeting Center, our first real-time, interactive multimedia communications service, in February 1999 and began selling the service to customers and partners. We also made available a subset of our service for free at www.webex.com to increase awareness and to generate leads for our sales organization. Since February 1999, our activities have been focused on continuing to enhance and market our WebEx

Interactive Platform (WIP) and our WebEx Meeting Center service, developing and deploying new services, expanding our sales and marketing organizations and deploying our global WebEx Interactive Network (WIN).

To date, we have derived substantially all of our revenue from sales of our services to customers to meeting-enable their websites. Our services revenue is generated primarily through subscription services, revenue-sharing arrangements and pay-per-use services and, to a lesser extent, through hosting arrangements. Revenue from subscription services consists of monthly usage fees, which are based upon a fixed number of concurrent users, and initial set up fees. Typically, our contracts are for an initial term of 90 days, and then renew monthly unless terminated by either party. Revenue from hosting arrangements includes initial set up fees, software-use licenses, service charges for hosting the application and post-contract customer support fees. We have also initiated efforts to generate revenue from partners such as portals, web application providers and communications service providers. We derive portal revenue from website set-up fees and from revenue-sharing agreements with co-branded websites and from our www.webex.com site, which allows end-users to use our services on a pay-per-use basis. We have also entered into revenue-sharing agreements with web application providers to embed our technology within their services or software products. In addition, we are working with communications service providers that will sell and support private label services.

As of December 31, 1999, substantially all of our revenue has been derived from customers based in North America. We expect that revenue from customers based outside North America will increase in future periods.

Prepaid subscription services revenue is recognized ratably over the initial term of the agreement, which is typically 90 days. Subscription services revenue after the initial term of the agreement is recognized monthly. Pay-per-use services revenue is recognized as our service is used. Hosted software services revenue is recognized ratably over the non-cancelable contractual term of the service arrangement.

Cost of revenue consists of expenses for delivering our services to websites and supporting our customers and partners. These expenses include the cost of making our services available on websites, Internet communication access costs, personnel and equipment costs and depreciation 23 associated with hosting the services, technical support and training for customers, partners and end-users.

Sales and marketing expense includes salaries, commissions and other expenses related to the sale of our services to customers and establishing partner relationships, as well as marketing campaigns to generate sales leads and to build the WebEx brand. Research and development expense includes personnel, equipment, consulting and other expenses associated with designing, developing and testing our services and the software underlying our services. In addition to our U.S. based engineering group, we have relationships with related third-party companies in China under which contract engineers to these companies primarily conduct quality assurance testing for our services and modify the software underlying our services to enable our services to work with various operating systems. Expenses

associated with these relationships are included in research and development. General and administrative expense includes personnel and associated expenses relating to general management, finance, legal and human resources.

Stock-based compensation expense consists of the amortization of deferred stock-based compensation resulting from the grant of stock options at exercise prices less than the fair value of the underlying common stock on the grant date for employees and the fair value of stock options granted to consultants. As of December 31, 1999, we had recorded cumulative deferred stock-based compensation costs of approximately $4.5 million in connection with the grant of stock options to employees and consultants. This amount is being expensed on an accelerated basis allowable under generally accepted accounting principles over the vesting periods of the applicable stock options. The options typically vest over four years, with 25% of the options vesting on the first anniversary of the grant date and the remainder vesting ratably per month thereafter. Cumulative amounts of deferred stock-based compensation expensed through December 31, 1999 was $2.1 million. We expect to record additional deferred stock-based compensation in connection with options granted during the first quarter of 2000. We expect to incur stock-based compensation expense of at least $1.6 million in 2000, $600,000 in 2001, $180,000 in 2002 and $20,000 in 2003.

In June 1999, we issued a warrant to 1. T-Telematik Beteiligungsgesellschaft mbH, or T-Venture, a venture fund affiliated with Deutsche Telekom AG, to purchase 450,000 shares of our Series C preferred stock at an exercise price of $0.01 per share. The warrant vests and becomes immediately exercisable upon the earlier of: (A) our entering into a revenue-sharing agreement with Deutsche Telekom AG which assures us of receiving at least $3.0 million in revenue from the agreement over a one-year period or (B) the closing of our initial public offering. This warrant expires on April 30, 2000 regardless of whether the warrant has vested by this time. If this warrant vests and becomes exercisable prior to April 30, 2000, we will incur a substantial non-cash charge equal to the fair value of the warrant measured at the date the performance requirement for vesting and exercisability is met.

As of December 31, 1999, we had an accumulated deficit of $17.1 million. These losses have been funded primarily through the private issuances of equity securities. We expect our operating expenses to continue to increase as we continue to expand our business. As a result, we expect to incur substantial net losses for the foreseeable future and will need to generate significant revenue to achieve and maintain profitability. In light of the rapidly evolving nature of our business and our limited operating history with our subscription services pricing model, we believe that period-to period comparisons of our operating results are not necessarily meaningful and you should not rely upon them as indications of future performance.

Results of Operations

The following table sets forth, for the periods indicated, the statement of operations data as a percentage of revenue.

Years Ended December 31, 1997 1998 1999

Revenue	100%	100%	100%
Cost of revenue	15	24	26
Gross profit	85	76	74
Operating expenses:			
Sales and marketing	32	113	357
Research and development	41	71	129
General and administrative	10	10	66
Stock-based compensation	--	5	77
Total operating expenses	83	199	629
Operating income (loss)	2	(123)	(555)
Other income, net	0	5	5
Net income (loss)	2%	(118)%	(550)%

Comparison of Years Ended December 31, 1997, 1998 and 1999.

REVENUE. Revenue increased from $1.3 million in 1997 to $2.0 million in 1998 and to $2.6 million in 1999, representing an increase of 54% from 1997 to 1998 and an increase of 30% from 1998 to 1999. The increase from 1997 to 1998 was due primarily to the initial launch of our client server-based products in 1998. In February 1999, we launched our web-based services and changed our business model from a product-based model to a subscription services model. This change resulted in a reduced growth rate between 1998 and 1999.

COST OF REVENUE. Cost of revenue increased from $192,000 in 1997 to $484,000 in 1998 and to $688,000 in 1999. Cost of revenue increased 152% from 1997 to 1998 and 42% from 1998 to 1999. The increase in absolute dollars and in percentage of revenue in 1997, 1998 and 1999 was due primarily to increasing sales and our shift from a product-based model to a subscription services model in 1999. We anticipate that cost of revenue will increase in absolute dollars as revenue increases.

SALES AND MARKETING. Sales and marketing expense increased from $421,000 in 1997 to $2.2 million in 1998 and to $9.3 million in 1999. As a percentage of revenue, sales and marketing expense increased from 32% in 1997 to 113% in 1998 to 357% in 1999. The increase in each of these periods in absolute dollars and as a percentage of revenue was due primarily to the hiring of additional sales and marketing personnel and increased marketing expense associated with the launch of a new marketing campaign in 1999. We anticipate that sales and marketing expense will increase in absolute dollars as we continue to expand our sales force and build our brand.

RESEARCH AND DEVELOPMENT. Research and development expense increased from $525,000 in 1997 to $1.4 million in 1998 and to $3.4 million in 1999. The increase in each of these periods was due primarily to an increase in the number of research and development personnel as we continued to develop our distributed network services and application platform. As a percentage of revenue, research and development expense increased from 41% in 1997 to 71% in 1998 and to 129% in 1999. The increase as a percentage of revenue was due primarily to the increased efforts to build and launch

the client server-based product in 1998 and our web-based service in 1999. We anticipate that research and development costs will increase in absolute dollars as we continue to expand our service offerings and service functionalities.

GENERAL AND ADMINISTRATIVE. General and administrative expense increased from $125,000 in 1997 to $198,000 in 1998 and to $1.7 million in 1999. As a percentage of revenue, general and administrative expense increased from 10% in 1997 and 1998 to 66% in 1999. The increase in absolute dollars and as a percentage of revenue from 1998 to 1999 was due primarily to hiring additional finance and administrative staff. We anticipate that general and administrative expense will increase in absolute dollars as we hire additional personnel and incur additional expenses related to the growth of our business and our operations as a public company.

STOCK-BASED COMPENSATION. Stock-based compensation expense was $0 in 1997, $92,000 in 1998 and $2.0 million in 1999. As a percentage of revenue, stock-based compensation increased from 0% in 1997 to 5% in 1998 to 77% in 1999. The increase in absolute dollars and as a percentage of revenue from 1997 to 1999 was due primarily to increased stock option grants to employees and non-employees.

OTHER INCOME, NET. Other income, net is comprised primarily of investment income net of interest and other expense and increased from $2,000 in 1997 to $102,000 in 1998 and to $127,000 in 1999. This increase was due primarily to higher average cash balances in each successive year.

INCOME TAXES. We incurred net operating losses in 1998 and 1999 and consequently paid no federal, state and foreign income taxes in those years. We incurred a slight operating profit in 1997 and paid a total of $6,000 in taxes that year, which is included in other income, net.

As of December 31, 1999, we had federal and state net operating loss carryforwards of approximately $13.6 million and $6.8 million, respectively. We also had federal and state research and development tax credit carryforwards of approximately $122,000 and $102,000, respectively. Our net operating loss carryforwards will expire at various dates beginning in 2003 through 2019, if not utilized.

Quarterly Results of Operations

The following table sets forth our unaudited quarterly results of operations data for the four quarters ended December 31, 1999, and this information expressed as a percentage of our revenue for the periods indicated. This information is unaudited but has been prepared on the same basis as our audited consolidated financial statements appearing elsewhere in this prospectus. In management's opinion, this table includes all normal recurring adjustments necessary for a fair presentation of our financial position and operating results for the quarters presented. This information should be read together with our consolidated financial statements and related notes included elsewhere in this prospectus. The operating results for any quarter are not necessarily indicative of the operating results for any future period.

	THREE MONTHS ENDED			
	MARCH 31,	JUNE 30,	SEPT. 30,	DEC. 31,

	1999	1999	1999	1999
	(IN THOUSANDS, EXCEPT PERCENTAGES)			
STATEMENT OF OPERATIONS DATA:				
Revenue	$ 469	$ 551	$ 446	$ 1,141
Cost of revenue	65	101	139	383
Gross profit	404	450	307	758
Operating expenses:				
Sales and marketing	868	1,472	2,771	4,208
Research and development	584	699	906	1,172
General and administrative	218	329	490	695
Stock-based compensation	143	336	332	1,194
Total operating expenses	1,813	2,836	4,499	7,269
Operating income (loss)	(1,409)	(2,386)	(4,192)	(6,511)
Other income, net	41	44	20	22
Net income (loss)	$(1,368)	$(2,342)	$(4,172)	$(6,489)
AS A PERCENTAGE OF REVENUE:				
Revenue	100%	100%	100%	100%
Cost of revenue	14	18	31	34
Gross profit	86	82	69	66
Operating expenses:				
Sales and marketing	185	267	621	369
Research and development	125	127	203	103
General and administrative	46	60	110	60
Stock-based compensation	30	61	74	104
Total operating expenses	386	515	1,008	636
Operating income (loss)	(300)	(433)	(939)	(570)
Other income, net	9	8	4	2
Net income (loss)	(291)%	(425)%	(935)%	(568)%

Revenue increased substantially during the fourth quarter due to the increased investments in sales and marketing earlier in the year.

During the first three quarters of 1999, cost of revenue increased in both absolute dollars and as a percentage of revenue. This increase was primarily due to increased investment in technical and training support for our customers as well as improving the reliability of our hosting service. Cost of revenue continued to increase during the fourth quarter of 1999 in absolute dollars and as a percentage of revenue due to these same reasons.

During the first three quarters of 1999, sales and marketing expense increased both in absolute dollars and as a percentage of revenue as we began to aggressively grow our business. Sales and marketing expense continued to increase during the fourth quarter of 1999 in absolute dollars due to these same reasons but decreased as a percentage of revenue as our revenue began to increase.

During the first three quarters of 1999, research and development expense increased both in absolute dollars and as a percentage of revenue as we hired additional engineers to expand the capabilities of our platform and our services. Research and development expense continued to increase during the fourth quarter of 1999 in absolute dollars due to these same reasons but decreased as a percentage of revenue as our revenue began to increase.

During the first three quarters of 1999, general and administrative expense increased in both absolute dollars and as a percentage of revenue as we hired additional personnel and further developed the infrastructure necessary to support our growth. General and administrative expense continued to

increase during the fourth quarter of 1999 in absolute dollars due to these same reasons but decreased as a percentage of revenue as our revenue began to increase.

In February 1999, we launched WebEx Meeting Center, our first real-time, interactive multimedia communications service, and began selling this service to customers and partners. Because we have a limited operating history providing services and other factors, our quarterly revenue and operating results are difficult to predict. In addition, due to the emerging nature of the market for interactive communications services for websites, our quarterly revenue and operating results may fluctuate from quarter to quarter.

Liquidity and Capital Resources

We have funded our operations to date primarily through private sales of preferred equity securities, with proceeds totaling $29.1 million. As of December 31, 1999, we had $13.6 million in cash and cash equivalents. We sold 803,131 shares of our Series C preferred stock in January 2000 for aggregate proceeds of $2.4 million and 2,052,846 shares of our Series D preferred stock in March 2000 for aggregate proceeds of $25.7 million.

Net cash provided by (used in) in operating activities was $76,000 in 1997, ($1.5) million in 1998 and ($10.9) million in 1999. Cash used in operating activities were primarily due to net operating losses and increases in accounts receivable for 1998 and 1999 and increases in prepaid expenses for 1999. The sources of cash were primarily increases in accounts payable, accrued liabilities, accrued commissions and deferred revenue for 1998 and 1999.

Net cash used in investing activities was $74,000 in 1997, $191,000 in 1998 and $2.9 million in 1999. Net cash used in investing activities consisted primarily of the purchase of capital equipment. The equipment we purchased was primarily for computer workstations used for product development, product demonstrations and customer support, facilities infrastructure and equipment required for hosting our services. We expect our capital equipment expenditures to increase in the normal course of our business and as we build out our network.

Net cash provided by financing activities was $3,000 in 1997, $7.1 million in 1998 and $21.9 million in 1999. Net cash provided by financing activities consisted primarily of the proceeds from the issuance of preferred stock.

We believe that the net proceeds from this offering, together with our current cash balances, will be sufficient to satisfy our anticipated cash needs for working capital and capital expenditures for at least the next 12 months. Thereafter, we may require additional funds to support our working capital requirements, or for other purposes, and may seek to raise these additional funds through public or private financings or from other sources. We may not be able to obtain adequate or favorable financing at that time. Any financing we obtain may dilute your ownership interests.

Recent Accounting Pronouncements

Statement of Position 97-2, "Software Revenue Recognition," was issued in October 1997 by the American Institute of Certified Public Accountants and amended by Statement of Position 98-4. We adopted Statement of Position 97-2 effective January 1, 1999 and Statement of Position 98-4 effective January 1, 1999. Based on our interpretation of Statement of Position 97-2 and Statement of Position 98-4, we believe our current revenue recognition policies and practices, as discussed in "Management's Discussion and Analysis of Financial Condition and Result of Operations -- Overview," are consistent with Statement of Position 97-2 and Statement of Position 98-4.

In June 1998, the FASB issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. This statement as amended by SFAS No. 137, Deferral of the Effective Date of FASB Statement No. 133, establishes accounting and reporting standards for derivative instruments and requires recognition of all derivatives as assets or liabilities in the statement of financial position and measurement of those instruments at fair value. The statement is effective for fiscal quarters of all fiscal years beginning after June 15, 2000. We will adopt the standard no later than the first quarter of fiscal year 2001 and we are in the process of determining the impact that adoption will have on our consolidated financial statements.

In 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-9, Modification of SOP 97-2, Software Revenue Recognition with Respect to Certain Transactions, which will be effective for us for transactions entered into beginning January 1, 2000. In December 1999, the Securities and Exchange Commission published Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements. This staff accounting bulletin summarizes certain of the staff's views in applying generally accepted accounting principles to revenue recognition in financial statements and provides interpretations regarding the application of generally accepted accounting principles to revenue recognition where there is an absence of authoritative literature addressing a specific arrangement or a specific industry. We believe our revenue recognition practices comply with the applicable guidance in these recent publications.

Qualitative and Quantitative Disclosures About Market Risk

We do not use derivative financial instruments. We generally place our marketable security investments in high credit quality instruments, primarily U.S. Government obligations and corporate obligations with contractual maturities of less than one year. We do not expect any material loss from our marketable security investments and therefore believe that our potential interest rate exposure is not material.

Business

Overview

WebEx provides a globally distributed network and scalable platform for powering real-time, interactive multimedia communications services for websites. Our services meeting-enable the websites of our customers and partners. End-users access these interactive services through the co-branded websites of our customers and partners as well as at WebEx.com. Our services enable WebEx end-users to flexibly and spontaneously share content and applications with integrated audio and video in a seamless environment. We have designed our services to help our customers and partners improve their productivity and efficiency, differentiate and distinguish their product and service offerings and enhance and diversify their revenues. Our customers include web-based companies and traditional companies seeking to meeting-enable their websites. Our partners, who can embed our services into their offerings, include portals, web application providers and communication service providers. As of February 29, 2000, we had more than 425 customers and had signed agreements with more than 78 partners.

Our objective is to be the leading web-based interactive communications platform. To achieve our objective, we intend to expand our global network, increase our brand recognition and leverage our partnerships. We also intend to become a de facto standard for real-time, interactive multimedia communications through websites by continuing to enhance the capabilities, applicability and ease of use of our platform and services.

Industry Background

As today's extended enterprise of employees, customers, suppliers and partners becomes larger and more geographically dispersed, the world-wide-web has become a critical medium for conducting business globally. Forrester Research estimates that 93% of firms will conduct business on the Web by 2002 and that business-to-business electronic commerce will grow from $406 billion in 2000 to $2.7 trillion in 2004. The rapid and broad acceptance of the Web as a medium for business communications is enabling new opportunities to streamline complex business processes and to conduct transactions more efficiently. As a result, sophisticated web-enabled interactive communications have become increasingly necessary as companies seek to become more efficient and effective.

To realize the benefits of the Web, companies are increasingly deploying websites to enhance their business activities, and portals and online marketplaces have emerged to provide more efficient interactions among companies. This widespread adoption of the Web is leading to new operating services for websites, portals and online marketplaces to effectively deliver functionality and content and to efficiently conduct transactions. Corporate websites, portals, communications service providers

and online marketplaces are seeking a scalable, customizable multimedia communications services platform that transforms websites into interactive centers for business professionals to conduct business in real time.

Recently, the Web has emerged as a new medium for business communications. International Data Corporation, or IDC, estimates that the worldwide market for web-based collaborative service and support will increase from approximately $14.5 billion in 1999 to approximately $42.8 billion in 2003. Existing web-based applications such as email, text chat, instant messaging and screen sharing are point solutions that do not address the need for interactive multimedia communications. In addition, stand-alone server-based web conferencing tools, training applications and presentation sharing tools address only a small portion of the real-time interactive communications needs of business professionals. These tools do not support the needs of corporate websites, portals, communications service providers and on-line marketplaces to customize and integrate interactive communications services into their existing service offerings. The inherent limitations of these point solutions and tools can be addressed through an integrated distributed network and scalable platform that offers a comprehensive, flexible and customizable service architecture that can support a broad range of web applications across multiple web environments.

Corporate websites, portals, communications service providers and on-line marketplaces require real-time, interactive multimedia communications services, offering spontaneous sharing of content and applications along with integrated audio and video. To meet the business needs of these websites, these services must be reliable, secure and scalable to enable a full range of real-time, two-way, multimedia interactions, including one-to-one, one-to-many and any-to-any. Additionally, these services must be easy to use and require a platform that enables access through any standard web browser. The architecture for this scalable platform would require a standards-based software foundation and communications infrastructure that is delivered as a service to websites, ensuring rapid integration, customization and deployment. While operating services for websites have emerged to address challenges such as distributing content or conducting transactions, there is a fundamental need for a comprehensive and flexible platform that enables real-time, interactive communications services for a broad range of websites.

The Webex Solution

We provide a globally distributed network and scalable platform for powering real-time, interactive multimedia communications services for websites. We have designed our services to enable flexible and spontaneous sharing of content and applications with integrated audio and video in a seamless environment. Our platform provides end-users with ready access to interactive multimedia communications services across a broad array of industries, business functions and applications on a secure and reliable basis. Our services are available to end-users through our customers' and partners' websites on a co-branded basis as an extension to their web environments, as well as on our website, www.webex.com. End-users of our services include employees, customers, suppliers and partners in the extended enterprise.

We have designed our platform and services to help our customers and partners to:

Improve Productivity and Efficiency and Reduce Time to Value

Our services enable the easy sharing of information, knowledge and expertise through websites, thereby reducing the time it takes business professionals to act as well as enhancing the effectiveness of their actions. By making business professionals more productive and efficient, organizations are able to achieve their goals more quickly thereby reducing the time to value. Additionally, organizations are able to reduce the cost of interacting with their extended enterprise by using our services to improve communications capabilities. Examples of how our services enable our customers to reduce time to value and generate cost savings include:

- providing an effective medium for conducting interactive on-line sales and marketing meetings;

- enabling real-time customer service and support;

- enhancing relationships among members of the extended enterprise; and - reducing expenses for travel, communications and training.

Differentiate and Distinguish Their Product and Service Offerings

We provide our services to the websites of our customers and partners on a co-branded basis. Our services enable our customers and partners to distinguish themselves from their competitors and increase user loyalty by offering their end-users easy-to-use, real-time, interactive multimedia communications services. In addition, as end-users continue to invite new users to WebEx-enabled meetings, our customers and partners are able to attract potential users to their websites, thereby creating valuable marketing opportunities.

Enhance and Diversify Revenues

Our services can enhance our partners' revenues by expanding the scope of their service offerings and driving increased traffic and usage. We provide our partners with opportunities for additional diversified revenues through revenue-sharing agreements for our services. For example, our partners can add our pay-per-use meeting services to their existing websites and share with us the revenue generated by this service.

The key characteristics of our platform and services that enable us to deliver the business benefits described above include:

Open and Flexible

We have designed our platform to be open and flexible to efficiently support many combinations of interactive communications services. This enables our services to be integrated into a large number of websites and web applications that offer a variety of functionality. Moreover, our platform is standards-based and has been designed to enable rapid development and deployment of new services and applications.

Comprehensive, Integrated Functionality

Our platform seamlessly integrates data, audio and video into a unified interface to provide a comprehensive and fluid experience for end-users. Furthermore, our platform enables our services to be added to a customer's or partner's website quickly and easily with little development and administrative expense. Our data services enable efficient real-time sharing of information including presentations, documents, simple and complex applications of all kinds and web content. Our audio services provide teleconferencing and voice-over-IP conferencing for comprehensive interactive audio communications capabilities. Our video services allow for end-to-end transmission and reception of live video. We also provide branding services to match the look and feel of each website for effective integration and rapid deployment of our services.

Easy and Spontaneous Interactivity

Within a WebEx meeting, any participant can share information spontaneously with others. Files and applications accessible on the user's desktop or on the Web can be opened and shared at any point in real time during a WebEx meeting -- there is no need to upload predetermined files prior to a meeting. Additionally, the meeting host can give any participant the capability to control and modify the information being shared. This provides for a natural and fluid environment for conducting meetings remotely.

Scalability, Reliability and Security

Our globally distributed network platform is designed to support millions of concurrent meetings with the number of participants in each meeting ranging from two to several thousand. Our platform is designed to facilitate one-to-one, one-to-many or any-to-any interactions. This scalability allows organizations to increase the volume and frequency of their interactive communications without compromising the fluid environment. The clustered architecture of our globally distributed network platform provides multiple levels of redundancy and efficient load balancing. This enables us to provide reliable communications services for our customers and partners. Our services allow customers to monitor and exclude any users from a meeting, encrypt data that is being shared and work with

existing firewalls. Similar to telephone conversations, information passes through our secure services in real time and is not stored on our platform. These measures are designed to ensure data integrity and security of the information shared through our interactive communications services for websites.

The Webex Strategy

Our mission is to be the leading web-based interactive communications platform. To pursue this strategy, we intend to:

BECOME A DE FACTO STANDARD FOR REAL-TIME, INTERACTIVE MULTIMEDIA COMMUNICATIONS FOR WEBSITES We intend to establish the WebEx platform as the standard for real-time, interactive multimedia communications services for websites. We have designed our platform to be open, modular, easy-to-use and broadly applicable to many different industries and business functions. We intend to enhance and expand the capabilities of our platform to deliver compelling new services in order to maintain our leadership position and facilitate broad acceptance of our platform. Our strategy also involves attracting third-party web developers to build products and services on our platform. We believe that ongoing technological innovation will be critical to realizing our objective and maintaining and enhancing our competitive advantage. As a result, we expect to continue to invest significantly in research and development.

Extend the Deployment of Our Global Network

We seek to provide real-time, interactive multimedia communications services for websites with ease of access, ease of use and reliability levels that approach those of the public telephone network. In order to provide this level of service, we plan to deploy our current network more broadly to increase the overall performance, availability, scalability and cost-effectiveness of our platform and services. Our network expansion will include obtaining additional bandwidth and the build-out of new regional hubs located strategically around the globe.

Increase Brand Recognition

Our objective is to make the WebEx brand synonymous with meeting-enabling the Web through on-line multimedia meetings that are powerful and easy-to-use. We are heavily promoting our services and intend to increase brand awareness through marketing strategies that involve the extensive use of high profile on-line and off-line advertising, as well as prominent participation in trade shows, industry conferences and other events. We also intend to expand our co-branding relationships with portals, web application providers and communications service providers that offer our services through joint marketing and revenue-sharing arrangements.

Expand and Leverage Strategic Partnerships

We intend to expand and establish new strategic partnerships with portals, web application providers, communications service providers, on-line marketplaces, system integrators and application service providers to reach new customers and end-users to rapidly increase the use of our WebEx platform and services. We believe that developing these relationships will allow us to scale our business more quickly, effectively and inexpensively and generate additional revenue opportunities. Expanding strategic relationships with recognized industry leaders in our target markets brings us a high level of understanding of the specific needs of that market, as well as credibility and visibility with potential new customers. Developing strategic technology relationships enhances our ability to develop and deliver new service offerings and enables us to reach a broader range of customers than we could through our efforts alone.

Our Services and Technology Architecture

We have designed and developed our technology architecture to satisfy the interactive communications requirements of a broad range of websites. Our architecture consists of three tiers: WebEx Interactive Services (WIS), WebEx Interactive Platform (WIP) and WebEx Interactive Network (WIN).

Webex Interactive Services Graphic

Webex Interactive Services

WebEx Interactive Services provide co-branded turnkey services that can be customized easily for websites. These interactive services provide a broad range of comprehensive features that build on the real-time functionality and capabilities of the WebEx Interactive Platform and WebEx Interactive Network. We currently provide the following four services:

WEBEX MEETING CENTER. The WebEx Meeting Center integrates data, audio and video to provide an on-line meeting environment that simulates the full spontaneity of face-to-face meetings. The WebEx Meeting Center can be fully integrated into our customers' and partners' websites, allowing end-users to participate in meetings anywhere, at any time, from any web browser or telephone. Personnel throughout an extended enterprise, including sales, marketing, training, customer service, engineering and business development personnel, can benefit from the WebEx Meeting Center. WebEx Meeting Center features include:

- Application Sharing: enables participants to run any software application on their desktop and have others view and optionally control the application.

- Presentation Sharing: allows any meeting participant to spontaneously share presentations without uploading the file to a server.

- Document Sharing: allows meeting attendees to jointly view any document or graphic independent of the software application.

- Web Co-Browsing: allows all participants to co-navigate the Web. Web page annotation and form-filling are supported.

- Desktop Remote Control: allows the control of any user's system remotely by another meeting participant (once permission is explicitly granted by the user).

- File Transfer: enables instant file transfer to all participants within a meeting.

- Polling: enables instant feedback from attendees.

- Live Chat: allows participants to chat publicly and privately.

- Record and Playback: allows the recording of meetings for later playback.

- Live Video: supports simple, low-cost desktop video camera, enabling videoconferencing through a standard web browser.

- Comprehensive Browser-Controlled Teleconferencing: hosts can allow any attendee to participate in a teleconference by calling into the meeting or having the service call out to the attendee.

WEBEX BUSINESS EXCHANGE. The WebEx Business Exchange incorporates WebEx meeting and office functionality in a seamless "virtual outer office" environment, thus enabling comprehensive, synchronous and asynchronous interaction between business professionals. The WebEx Business Exchange is a multi-tiered service that is available through our customers' and partners' websites and can be offered with limited capabilities for free, or with full functionality on a pay-per-use or subscription basis, depending on the needs of the end-user. Our own website, www.webex.com, is a fully-enabled example of the WebEx Business Exchange.

The WebEx Business Exchange allows business professionals to establish their own office homepage and promote their meeting-enabled businesses to other members of their web community. WebEx Business Exchange also enables business professionals to more easily organize their real-time on-line meetings and to better manage off-line communications with their business associates. Office owners can create multi-category, multi-level directories to allow potential business associates to easily find the appropriate business professional to help them with their inquiry.

WebEx Business Exchange includes these key features:

- Meeting Capabilities: allows each office owner to conduct on-line meetings.

- Personal Web Page: allows each office owner to easily publish his or her office hours and business information through a directory.

- Business Directory: allows a customer or partner to customize a unique, searchable business directory of offices on their websites.

- Meeting Calendar: allows an office owner to maintain a public/private calendar where visitors can request and schedule meetings.

- Address Book: allows an office owner to maintain contact information of meeting participants.

- Message Notification: allows an office visitor to leave a message for the office owner.

- Public and Private Folders: allows an office owner to share information with office visitors.

WEBEX ONCALL. This service is primarily used by customer service organizations and can be an extension of customer care websites. WebEx OnCall enables our customers to enhance the effectiveness of traditional telephone-based customer support by allowing their service agents to support end-users through the web browser, with no requirement for preinstalled software on either computer. The service incorporates a custom user interface to simplify support interactions for both the support agent and the end-user. The service includes the following features:

- View Customer Problem: allows a service agent to view any application running on the end-user's computer.

- Fix Customer Problem: allows a service agent, with end-user permission, to remotely fix software problems or train the end-user how to use specific features.

- Download Updates and Patches: allows software fixes to be downloaded onto the end-user's computer.

- Upload Files from Customer System: allows end-users to move specific files from their computers to a service agent's system for diagnosis.

WEBEX SHOPPING-TOGETHER. This service is designed for retailing websites to enable on-line shoppers to co-browse and shop together. This service promotes a social shopping experience on-line, increasing the likelihood of on-line shoppers purchasing goods and services at the customer's website. The features of the service include:

- Browse Together: allows either party to lead the other in browsing web pages;

- Fill Order Forms Together: allows interactive web form completion; and - Annotating over Web Pages: allows either party to annotate any web page.

Webex Interactive Platform

The WebEx Interactive Platform is a distributed, standards-based software architecture that provides a comprehensive set of functionality for interactive communication services for websites and is designed for maximum scalability and "dial-tone" reliability. The WebEx Interactive Platform enables the rapid development, by WebEx or third party developers, of interactive services that can be easily integrated into any website or web application using a set of standards-based application programming interfaces, or APIs. These interactive services can be deployed over multiple servers and locations, enabling each server cluster to quickly scale to support a large number of meetings. The core functionality of the WebEx Interactive Platform is provided by the following service managers:

MEETING MANAGER: provides reliable, real-time data delivery to all participants, and includes full data sharing functionality for documents, presentations, applications and web content, as well as live video. The meeting manager is compatible with existing firewalls.

OFFICE MANAGER: provides personal offices for each registered user and tools for organizing WebEx meetings and promoting the office holder's business.

SESSION MANAGER: provides browser-based sessions without manual software installation, and manages meeting scheduling, security and encryption.

TELEPHONY MANAGER: supports Public Switched Telephone Network or Voice-over-IP communications within browser-based interactions.

The WebEx Interactive Platform is standards-based software. Standards supported by the WebEx Interactive Platform include:

- T.120: a suite of networking protocol standards for real-time multi-point data communications;

- H.323: a standard for audio and video communications;

- SSL: a standard that provides high-level of security for data transmission;

- LDAP: a standard directory access protocol; and - XML: a standard that provides high-level APIs for access to underlying WIP functionality.

We have extended the capabilities of T.120 and H.323 by creating an HTTP-tunneling protocol that delivers the rich data carried by these protocols using a standard web browser.

Webex Interactive Network

The WebEx Interactive Network is a globally distributed network that is designed to deliver dependable, real-time communications services to our customers' and partners' websites by routing their end-users' sessions through the nearest WebEx hub. The WebEx Interactive Network includes:

- multiple, dedicated, leased lines with high capacity Internet connections for high speed connectivity and redundancy;

- more than 120 WebEx servers in six data centers across the U.S., Europe and Asia, in our own domestic and international facilities and at third-party co-location facilities;

- our network operations center, located in California, where we monitor the WebEx Interactive Network 24 hours a day, seven days a week;

- the ability to dynamically add capacity at any facility, enabling each WebEx server cluster to scale up to meet changes in user demand;

- back-up power provisions and earthquake resistant facilities;

- network management software to minimize technical issues; and - sophisticated diagnostic software for troubleshooting and rapid problem resolution.

Customers and Partners

As of February 25, 2000, we had 425 customers who use our services to meeting-enable their websites for employees, customers, suppliers and partners. To date, we have derived substantially all of our revenue from sales to customers. In 1999, Baan Company N.V. accounted for approximately 16% of our revenue. In addition, as of February 25, 2000, we had entered into agreements with 72 partners. We meeting-enable the websites of our portal partners. Our web application provider partners have agreements to resell our services to end-users by integrating our services into their product or service offerings. Communications service providers have agreements to resell our services as part of their teleconferencing and videoconferencing services. Some of our customers are also partners.

The following is a representative list of our customers and partners:

Customers

ABN AMRO	Juniper Networks	Portal Software
Computer Sciences	Lawson Software	Ricoh
Eaton Systems	Legato Systems	Saba Software
Extreme Networks	Mercury Interactive	TIBCO Software
First Tennessee Bank	Network Appliance	W.R. Hambrecht & Co.
Hoover's Online	Open Market	Zilog
Interwoven	Oracle	

PARTNERS

PORTALS	WEB APPLICATION PROVIDERS	COMMUNICATIONS SERVICE PROVIDERS
Adobe	Corio	Conference Call Service
buzzsaw.com	Extensity	Deutsche Telekom
Compaq	Encanto	Global Crossing
eWork Exchange	Plumtree	Premiere Conferencing
Mall.com	Portera	
Quicken.com	Sales Logix	
Sales.com	TIBCO Software	
Yellowpages.com	Yahoo!	

The following case studies illustrate how our customers have used our WebEx services:

JUNIPER NETWORKS. Juniper Networks is a provider of Internet infrastructure solutions that enable Internet service providers and other telecommunications service providers to meet the demands resulting from the rapid growth of the Internet. Juniper's rapidly growing business required solutions for reducing time to market for new products as well as facilitating customer acquisition and satisfaction. Juniper uses the WebEx Meeting Center service to provide on-line training, customer support and demonstrations of new products through their website. The standards-based security used by our service was an important factor in Juniper's decision to use our service because Juniper transmits sensitive product information through the service around the world.

LAWSON SOFTWARE. Lawson Software offers web solutions for financial, human resources, procurement, supply chain and performance management. Lawson receives more than 15,000 calls each month from customers who need fast, efficient assistance using their software. With the WebEx OnCall service, Lawson's customer support specialists can simultaneously view their customers' screens as well as take control of the customer's application in real time to troubleshoot problems and explain how to avoid similar problems in the future. WebEx services enable Lawson to provide faster, more efficient problem identification and resolution, thereby increasing customer satisfaction and reducing support costs.

TIBCO SOFTWARE. TIBCO Software is a leading provider of software solutions that enable businesses to integrate their internal operations, business partners and customer channels in real time. TIBCO's sales and marketing teams were seeking to leverage their website as a real-time meeting place to interact with customers on-line, communicate with partners and roll out new products faster. The WebEx Meeting Center service enables TIBCO to reach more prospects through on-line sales presentations and demonstrations while reducing travel time and expense. It will also enable TIBCO's remote engineering teams to work together on software development projects through TIBCO's website. In addition, TIBCO's training and support organizations have implemented virtual training classes and support services with WebEx.

In addition, we have arrangements with partners such as portals, web application providers and communications service providers. The following summaries illustrate our relationships with some of our partners:

SALES.COM. Sales.com is a portal website that provides tools and services designed to maximize the productivity of sales professionals. Sales.com was looking for a way to differentiate its offerings and enhance its revenues by providing interactive meeting and virtual office services to its users. As a WebEx portal partner, Sales.com provides the WebEx Business Exchange service to its members, enabling them to schedule and conduct web-based sales meetings, presentations and demonstrations in their WebEx offices. Members use WebEx's document, presentation and application sharing features as well as website co-browsing feature to enhance sales effectiveness and productivity through their WebEx offices. Sales.com members can also advertise their presence to other members by using the WebEx directory feature.

YAHOO!. Yahoo! Inc. is a leading global media company. Its Corporate My Yahoo! enables corporations to offer their employees a point of entry to corporate applications and services together with Yahoo! services such as stock portfolio tracking, search capabilities, instant messaging and message boards. To meet the real-time interaction and web-based meeting requirements of its corporate customers, Yahoo! plans to integrate and distribute WebEx Meeting Center services with its Corporate My Yahoo!. WebEx Meeting Center will enable corporate users to schedule and join WebEx meetings directly from their personalized Yahoo! entry point. In addition, Yahoo! Business Services, which supplies corporate on-line event management services, will integrate WebEx Meeting Center services as part of its offering for corporate clients.

DEUTSCHE TELEKOM. Deutsche Telekom, a leading European telecommunications and Internet service provider, has signed an agreement to distribute WebEx services in the German market. As part of this agreement, Deutsche Telekom and WebEx are working in a variety of development areas to create new interactive communication services for the German market. Additionally, Deutsche Telekom uses various co-branded WebEx Meeting Center services internally to conduct web-based meetings across geographically dispersed departments.

Strategic Technology Alliances

We have developed key strategic technology alliances with leading technology and service providers in areas complementary to our services, such as teleconferencing, videoconferencing, voice-over-IP and communications infrastructure providers. These technology partnerships enhance our service offerings by allowing us to take advantage of current and emerging technologies. We have formed alliances with companies such as Global Crossing, Lipstream, Net2Phone, TIBCO Software and Voyant.

Research and Development

The emerging market for interactive communications services for websites is characterized by rapid technological change, new product introductions and enhancements, evolving customer requirements and rapidly changing industry standards. We devote a substantial portion of our resources to developing and enhancing our network services and application platform, extending our global network, and conducting quality assurance testing.

As of February 29, 2000, we had 41 employees engaged in research and development activities. Our research and development expenditures for 1997, 1998 and 1999 were approximately $525,000, $1.4 million and $3.4 million. We expect to continue to devote significant resources to research and development for the foreseeable future.

Sales and Marketing

Our sales efforts target corporate websites, portals, web application providers, communications service providers and on-line marketplaces, primarily through direct sales channels and to a lesser extent through indirect sales channels. Direct sales are generated through our internal sales force, while indirect sales are generated through revenue-sharing agreements with our partners. Our internal sales force uses our own WebEx services to maximize the effectiveness and efficiency of our direct sales channel. We plan to continue to invest and increase the size and geographical locations of both our direct and indirect sales channels on a global basis.

Our marketing programs include customer needs assessment and market analysis, service and platform marketing, brand awareness, advertising, public relations and lead generation, and educating organizations in our target markets. We are heavily promoting our services and intend to increase our

brand awareness through marketing strategies that involve the extensive use of high profile on-line and off-line advertising, as well as prominent participation in trade shows, industry conferences and other events.

As of February 29, 2000, 78 of our employees were engaged in sales and marketing activities.

Competition

The market for interactive communication services is rapidly evolving and intensely competitive. We expect competition to persist and intensify in the future. Although we do not currently compete against any one entity with respect to all aspects of our services, we do compete with various companies and technologies in regards to specific elements of our services. For example, we compete with providers of traditional communications technologies such as teleconferencing and videoconferencing as well as applications software and tools companies, such as Centra Software, Contigo Software, Lotus (SameTime), Microsoft (NetMeeting) and Placeware.

Many of our current or potential competitors have longer operating histories, significantly greater financial, technical and other resources, or greater name recognition than we do. Our competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements. Competition could seriously harm our ability to sell services on terms favorable to us. Competitive pressures could reduce our market share or require us to reduce the price of our services, any of which could harm our business, financial condition and operating results.

We believe that the principal competitive factors in our market include:

- service functionality, quality and performance;

- ease of use, reliability, scalability and security of services;

- establishing a significant base of customers and partners;

- ability to introduce new services to the market in a timely manner;

- customer service and support;

- attracting third-party web developers; and - pricing.

Although we believe our services compete favorably with respect to each of these factors, the market for our services is new and rapidly evolving. We may not be able to maintain our competitive position against current and potential competitors, especially those with greater resources.

Intellectual Property

The status of United States patent protection in the Internet industry is not well defined and will evolve as the U.S. Patent and Trademark Office grants additional patents. We currently have seven patent applications pending in the United States, and we may seek additional patents in the future. We

do not know if our patent applications or any future patent application will result in a patent being issued with the scope of the claims we seek, if at all, or whether any patents we have or may receive will be challenged or invalidated. It is difficult to monitor unauthorized use of technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States, and our competitors may independently develop technology similar to ours. We will continue to assess appropriate occasions for seeking patent and other intellectual property protections for those aspects of our technology that we believe constitute innovations providing significant competitive advantages. The pending and any future applications may not result in the issuance of valid patents.

Our success depends in part upon our rights in proprietary technology. We rely on a combination of copyright, trade secret, trademark and contractual protection to establish and protect our proprietary rights, and we enter into confidentiality agreements with those of our employees and consultants involved in the development of our services. We routinely require our employees, customers and potential business partners to enter into confidentiality and nondisclosure agreements before we will disclose any sensitive aspects of our services, technology or business plans. In addition, we require employees to agree to surrender to us any proprietary information, inventions or other intellectual property they generate or come to possess while employed by us. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our services or technology. These precautions may not prevent misappropriation or infringement of our intellectual property.

Third parties may infringe or misappropriate our copyrights, trademarks and similar proprietary rights. In addition, other parties may assert infringement claims against us. Although we have not received notice of any alleged infringement, our services may infringe issued patents that relate to our services. In addition, because patent applications in the United States are not publicly disclosed until the patent is issued, we may be unaware of filed applications which relate to our services. We may be subject to legal proceedings and claims in the ordinary course of our business, including claims of alleged infringement of the trademarks and other intellectual property rights of third parties. Intellectual property litigation is expensive and time-consuming and could divert management's attention away from running our business. This litigation could also require us to develop non-infringing technology or enter into royalty or license agreements. These royalty or license agreements, if required, may not be available on acceptable terms, if at all. Our failure or inability to develop non-infringing technology or license the proprietary rights on a timely basis would harm our business.

Employees

As of February 29, 2000, we had 150 full-time employees, including 41 in research and development, 78 in sales and marketing and 10 in general and administrative. None of our employees are covered by collective bargaining agreements. We believe our relations with our employees are good.

Legal Proceedings

We are not a party to any material legal proceeding. We may be subject to various claims and legal actions arising in the ordinary course of business.

Facilities

Our corporate headquarters are located in San Jose, California, where we occupy approximately 40,320 square feet under a lease expiring in August 2004. We will need to obtain additional office space prior to the end of 2000 and are currently in discussions with respect to additional space.

Management

Executive Officers and Directors

Our directors, executive officers and key employees and their ages as of December 31, 1999 are as follows:

Name Age Position

Subrah S. Iyar	42	Chairman, Chief Executive Officer
Min Zhu	51	President, Chief Technical Officer and Director
Craig Klosterman	45	Chief Financial Officer
Thomas Colby	39	Vice President, Worldwide Operations
David Farrington	43	Vice President, General Counsel & Secretary
Leo Jolicoeur	42	Vice President, Platform Management
Michael LeBlond	49	Vice President, Telecom Business
Steven Li	29	Vice President, Engineering
Jim Moise	45	Vice President, Portal Business
Glenn Reinus	46	Vice President, Corporate Business
Praful Shah	44	Vice President, Strategic Relations
Stewart Sonnenfeldt	36	Vice President, Corporate Development
David Thompson	38	Vice President, Marketing
Jan Baan(1)(2)	53	Director
Somshankar Das(1)(2)	49	Director
Scott Sandell(1)(2)	35	Director
Phillip White	57	Director

(1) Member of compensation committee.

(2) Member of audit committee.

SUBRAH S. IYAR is a co-founder of WebEx, Inc. and has served as its Chairman and Chief Executive Officer since January 1997. Prior to founding WebEx, Mr. Iyar served as the Vice President and General Manager of the Northern California Internet Business division of Quarterdeck Corporation, a software company, from October 1995 until November 1996. From February 1983 to 1995, Mr. Iyar held several senior positions in Business Development, Marketing and Sales management at Apple

Computer, Inc., a computer hardware company, and Intel Corporation, a semiconductor company. Mr. Iyar holds a B.S. in Electrical Engineering from Indian Institute of Technology and a M.S. in Computer Engineering from University of Southwestern Louisiana.

MIN ZHU is a co-founder of WebEx, Inc. and has served as its President and Chief Technical Officer since February 1997. Prior to founding WebEx, Mr. Zhu co-founded Future Labs, a real-time collaboration software company, in 1991, which was subsequently sold to Quarterdeck in 1996. Mr. Zhu holds a M.S. in Engineering Economics Systems from Stanford University.

CRAIG KLOSTERMAN has served as the Chief Financial Officer of WebEx since February 2000. From August 1998 through November 1999, Mr. Klosterman served as the Chief Financial Officer and Senior Vice President of Finance and Administration for Informatica. From February 1993 to August 1998, Mr. Klosterman worked at Lumisys, a medical imaging appliances company, and held a variety of positions including Chief Operating Officer, Chief Financial Officer and Executive Vice President. Mr. Klosterman currently serves on the board of directors of Lumisys, a publicly traded company. Mr. Klosterman holds a B.S. in mechanical engineering from the University of Wisconsin and an M.B.A. in Finance from The Wharton School at the University of Pennsylvania.

THOMAS COLBY has served as Vice President, Worldwide Operations of WebEx since March 1999. Prior to joining WebEx, Mr. Colby served as Vice President of Business Development and manager of the Commercial Data Services division of CellNet Data Systems, a wireless data services provider to Fortune 500 companies from March 1997 to March 1999. From April 1995 to January 1997 Mr. Colby served as Director of Worldwide Software Licensing of Dell Computers. Prior to joining Dell Computers, Mr. Colby held several positions at Apple Computer, Inc., a computer hardware company, most recently as Manager of Business Development and Planning in the Newton division. Mr. Colby holds a B.S. in Commerce from Santa Clara University.

DAVID FARRINGTON has served as Vice President, General Counsel and Secretary of WebEx since March 2000. Prior to joining WebEx, Mr. Farrington was a partner at the law firm of Skjerven, Morrill, Macpherson, Franklin & Friel, LLP, in San Jose, California. From 1989 through January 1998, Mr. Farrington held a number of senior positions at Apple Computer, Inc., including Associate General Counsel in charge of legal support for Apple's Worldwide Sales and Marketing organization and Director of Apple's Technology Law Group. Mr. Farrington received a J.D. from Hastings College of the Law in San Francisco and holds a B.A. from the University of California, Santa Cruz.

LEO JOLICOEUR has served as Vice President, Platform Management of WebEx since March 2000. Prior to joining WebEx, Mr. Jolicoeur served as Vice President of Business Development at Third Voice from March 1999 to March 2000. From October 1995 to January 1999, Mr. Jolicoeur held several executive positions at Infoseek Corporation, a web portal, including Vice President of Online Services, Vice President of Product Management and Business Operations, and Vice President of Infoseek International. From 1987 to 1995, Mr. Jolicoeur served in several management positions within Apple Computer. Mr. Jolicoeur holds a B.S. degree in Finance and Computer Science from Boston College.

MICHAEL LEBLOND has served as Vice President, Telecom Business of WebEx since November 1999. Mr. LeBlond served as Vice President Business Development for WebSentric, a data conferencing company, from January 1999 to June 1999. From December 1988 to December 1999, Mr. LeBlond held several Senior positions in Business Development, Marketing and Sales Management at Sun Microsystems and Apple Computer including Director of Business Development in Apple's Corporate Development & Strategic Planning group. Mr. LeBlond holds an MBA from the University of Denver.

STEVEN LI has served as Vice President, Engineering of WebEx since October of 1997. Prior to joining WebEx, from July 1995 to September 1997, Mr. Li served as the Vice President of Engineering at Lyrehc Corp, subsequently renamed bexcom.com, an enterprise resource planning software and business-to-business e-commerce provider in Asia. From July 1994 to June 1995, Mr. Li served as a consultant to major high technology corporations in the Silicon Valley, including Oracle and Sun Microsystems. From October 1993 to June 1994, Mr. Li served as lead engineer for Future Labs, a real-time collaboration software company. Mr. Li holds a B.S. in Electrical Engineering from the University of Science and Technology of China and a M.S. in Electrical Engineering from the University of Hawaii.

JIM MOISE has served as Vice President, Portal Business of WebEx since October 1998. Prior to joining WebEx, Mr. Moise served as Vice President of WorldWide Sales and Marketing for Vision Solutions, an enterprise software company, from March 1997 to October 1998. From September 1994 to January 1997, Mr. Moise held several positions at Quarterdeck Corporation, most recently as President, Americas and Asia Pacific Sales and Operations. Mr. Moise holds a B.S. in Finance and Business Administration and an M.B.A. in Marketing and Entrepreneurial Management from the University of Southern California.

GLENN REINUS has served as Vice President, Corporate Business of WebEx since October 1998. Prior to joining WebEx, Mr. Reinus served as Vice President of Business Development of BackWeb Technologies, an automated knowledge distribution solutions company, from December 1996 to October 1998. From December 1995 to December 1996 Mr. Reinus served as Assistant General Manager for the Internet Business Unit and Senior Director of Business Development at Quarterdeck Corporation. Mr. Reinus holds a B.S. in Marketing and Business Administration from California State University, Northridge.

PRAFUL SHAH has served as Vice President, Strategic Relations of WebEx since October 1997. Prior to joining WebEx, Mr. Shah held several positions and most recently served as the Senior Director of Marketing for the Internet Division, at Oracle Corporation, a software company, from June 1995 to October 1997. From July 1984 to May 1995, Mr. Shah held several marketing, product management and engineering positions at Tandem Computers Corporation. Mr. Shah holds a B.S. in Electrical Engineering from the Manipal Institute Of Technology in India and a M.S. in Computer Science from Pennsylvania State University.

STEWART SONNENFELDT has served as Vice President, Corporate Development of WebEx since March 2000. Prior to joining WebEx, Mr. Sonnenfeldt served as a Director in Investment Banking at Deutsche Banc Alex. Brown, an investment bank, from September 1992 to March 2000. Mr. Sonnenfeldt holds an M.B.A. from the MIT Sloan School of Management and a B.S. in Chemical Engineering from Tufts University.

DAVID THOMPSON has served as Vice President, Marketing of WebEx since July 1998. Prior to joining WebEx, Mr. Thompson worked as a consultant to Microsoft Corporation helping with the launch of Internet Explorer 3.0 and ActiveX from August 1996 to August 1997. From September 1995 to August 1996, Mr. Thompson was Senior Product Manager for Web publishing products at Quarterdeck. From June 1993 to September 1995, Mr. Thompson served as Director of Marketing at StarNine, a web server software company. Mr. Thompson holds a B.A. in Humanities from Yale University.

JAN BAAN has served as a Director of WebEx since January 2000. Since December 1999, Mr. Baan has served as the Chairman and Chief Executive Officer of the Vanenburg Group B.V., a private limited liability company, whose main activities include providing venture capital funding for technology companies worldwide. Prior to joining the Vanenburg Group, Mr. Baan founded Baan Company N.V., a publicly held enterprise applications software company, in 1978.

SOMSHANKAR DAS has served as a Director of WebEx since December 1999. Mr. Das has served as a partner with Walden International Investment Group, an investment firm, since June 1997. Prior to joining Walden International Investment Group, Mr. Das served as Director for Worldwide Business Development at VLSI Technology, Inc., a semiconductor company, from July 1985 to May 1997. Mr. Das holds a M.S. in Physics and Mathematics and an M.B.A. from Stanford University.

SCOTT SANDELL has served as a Director of WebEx since December 1999. Mr. Sandell has been a partner at New Enterprise Associates, an investment firm, since 1999 and originally joined New Enterprise Associates in 1996. Prior to this, Mr. Sandell served as a Product manager for Windows at Microsoft Corporation. Mr. Sandell holds a B.A. in Engineering Sciences from Dartmouth College and an M.B.A. from Stanford University. Mr. Sandell currently serves on the board of directors of Mission Critical Software Inc., a publicly traded company, as well as several private companies.

PHILLIP WHITE has served as a Director of WebEx since December 1999. Mr. White has served as the President of Marketing Consultants, a consulting firm, since August 1997. From January 1989 to August 1997, Mr. White was the Chief Executive Officer of Informix Software, Inc., a provider of innovative database products. Mr. White holds a B.A. in Business from Illinois Wesleyan University and an M.B.A. from Illinois State University. Mr. White currently serves on the board of directors of Legato Systems Inc., Adaptec Inc. and TIBCO Software Inc., which are publicly traded companies, as well as several private companies.

There are no family relationships among any of our directors or executive officers.

Board Composition

Our bylaws currently provide for a board of directors consisting of seven members. Our certificate of incorporation to be effective upon completion of this offering provides for a classified board consisting of three classes of directors, each serving staggered three-year terms. This classification of the board of directors may delay or prevent a change in control of our company or in our management.

Board Committees

Our board of directors has a compensation committee and an audit committee.

Our compensation committee is responsible for determining salaries, incentives and other forms of compensation for directors and executive officers of WebEx and administering various incentive compensation and benefit plans. Our board of directors established executive compensation levels for 1999. Jan Baan, Somshankar Das and Scott Sandell are the current members of the compensation committee. Subrah S. Iyar, our Chief Executive Officer, will participate in all discussions and decisions regarding salaries and incentive compensation for all non-executive employees and consultants of WebEx.

Our audit committee reviews our annual audit and meets with our independent auditors to review our internal controls and financial management practices. Jan Baan, Somshankar Das and Scott Sandell are the current members of the audit committee.

Compensation Committee Interlocks and Insider Participation

No interlocking relationship exists, or has existed in the past, between the board of directors or compensation committee and the board of directors or compensation committee of any other company.

Board Compensation

Except for the grant of stock options, we do not currently compensate our directors for their services as directors. Directors who are employees of WebEx are eligible to participate in our 2000 Stock Incentive Plan and our 2000 Employee Stock Purchase Plan. Directors who are not employees of WebEx are eligible to participate in our 1998 Stock Plan. In addition, in 1999, we granted nonstatutory stock options to Phillip White to purchase an aggregate of 270,000 shares, respectively, of our common stock at an exercise price of $0.35 per share. In March 2000 we granted nonstatutory stock options to Jan Baan, Somshankar Das, Scott Sandell and Phillip White to purchase 50,000 shares of our common stock at an exercise price of $1.50 per share. We also reimburse each member of our board of directors who is not an employee of WebEx for out-of-pocket expenses incurred in connection with attending board meetings.

Executive Compensation

The following table provides summary information concerning compensation earned by or paid to our Chief Executive Officer and to our President and Chief Technical Officer, our two executive officers whose total annual salary and bonus exceeded $100,000, for services rendered in all capacities to WebEx during 1999. These individuals are referred to as the "named executive officers." Other than the salary and bonus described below, WebEx did not pay any named executive officer in the Summary Compensation Table any fringe benefits, perquisites or other compensation in excess of 10% of that executive officer's salary and bonus during 1999.

Summary Compensation Table

ANNUAL COMPENSATION NAME AND PRINCIPAL POSITION SALARY

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Subrah S. Iyar.....................................    $180,000
  Chairman and Chief Executive Officer
Min Zhu............................................    $127,500
  President and Chief Technical Officer
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We have never granted any options to Mr. Iyar or Mr. Zhu.

1998 Stock Plan

Our 1998 Stock Plan was adopted by our board of directors in February 1998. Our 1998 Stock Plan provides for the grant of incentive stock options as defined in Section 422 of the Internal Revenue Code to employees and the grant of nonstatutory stock options and stock purchase rights to employees, non-employee directors and consultants. A total of 6,400,000 shares of common stock have been reserved for issuance under our 1998 Stock Plan as of December 31, 1999. In February and March 2000 we increased the number of shares of common stock reserved for issuance under our 1998 Stock Plan by an aggregate of 4,000,000 shares.

Our compensation committee and our non-insider option committee administer our 1998 Stock Plan. Our compensation committee consists of at least two directors who are "non-employee directors," as defined in Rule 16b-3. The board of directors may amend our 1998 Stock Plan as desired without further action by WebEx's stockholders except as required by applicable law. Our 1998 Stock Plan will continue in effect until terminated by the board or for a term of 10 years from its amendment and restatement date, whichever is earlier.

The consideration for each award under our 1998 Stock Plan will be established by the compensation committee, but in no event will the option price for incentive stock options be less than 100% of the fair market value of the stock on the date of grant. Awards will have such terms and be exercisable in such manner and at such times as the compensation committee may determine. However, each incentive stock option must expire within a period of not more than 10 years from the date of grant.

Generally, options granted under the 1998 Stock Plan vest over four years and are nontransferable other than by will or the laws of descent and distribution. In the event of specified changes in control of WebEx, the acquiring or successor corporation may assume or substitute for options outstanding under the 1998 Stock Plan, or these options will terminate. Some options granted to our executive officers provide for partial acceleration upon a change in control of WebEx. As of December 31, 1999, - 1,047,166 shares of common stock have been issued upon the exercise of options; and - 4,677,059 shares were available for future awards.

2000 Stock Incentive Plan

The 2000 Stock Incentive Plan was adopted by our board of directors on March 29, 2000 and will be submitted for approval by our stockholders prior to the completion of this offering. The 2000 Stock Incentive Plan will be administered by our compensation committee. The 2000 Stock Incentive Plan provides for the direct award or sale of shares of common stock and for the grant of options to purchase shares of common stock. The 2000 Stock Incentive Plan provides for the grant of incentive stock options as defined in Section 422 of the Internal Revenue Code and the grant of nonstatutory stock options and stock purchase rights to employees, non-employee directors, advisors and consultants.

shares of common stock have been authorized for issuance under the 2000 Stock Incentive Plan. However, in no event may one participant in the 2000 Stock Incentive Plan receive option grants or direct stock issuances for more than shares in the aggregate per fiscal year. The number of shares reserved for issuance under the 2000 Stock Incentive Plan will be increased on the first day of each of our fiscal years from 2000 through 2009 by the lesser of:

- shares;

- % of our outstanding common stock on the last day of the immediately preceding fiscal year; or - the number of shares determined by the board of directors.

The 2000 Stock Incentive Plan will have the following program features:

- Qualified employees will be eligible for the grant of incentive stock options to purchase shares of common stock;

- Qualified non-employee directors will be eligible to receive automatic option grants to purchase shares of common stock at an exercise price equal to 100% of the fair market value of those shares on the date of grant;

- The compensation committee will determine the exercise price of options or the purchase price of stock purchase rights, but in no event will the option price for incentive stock options be less than 100% of the fair market value of the stock on the date of grant; and - The exercise price or purchase price may, at the discretion of the compensation committee, be paid in, among other things, cash, cash equivalents, full-recourse promissory notes, past services or future services.

The 2000 Stock Incentive Plan will include change in control provisions that may result in the accelerated vesting of outstanding option grants and stock issuances. The committee may grant options or stock purchase rights in which all or some of the shares shall become vested in the event of a change in control of the company. Change in control is defined under the 2000 Stock Incentive Plan as:

- a change in the composition of the board of directors, as a result of which fewer than one-half of the incumbent directors are directors who either:

- had been directors of the company 24 months prior to the change; or - were elected, or nominated for election, to the board with the affirmative votes of at least a majority of the directors who had been directors 24 months prior to the change and who were still in office at the time of the election or nomination; or - an acquisition or aggregation of securities by a person, as defined in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, as a result of which the person becomes the beneficial owner of twenty percent or more of the voting power of WebEx's outstanding securities.

The board of directors will be able to amend or modify the 2000 Stock Incentive Plan at any time, subject to any required stockholder approval. The 2000 Stock Incentive Plan will terminate no later than .

2000 Employee Stock Purchase Plan

The board of directors adopted our 2000 Employee Stock Purchase Plan on March 29, 2000, to be effective upon completion of this offering. We will be submitting it for approval by our stockholders prior to the completion of this offering. A total of shares of common stock have been reserved for issuance under our employee stock purchase plan. The number of shares reserved for issuance under the 2000 Employee Stock Purchase Plan will be increased on the first day of each of our fiscal years from 2000 through 2009 by the lesser of:

- shares;

- % of our outstanding common stock on the last day of the immediately preceding fiscal year; or - the number of shares determined by the board of directors.

Our 2000 Employee Stock Purchase Plan, which is intended to qualify under Section 423 of the Internal Revenue Code, is administered by the board of directors or by a committee appointed by the board. Employees (including officers and employee directors of WebEx but excluding 5% or greater stockholders) are eligible to participate if they are customarily employed for more than 20 hours per week and for at least five months in any calendar year. Our 2000 Employee Stock Purchase Plan permits eligible employees to purchase common stock through payroll deductions, which may not exceed 15% of an employee's compensation.

The 2000 Employee Stock Purchase Plan will be implemented by a series of overlapping offering periods of 24 months' duration, with new offering periods, other than the first offering period, commencing on and of each year. The board of directors will establish participation periods for our 2000 Employee Stock Purchase Plan, none of which will exceed six months. During each participation

period, payroll deductions will accumulate, without interest. On the purchase dates set by the board of directors for each participation period, accumulated payroll deductions will be used to purchase common stock. The initial offering period is expected to commence on the date of this offering and end on , 200 . The initial purchase period is expected to begin on the date of this offering and end on , 200 .

The purchase price will be equal to 85% of the fair market value per share of common stock on either the first day of the participation period or on the purchase date, whichever is less. Employees may withdraw their accumulated payroll deductions at any time. Participation in our 2000 Employee Stock Purchase Plan ends automatically on termination of employment with WebEx. Immediately prior to the effective time of a corporate reorganization, the participation period then in progress shall terminate and stock will be purchased with the accumulated payroll deductions, unless the 2000 Employee Stock Purchase Plan is assumed by the surviving corporation or its parent corporation pursuant to the plan of merger or consolidation.

401(k) PLAN

We have established a tax-qualified employee savings and retirement plan for which WebEx's employees will generally be eligible. Pursuant to the 401(k) Plan, employees may elect to reduce their current compensation and have the amount of such reduction contributed to the 401(k) Plan. To date, WebEx has made no matching contributions. The 401(k) Plan is intended to qualify under Section 401 of the Internal Revenue Code of 1986, as amended, so that contributions to the 401(k) Plan, and income earned on plan contributions, are not taxable to employees until withdrawn from the 401(k) Plan, and so that contributions by WebEx, if any, will be deductible by WebEx when made.

Employment Agreements and Change in Control Arrangements

In August 1998, we entered into formal employment agreements with Subrah S. Iyar, our Chief Executive Officer, and Min Zhu, our President and Chief Technical Officer.

Under these agreements, Messrs. Iyar and Zhu are each entitled to an initial annual salary of $180,000 and bonuses tied to criteria established by our board of directors. In each agreement the initial term is two years. If Mr. Iyar or Mr. Zhu is terminated for reasons other than cause before the expiration of his employment agreement, we must pay the salary and other benefits for the balance of the term of that employment agreement. These employment agreements also contain non-solicitation of customers and employees provisions.

Limitation of Liability and Indemnification Matters

Our certificate of incorporation, to be effective upon completion of this offering limits the liability of directors to the maximum extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for breach of their fiduciary duties as

directors, except liability for:

- any breach of their duty of loyalty to the corporation or its stockholders;

- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;

- unlawful payments of dividends or unlawful stock repurchases or redemption; or - any transaction from which the director derived an improper personal benefit.

This limitation of liability does not apply to liabilities arising under the federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our certificate of incorporation and bylaws provide that we will indemnify our directors and executive officers and may indemnify our other officers and employees and other agents to the fullest extent permitted by law. Our bylaws also permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in such capacity, regardless of whether the bylaws would permit indemnification.

We are entering into agreements to indemnify our directors and executive officers, in addition to indemnification provided for in our certificate of incorporation and bylaws. We believe that these provisions and agreements are necessary to attract and retain qualified persons as directors and executive officers.

The limited liability and indemnification provisions in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty and may reduce the likelihood of derivative litigation against our directors and officers, even though derivative litigation, if successful, might otherwise benefit us and our stockholders. A stockholder's investment in us may be adversely affected to the extent we pay the costs of settlement or damage awards against our directors or officers under these indemnification provisions.

At present, there is no pending litigation or proceeding involving any of our directors, officers or employees in which indemnification is sought, nor are we aware of any threatened litigation that may result in claims for indemnification.

Certain Transactions

The following is a description of the transactions or series of transactions since the beginning of 1999 to which we were or are a party in which the amount involved exceeded or exceeds $60,000 and in which any director, executive officer, holder of more than 5% of any class of our voting securities or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest.

Transactions with Management and Others

Our founders, Subrah S. Iyar and Min Zhu, purchased a total of 10 million shares of our common stock. Between May 1998 and March 2000, we issued and sold 15,917,028 shares of our preferred stock. Between May 1998 and August 1998, we sold 1,144,474 shares of Series A preferred stock at a price of $1.125 per share. We issued and sold 4,598,383 shares of Series B preferred stock at a price of $1.265 per share in August 1998. We issued and sold 8,121,325 shares of Series C preferred stock at a price of $3.00 per share in December 1999 and January 2000. We issued and sold 2,052,846 shares of Series D preferred stock at a price of $12.50 per share on March 30, 2000. Upon completion of this offering, each share of Series A, Series B, Series C and Series D preferred stock will convert into one share of common stock.

The following table summarizes purchases, valued in excess of $60,000, of shares of our capital stock by our directors, executive officers and our 5% stockholders:

Shares Common Series B Series C Series D

DIRECTORS AND EXECUTIVE OFFICERS:				
Subrah S. Iyar	5,000,000	--	--	--
Min Zhu	5,000,000	--	--	--
5% STOCKHOLDERS:				
Vanenburg Group, B.V.(1)	--	904,474	4,598,383	396,677
Entities affiliated with New Enterprise Associates(2)	--	--	--	142,334
Entities affiliated with Walden Ventures(3)	--	--	--	81,334
Entities affiliated with T-Venture(4)	--	--	--	87,637

(1) Jan Baan, one of our directors, is the Chairman and Chief Executive Officer of the Vanenburg Group B.V.

(2) Scott Sandell, one of our directors, is a partner at New Enterprise Associates.

(3) Somshankar Das, one of our directors, is a partner at Walden International Investment Group, which is affiliated with Walden Ventures.

(4) Includes a warrant to purchase 450,000 shares of Series C preferred stock.

The preferred stock described above was purchased at the same price and on the same terms and conditions as the unaffiliated investors in the private financings.

Baan Company N.V. paid us $418,000 in 1999 for our services. Jan Baan, one of our directors, is a founder of Baan Company N.V. and is the Chairman and Chief Executive Officer of the Vanenberg Group B.V., an entity affiliated with Baan Company N.V.

We rely on three companies in China, which are majority owned by Mr. Zhu, our President and Chief Technical Officer and a member of the board of directors, and his spouse, under which contract engineers of these companies conduct quality assurance testing of our services and modify the software underlying our services to enable our services to work with other operating systems. We paid approximately $290,000 for these services in 1999.

In addition, in 1997, Mr. Zhu loaned us $400,000 at no interest, $200,000 of which remains outstanding as of December 31, 1999.

The transactions above were negotiated with the unaffiliated directors of WebEx and approved by our disinterested directors and we believe that this agreement is on terms no less favorable to WebEx than would have been obtained from unaffiliated third parties.

Indebtedness of Management

In March 2000, our board of directors approved a loan of $3.6 million to Subrah S. Iyar, our Chief Executive Officer. The loan is for a two-year term and will bear interest at a rate of 6.5% per annum.

It is our current policy that all transactions between us and our officers, directors, 5% stockholders and their affiliates will be entered into only if these transactions are approved by a majority of the disinterested directors, are on terms no less favorable to us than could be obtained from unaffiliated parties and are reasonably expected to benefit us.

For information concerning indemnification of directors and officers, see "Management -- Limitation of Liability and Indemnification Matters."

Principal Stockholders

The following table sets forth information regarding beneficial ownership of common stock as of December 31, 1999, by:

- each person or entity known to us to own beneficially more than 5% of our common stock;

- each of the named executive officers;

- each of our directors; and - all executive officers and directors as a group.

The following table assumes no exercise of the underwriters' over-allotment option. Applicable percentage ownership is based on 27,414,194 shares of common stock outstanding as of December 31, 1999 assuming the conversion of all outstanding shares of preferred stock upon the closing of this offering, including the 787,131 shares of Series C preferred stock and 2,052,846 shares of Series D preferred stock issued in 2000, and shares outstanding immediately after completion of this offering.

Beneficial ownership is determined in accordance with the rules and regulations of the Securities and Exchange Commission. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options held by that person that are currently exercisable or exercisable within 60 days of December 31, 1999 are deemed outstanding. These shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Except as indicated in the footnotes to this table and pursuant to applicable community property laws, each stockholder named in the table has sole voting and investment power with respect to the shares set forth opposite that stockholder's name.

Unless otherwise indicated, the address for the following stockholders is c/o WebEx, Inc., 110 Rose Orchard Way, San Jose, California 95134

NAME AND ADDRESS OF BENEFICIAL OWNER	TOTAL SHARES BENEFICIALLY OWNED	PERCENTAGE OF COMMON STOCK BEFORE OFFERING	PERCENTAGE OF COMMON STOCK AFTER OFFERING
5% STOCKHOLDERS:			
Vanenburg Group, B.V.(1)	5,899,534	21.5%	
Entities affiliated with New Enterprise Associates(2)	2,469,001	9.0	
Entities affiliated with Walden Ventures(3)	1,414,667	5.2	
Entities affiliated with T-Venture(4)	1,974,304	7.1	
EXECUTIVE OFFICERS AND DIRECTORS:			
Subrah S. Iyar	5,000,000	18.2	
Min Zhu	5,000,000	18.2	
Somshankar Das(3)	1,414,667	5.2	
Jan Baan(1)	5,899,534	21.5	
Scott Sandell(2)	2,476,058	9.0	
Phillip White(5)	286,937	1.1	
All directors and executive officers as a group (7 persons)(6)	20,277,196	73.6%	

* Less than 1%.

(1) Principal address is Postbus 231, 3880 AE Putten The Netherlands. Mr. Baan disclaims beneficial ownership of these shares, except the extent of his pecuniary interest in Vanenburg Group.

(2) Principal address is 2490 Sand Hill Road, Menlo Park, CA 94025. Includes 2,450,669 shares of common stock held by New Enterprise Associates VIII Limited Partnership, 16,666 shares of common stock held by NEA Presidents Fund, L.P. and 1,666 shares held by NEA Ventures 1999, Limited Partners. Mr. Sandell disclaims beneficial ownership of these shares except to the extent of his pecuniary interest in entities affiliated with New Enterprise Associates.

(3) Principal address is 361 Lytton Avenue, Second Floor, Palo Alto, CA 94301. Includes 123,784 shares of common stock held by WIIG-TDF Partners, LLC, 53,050 shares of common stock held by Walden EDB Partners II, L.P., 1,214,810 shares of common stock held by Pacven Walden Ventures IV, L.P. and 23,023 shares held by Pacven Walden Ventures IV Associates Fund, L.P. Mr. Das disclaims beneficial ownership of these shares except to the extent of his pecuniary interest in entities affiliated with Walden Ventures.

(4) Principal address is Godesberger Alle 73, 53175 Bonn, Germany. Includes 1,517,391 shares of common stock and a warrant to purchase 450,000 shares of common stock held by T-Venture and 6,913 shares of common stock held by 2. Dr. Kuehr & Partner GbR.

(5) Includes 120,000 shares of common stock subject to WebEx's right of repurchase and 150,000 shares issuable under immediately exercisable options and subject to WebEx's right of repurchase.

(6) Includes 120,000 shares of common stock subject to WebEx's right of repurchase and 150,000 shares issuable under immediately exercisable options and subject to WebEx's right of repurchase.

Description of Capital Stock

The following information gives effect to our reincorporation into Delaware and the conversion of all outstanding preferred stock, including the shares of Series C and Series D preferred stock issued in 2000 and 450,000 shares of Series C preferred stock issuable upon exercise of a warrant, into common stock upon completion of this offering. Upon completion of this offering our authorized capital stock will consist of 250,000,000 shares of common stock and 5,000,000 shares of preferred stock.

Common Stock

As of December 31, 1999, there were 27,414,194 shares of common stock outstanding held by approximately 85 stockholders of record.

Subject to preferences that may be applicable to any preferred stock outstanding at the time, the holders of common stock are entitled to the following:

Dividends

Holders of common stock are entitled to receive dividends out of assets legally available for the payment of dividends at the times and in the amounts as the board of directors from time to time may determine.

Voting

Holders of common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders, including the election of directors, and will not have cumulative voting rights unless we are subject to Section 2115 of the California Corporations Code. Cumulative voting means that the holders of a majority of the shares voted can elect all of the directors then standing for election.

Preemptive Rights, Conversion and Redemption

The common stock is not entitled to preemptive rights and is not subject to conversion or redemption.

Liquidation, Dissolution and Winding-up

Upon liquidation, dissolution or winding-up of WebEx, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation of any preferred stock.

Each outstanding share of common stock is, and all shares of common stock to be outstanding upon completion of this offering will be, upon payment therefore, duly and validly issued, fully paid and nonassessable.

Preferred Stock

The board of directors is authorized, without action by the stockholders, to designate and issue up to 5,000,000 shares of preferred stock in one or more series. The board of directors can fix the rights, preferences and privileges of the shares of each series and any qualifications, limitations or restrictions on these shares.

The board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of common stock.

The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of delaying, deferring or preventing a change in control of WebEx. We have no current plans to issue any shares of preferred stock.

Warrants

In June 1999 we issued a warrant to purchase an aggregate of 450,000 shares of Series C preferred stock at an exercise price of $0.01 per share. This warrant expires on April 30, 2000. In March 2000 we issued a warrant to purchase an aggregate of 339,915 shares of Series D preferred stock at an exercise price of $12.50 per share. This warrant expires on March 29, 2002.

Registration Rights

Upon completion of this offering, the holders of 16,706,943 shares of common stock issuable upon conversion of the Series A, B, C and D preferred stock and upon the exercise of warrants have the right to cause us to register these shares under the Securities Act as follows:

- DEMAND REGISTRATION RIGHTS. At the earlier of December 17, 2003 or nine months after this offering, one or more holders of 25% of the common stock issued upon conversion of Series A, B, C or D preferred stock may request that we register their shares.

- PIGGYBACK REGISTRATION RIGHTS. The holders of registrable securities may request to have their shares registered anytime we file a registration statement to register any of our securities for our own account or for the account of others subject to a pro rata cutback to a minimum of 20% of any offering other than our initial public offering.

- S-3 REGISTRATION RIGHTS. The holders of registrable securities have the right to request registrations on Form S-3 if we are eligible to use Form S-3 and have not already effected two such S-3 registrations within the past 12 months and if the aggregate proceeds are at least $500,000.

Registration of shares of common stock pursuant to the exercise of demand registration rights, piggyback registration rights or S-3 registration rights under the Securities Act would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of such registration. WebEx will pay all registration expenses, other than underwriting discounts and commissions, in connection with any registration. The registration rights terminate two years after completion of this offering, or, as to each holder of registrable securities, when the holder can sell all of the holder's shares in any 90-day period under Rule 144 under the Securities Act.

Section 2115

We are currently subject to Section 2115 of the California General Corporation Law. Section 2115 provides that, regardless of a company's legal domicile, some provisions of California corporate law will apply to that company if more than 50% of its outstanding voting securities are held of record by persons having addresses in California and the majority of the company's operations occur in California. For example, while we are subject to Section 2115, stockholders may cumulate votes in electing directors. This means that each stockholder may vote the number of votes equal to the number of candidates multiplied by the number of votes to which the stockholder's shares are normally entitled in favor of one candidate. This potentially allows minority stockholders to elect some members of the board of directors. When we are no longer subject to Section 2115, cumulative voting will not be allowed and a holder of 50% or more of our voting stock will be able to control the election of all directors. In addition, Section 2115 has the following effects:

- enables removal of directors with or without cause with majority stockholder approval;

- places limitations on the distribution of dividends;

- extends additional rights to dissenting stockholders in any reorganization, including a merger, sale of assets or exchange of shares; and - provides for information rights and required filings in the event we effect a sale of assets or complete a merger.

We anticipate that our common stock will be qualified for trading as a national market security on the Nasdaq National Market and that we will have at least 800 stockholders of record by the record date for our annual meeting of stockholders in 2001. If these two conditions occur, then we will no longer be subject to Section 2115 as of the record date for our 2000 annual meeting of stockholders.

Delaware Anti-takeover Law and Certain Charter Provisions

Delaware Takeover Statute

We are subject to Section 203 of the Delaware General Corporation Law, which, subject to some exceptions, prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that such stockholder became an

interested stockholder, unless:

- prior to this date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (x) by persons who are directors and also officers and (y) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or - on or subsequent to such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines an interested stockholder as any entity or person who, together with affiliates and associates owns, or within three years, did own, beneficially 15% or more of the outstanding voting stock of the corporation. Section 203 defines business combination to include:

- any merger or consolidation involving the corporation and the interested stockholder; and - any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder.

- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or - the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

Certificate of Incorporation and Bylaws

UNDESIGNATED PREFERRED STOCK. Under our certificate of incorporation, the board of directors has the power to authorize the issuance of up to 5,000,000 shares of preferred stock and to determine the price, rights, preferences, privileges and restrictions, including voting rights, of those shares without further vote or action by the stockholders. The issuance of preferred stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, may:

- delay, defer or prevent a change in control of WebEx;

- discourage bids for the common stock at a premium over the market price of our common stock;

- adversely affect the voting and other rights of the holders of our common stock; and - discourage acquisition proposals or tender offers for our shares and, as a consequence, inhibit fluctuations in the market price of our shares that could result from actual or rumored takeover attempts.

ELECTION AND REMOVAL OF DIRECTORS. Under our certificate of incorporation, our board of directors is divided into three classes. The directors in each class will serve for a three-year term, one class being elected each year by our stockholders. This classified system may discourage a third party from making a tender offer or otherwise attempting to obtain control of us because it makes it more difficult for stockholders to replace a majority of the directors.

ADVANCE NOTICE PROVISIONS. Our bylaws establish advance notice procedures for stockholder proposals and nominations of candidates for election as directors other than nominations made by or at the direction of the board of directors or a committee of the board.

SPECIAL MEETING REQUIREMENTS. Our bylaws provide that special meetings of stockholders be called by the chairman of the board, the chief executive officer or the board of directors.

CUMULATIVE VOTING. Both our certificate of incorporation and our bylaws do not provide for cumulative voting in the election of directors.

The provisions described above may only be amended by approval of the holders of at least 66 2/3% of the outstanding common stock and may have the effect of deterring a hostile takeover or delaying a change of control or management of WebEx.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is .

Nasdaq National Market Listing

We have applied to have our common stock quoted on the Nasdaq National Market under the symbol "WEBX."

Shares Eligible for Future Sale

Prior to this offering there has been no public market for our common stock, and we cannot predict the effect, if any, that market sales of shares or the availability of shares for sale will have on the market price prevailing from time to time. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale.

Nevertheless, sales of substantial amounts of our common stock in the public market after the restrictions lapse could cause the market price of our common stock to decline.

When this offering is completed, we will have a total of shares of common stock outstanding, assuming no exercise of outstanding options. The shares offered by this prospectus will be freely tradable unless they are purchased by our "affiliates," as defined in Rule 144 under the Securities Act of 1933. The remaining shares are "restricted," which means they were originally sold in offerings that were not subject to a registration statement filed with the Securities and Exchange Commission. These restricted shares may be resold only through registration under the Securities Act of 1933 or under an available exemption from registration, such as provided through Rule 144.

Eligibility of Restricted Shares for Sale in the Public Market

Number Date of Shares

At the effective date..... 180 days after the effective date..... From time to time after 180 days after the effective date...

Lock-up Agreements

All officers, directors and principal stockholders have agreed to a 180-day "lock-up" with respect to these shares. This generally means that they cannot sell these shares during the 180 days following the date of this prospectus. After the 180-day lock-up period, these shares may be sold in accordance with Rule 144. Goldman, Sachs & Co. may release some or all of these shares prior to the expiration of the lock-up period.

Rule 144

In general, under Rule 144, a person or persons whose shares are aggregated, who has beneficially owned restricted securities for at least one year, including the holding period of any holder who is not an affiliate, is entitled to sell within any three-month period a number of our shares of common stock that does not exceed the greater of:

- 1% of the then outstanding shares of our common stock, which will equal approximately shares upon completion of this offering; or - the average weekly trading volume of our common stock on the Nasdaq National Market during the four calendar weeks preceding the date on which notice of sale is filed with the Securities and Exchange Commission.

Sales under Rule 144 are subject to restrictions relating to manner of sale, notice and the availability of current public information about us. Under Rule 144 and subject to volume limitations, of the restricted shares will be eligible for sale beginning 180 days after the date of the final prospectus and the remaining restricted shares will become salable at various times thereafter.

RULE 144(k)

A person who is not deemed an affiliate of ours at any time during the 90 days preceding a sale and who has beneficially owned shares for at least two years, including the holding period of any prior owner who is not an affiliate, would be entitled to sell shares following this offering under Rule 144(k) without regard to the volume limitations, manner of sale provisions, public information or notice requirements of Rule 144.

Rule 701 and Options

Rule 701 permits resales of shares in reliance upon Rule 144 but without compliance with some restrictions, including the holding period requirement, of Rule 144. Any employee, officer or director or consultant who purchased his or her shares pursuant to a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701. Rule 701 permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. Rule 701 further provides that non-affiliates may sell such shares in reliance on Rule 144 without having to comply with the holding period, public information, volume limitation or notice provisions of Rule 144. All holders of Rule 701 shares are required to wait 90 days after the date of this prospectus before selling such shares. However, all shares issued by us pursuant to Rule 701 are subject to lock-up provisions and will only become eligible for sale upon the expiration of 180 days after the date of this prospectus.

Registration

Following this offering, we intend to file a registration statement on Form S-8 under the Securities Act covering shares of common stock subject to outstanding options or issued or issuable under our 1998 Stock Plan, our 2000 Stock Incentive Plan and our 2000 Employee Stock Purchase Plan. Based on the number of shares subject to outstanding options at December 31, 1999, and currently reserved for issuance under these plans, this registration statement would cover approximately shares. This registration statement will automatically become effective upon filing. Shares registered under this registration statement will, subject to Rule 144 volume limitations applicable to our affiliates, be available for sale in the open market immediately after the expiration of the 180-day lock-up agreements. In addition, holders of 16,706,943 shares will be entitled to registration rights. See "Description of Capital Stock -- Registration Rights."

Underwriting

WebEx, Inc. and the underwriters named below (the "Underwriters") have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each Underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman, Sachs & Co., Deutsche Bank Securities Inc., Wit SoundView Corporation and CIBC World Markets Corp. are the representations of the Underwriters.

Underwriters Number of Shares Goldman, Sachs & Co..... Deutsche Bank Securities Inc..... Wit SoundView Corporation..... CIBC World Markets Corp.....

Total.....

If the Underwriters sell more shares than the total number set forth in the table above, the Underwriters have an option to buy up to an additional shares from WebEx to cover such sales. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the Underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the Underwriters by WebEx. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

Paid by WebEx No Exercise Full Exercise

Per Share.....	$	$
Total.....	$	$

Shares sold by the Underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the Underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. Any such securities dealers may resell any shares purchased from the Underwriters to certain other brokers or dealers at a discount of up to $ per share from the initial public offering price. If all the shares are not sold at the initial public offering price, the representatives may change the offering price and the other selling terms.

WebEx, its officers, directors and principal stockholders have agreed with the Underwriters not to dispose of or hedge any of its common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of the representatives. This agreement does not apply to any existing employee benefit plans. See "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for the shares. The initial public offering price will be negotiated among WebEx and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be WebEx's historical performance, estimates of the business potential and earnings prospects of WebEx, an assessment of WebEx's management and the consideration of the above factors in relation to market valuation of companies in related businesses.

The common stock is expected to be quoted on the Nasdaq National Market under the symbol "WEBX".

In connection with the offering, the Underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Underwriters of a greater number of shares than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the common stock while the offering is in progress.

The Underwriters also may impose a penalty bid. This occurs when a particular Underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such Underwriter in stabilizing or short covering transactions.

These activities by the Underwriters may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. These transactions may be effected on the Nasdaq National Market, in the over-the-counter market or otherwise.

At the request of WebEx, the Underwriters are reserving up to shares of the common stock for sale at the initial public offering price to employees, customers and other friends through a directed share program. The number of shares of common stock available for sale to the general public in the public offering will be reduced to the extent these persons purchase these reserved shares. Any shares not so purchased will be offered by the Underwriters to the general public on the same basis as the other shares offered hereby.

The Underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

WebEx estimates that its share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $.

WebEx has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

Legal Matters

Selected legal matters with respect to the validity of the common stock offered by this prospectus are being passed upon for WebEx by Pillsbury Madison & Sutro LLP, Palo Alto, California. Certain attorneys of Pillsbury Madison & Sutro LLP beneficially own an aggregate of 70,000 shares of WebEx common stock. Legal matters in connection with this offering will be passed upon for the Underwriters by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California.

Experts

The consolidated financial statements of WebEx Inc. as of December 31, 1998 and 1999, and for each of the years in the three year period ended December 31, 1999, have been included herein and in the registration statement in reliance on the report of KPMG LLP, independent auditors, appearing elsewhere herein, and upon the authority of that firm as experts in accounting and auditing.

Where You Can Find More Information

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information in the registration statement or the exhibits and schedules which are part of the registration statement. For further information with respect to WebEx and the common stock offered by this prospectus, we refer you to the registration statement and the exhibits and schedules filed as part of the registration statement. You may read and copy any document we file at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public from the SEC's website at www.sec.gov.

Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Securities and Exchange Act, as amended, and will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the SEC's public reference rooms and the website of the SEC.

Webex, Inc.

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Webex, Inc.

Independent Auditors' Report

The Board of Directors WebEx, Inc.

We have audited the accompanying consolidated balance sheets of WebEx, Inc. and subsidiary (the Company), as of December 31, 1998 and 1999, and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for each of the years in the three-year period ended December 31, 1999. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of WebEx, Inc. and subsidiary as of December 31, 1998 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1999, in conformity with generally accepted accounting principles.

/s/ KPMG LLP

Mountain View, California March 30, 2000

Webex, Inc.

Consolidated Balance Sheets (In Thousands, Except Share Data)

	DECEMBER 31, 1998	DECEMBER 31, 1999	DECEMBER 31, 1999 PRO FORMA (UNAUDITED)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 5,522	$ 13,621	
Accounts receivable, net of allowances of $22 and $310, at December 31, 1998 and 1999, respectively	201	2,449	
Prepaid expenses	--	1,299	

Other current assets	36	69	
Total current assets	5,759	17,438	
Property and equipment, net	223	2,167	
Intangibles, net	--	1,520	
Other non-current assets	9	524	
Total assets	$ 5,991	$ 21,649	
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 147	$ 3,435	
Accrued liabilities	252	417	
Accrued commissions	--	296	
Due to related party	400	200	
Deferred revenue	80	2,502	
Total current liabilities	879	6,850	
Total liabilities	879	6,850	
Commitments (note 6)			
Stockholders' equity:			
Preferred stock, no par value; actual -- no shares authorized, issued or outstanding; pro forma -- 5,000,000 shares authorized; no shares issued or outstanding	--	--	--
Convertible preferred stock, no par value; 15,000,000 and 14,599,119 shares authorized at December 31, 1998 and 1999, respectively; 5,742,857 and 13,077,051 shares issued and outstanding at December 31, 1998 and 1999, respectively; aggregate liquidation preference of $7,105 and $29,108 as of December 31, 1998 and 1999, respectively; pro forma -- no shares authorized, issued or outstanding	7,105	29,108	--
Common stock, no par value; 40,000,000 shares authorized; 10,479,373 and 11,047,166 shares issued and outstanding at December 31, 1998 and 1999, respectively; pro forma -- 250,000,000 shares authorized; 24,124,217 shares issued and outstanding	--	--	--
Additional paid-in capital	832	5,184	34,292
Deferred stock-based compensation	(134)	(2,431)	(2,431)
Accumulated deficit	(2,691)	(17,062)	(17,062)
Total stockholders' equity	5,112	14,799	14,799
Total liabilities and stockholders' equity	$ 5,991	$ 21,649	

See accompanying notes to consolidated financial statements

Webex, Inc.

Consolidated Statements of Operations (In Thousands, Except Per Share Data)

Years Ended December 31, 1997 1998 1999

Revenue	$1,289	$ 1,987	$ 2,607
Cost of revenue	192	484	688
Gross profit	1,097	1,503	1,919
Operating expenses			
Sales and marketing	421	2,244	9,319
Research and development	525	1,406	3,361
General and administrative	125	198	1,732

Stock-based compensation	--	92	2,005
Total operating expenses	1,071	3,940	16,417
Operating income (loss)	26	(2,437)	(14,498)
Other income, net	2	102	127
Net income (loss)	$ 28	$(2,335)	$(14,371)
Net income (loss) per share:			
Basic and diluted	$ 0.00	$ (0.23)	$ (1.34)
Shares used in computing net income (loss) per share:			
Basic and diluted	7,192	10,103	10,700

See accompanying notes to consolidated financial statements

Webex, Inc.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) YEARS ENDED DECEMBER 31, 1997, 1998, AND 1999 (IN THOUSANDS, EXCEPT SHARE DATA)

	CONVERTIBLE PREFERRED STOCK		COMMON STOCK		ADDITIONAL	DEFERRED		TOTAL
	SHARES	AMOUNT	SHARES	AMOUNT	PAID-IN CAPITAL	STOCK-BASED COMPENSATION	ACCUMULATED DEFICIT	STOCKHOLDERS' EQUITY (DEFICIT)
Balances at December 31, 1996	--	$ --	5,000,000	$--	$ 21	$ --	$ (384)	$ (363)
Net income	--	--	--	--	--	--	28	28
Issuance of common stock for cash	--	--	5,000,000	--	3	--	--	3
Balances at December 31, 1997	--	--	10,000,000	--	24	--	(356)	(332)
Net loss	--	--	--	--	--	--	(2,335)	(2,335)
Issuance of common stock upon exercise of stock options	--	--	479,373	--	18	--	--	18
Issuance of series A preferred stock	1,144,474	1,288	--	--	--	--	--	1,288
Issuance of series B warrants	--	--	--	--	--	--	564	--
--	564							
Issuance of series B preferred stock upon exercise of warrants	4,598,383	5,817	--	--	--	--	--	--
5,817								
Deferred stock-based compensation	--	--	--	--	226	(226)	--	--
Amortization of stock-based compensation	--	--	--	--	--	92	--	92
Balances at December 31, 1998	5,742,857	7,105	10,479,373	--	832	(134)	(2,691)	5,112
Net loss	--	--	--	--	--	--	(14,371)	(14,371)
Issuance of common stock upon exercise of stock options	--	--	567,793	--	50	--	--	50
Issuance of series C preferred stock	7,334,194	22,003	--	--	--	--	--	22,003
Deferred stock-based compensation	--	--	--	--	4,302	(4,302)	--	--
Amortization of stock-based compensation	--	--	--	--	2,005	--	2,005	
Balances at December 31, 1999	13,077,051	29,108	11,047,166	--	5,184	(2,431)	(17,062)	14,799
Assumed conversion of preferred stock (unaudited)	(13,077,051)	(29,108)	13,077,051	--	29,108	--	--	--
Pro forma balances at December 31, 1999 (unaudited)	--	$ --	24,124,217	$--	$34,292	$(2,431)	$(17,062)	$ 14,799

See accompanying notes to consolidated financial statements F-4

Webex, Inc. and Subsidiary

Consolidated Statements of Cash Flows (In Thousands)

Years Ended December 31, 1997 1998 1999

Cash flows from operating activities:			
Net income (loss)	$ 28	$(2,335)	$(14,371)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Provision for doubtful accounts	--	22	288
Depreciation and amortization	34	57	392
Stock-based expenses	--	656	2,005
Changes in operating assets and liabilities:			
Accounts receivable	(37)	(105)	(2,536)
Prepaid expenses	--	--	(1,299)
Other current assets	9	(31)	(33)
Other non-current assets	12	4	(15)
Accounts payable	(5)	28	1,788
Accrued liabilities	37	205	165
Accrued commissions	--	--	296
Deferred revenue	--	51	2,422
Other	(2)	(20)	--
Net cash provided by (used in) operating activities	76	(1,468)	(10,898)
Cash flows from investing activities:			
Payments of lease deposits	--	--	(500)
Purchases of property and equipment	(74)	(191)	(2,198)
Purchases of intangibles	--	--	(158)
Net cash used in investing activities	(74)	(191)	(2,856)
Cash flows from financing activities:			
Proceeds from issuance of common stock	3	18	50
Net proceeds from issuance of preferred stock	--	7,105	22,003
Payment of amounts due to related party	--	--	(200)
Net cash provided by financing activities	3	7,123	21,853
Increase in cash and cash equivalents	5	5,464	8,099
Cash and cash equivalents at beginning of year	53	58	5,522
Cash and cash equivalents at end of year	$ 58	$ 5,522	$ 13,621
Supplemental disclosures of:			
Noncash investing and financing activities:			
Deferred stock-based compensation	$ --	$ 226	$ 4,302
Accounts payable for acquisition of intellectual property rights and patents	$ --	$ --	$ 1,500
Cash paid for:			
Interest	$ --	$ --	$ 12
Income taxes	$ 6	$ --	$ --

See accompanying notes to consolidated financial statements

Webex, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1997, 1998 AND 1999 (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

(1) Organization and Significant Accounting Policies

(A) Company Background

WebEx was incorporated in February 1995 under the name of Silver Computing, Inc, and subsequently changed its name to Stellar Computing Corporation in June 1997, to ActiveTouch Systems, Inc. in December 1997, to ActiveTouch, Inc. in May 1998, and finally to WebEx, Inc. in December 1999. WebEx is a provider of multimedia infrastructure for real-time collaboration on the web. WebEx provides a globally distributed network services and application platform for powering real-time, interactive multimedia communications through websites. WebEx provides its services, based on its platform, to companies seeking to meeting-enable their websites and to partners who can embed WebEx's services into their offerings.

(B) Basis of Presentation

The accompanying consolidated financial statements include the accounts of WebEx and its wholly owned subsidiary, Golden Age International (Golden or the Subsidiary) (collectively, WebEx). All significant intercompany accounts and transactions have been eliminated in consolidation.

(C) Revenue Recognition

WebEx recognizes revenue in accordance with the provisions of Statement of Position (SOP) 97-2, Software Revenue Recognition, as amended by SOP 98-4, Deferral of the Effective Date of a Provision of SOP 97-2, and SOP 98-9, Modification of SOP 97-2, Software Revenue Recognition with Respect to Certain Transactions. SOP 97-2 generally requires revenue earned on software arrangements involving multiple elements such as software products, upgrades, enhancements, post-contract customer support, installation, and training to be allocated to each element based on the relative fair values of the elements. The fair value of the element must be based on evidence that is specific to the vendor. If a vendor does not have evidence of the fair value for all elements in a multiple-element arrangement, all revenue from the arrangement is deferred until such evidence exists or until all elements are delivered. If the customer does not have the contractual right or capability to utilize hosted software, the revenue from the software and hosting arrangement is recognized over the term of the hosting arrangement.

Revenue in 1997 and 1998 is substantially composed of contract development services provided to third parties prior to the commercial launch of WebEx's web communications services. Revenue in 1999 is entirely composed of web communications services.

Web communications services revenue is generated through a variety of contractual arrangements that involve subscription services, revenue sharing arrangements, pay-per-use services and hosted software services. Subscription services revenue is recognized ratably over the non-cancelable contractual term of the service arrangement and includes set-up and installation fees and concurrent-user subscription

fees. Pay-per-use services revenue is recognized as the service is used. Hosted software services revenue is recognized ratably over the non-cancelable contractual term of the service arrangement and includes set-up and installation fees, software-use licenses, service charges for hosting the application on a WebEx server, and post-contract customer support service fees.

During 1998 and early 1999, WebEx sold a limited number of perpetual software license agreements for software delivered to customers. Revenue from perpetual software license agreements is recognized upon shipment of the software when all of the following criteria have been met:

Webex, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 1997, 1998 AND 1999 (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA) persuasive evidence of an arrangement exists; delivery has occurred; the fee is fixed or determinable; and collectibility is probable.

Revenue related to contract development services is recognized as the services are performed.

Cost of revenue consists of direct expenses incurred in supporting the web communications services including delivering of services to websites and support to customers. Such expenses include the costs of making services available on websites, Internet communication access costs, personnel and equipment costs and depreciation and amortization associated with (1) initial set up and branding, (2) hosting the service, and (3) technical support and training.

Deferred revenue includes amounts billed to customers for which revenues have not been recognized, which generally result from the following: (1) deferred installation and set-up; (2) customer advances received under revenue sharing arrangements; (3) deferred maintenance and support; and (4) amounts billed to customers under hosting arrangements.

(D) Initial Public Offering and Unaudited Pro Forma Information

In fiscal 2000, the Board of Directors authorized the filing of a registration statement with the Securities and Exchange Commission (SEC) that would permit WebEx to sell shares of WebEx's common stock in connection with a proposed initial public offering (IPO). If the offering is consummated under the terms presently anticipated, all the then outstanding shares of WebEx's convertible preferred stock will automatically convert into shares of common stock on a one-for-one basis upon the closing of the proposed IPO. The unaudited pro forma balance sheet information reflects the conversion of all of the convertible preferred stock as if it had occurred on December 31, 1999.

Pro forma basic and diluted net loss per share for the year ended December 31, 1999, is presented below to reflect per share data assuming the conversion of all outstanding shares of convertible preferred stock into common stock on a one-for-one basis, as if the conversion had taken place at the beginning of 1999, or at the date of issuance if later.

YEAR ENDED DECEMBER 31, 1999 (UNAUDITED)

Pro forma basic and diluted net loss per share.....	$ (0.83)
Shares used in computing pro forma basic and diluted net loss per share.....	17,246,006

(E) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments such as money market funds with remaining maturities of less than three months at date of purchase.

(F) Restricted Cash

Included in other non-current assets on the consolidated balance sheet at December 31, 1999 is $500 of restricted cash to support a letter of credit provided as a security deposit on WebEx's leased facility. The deposit is required for the full 5-year term of the lease, but the amount can be reduced if WebEx meets conditions specified in the lease agreement.

Webex, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 1997, 1998 AND 1999 (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

(G) Financial Instruments and Concentrations of Credit Risk

The carrying value of WebEx's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, accrued commissions, accrued liabilities and due to related party, approximates fair market value due to the short-term nature of these instruments.

Financial instruments that subject WebEx to concentration of credit risk consist primarily of cash and cash equivalents and trade accounts receivable. WebEx is exposed to credit risk related to cash and cash equivalents in the event of default by the financial institutions or the issuers of these investments to the extent of the amounts recorded on the consolidated balance sheets. Credit risk is concentrated in the United States. WebEx performs ongoing credit evaluations of its customers' financial condition, and generally, requires no collateral from its customers. Allowances provide for credit risk on amounts due from customers.

(H) Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, generally three years. Leasehold improvements are amortized over the shorter of the estimated useful lives of the improvements or the remaining lease term.

(I) Intangibles

Intangible assets consist of purchased intellectual property rights, trademarks, and domain name. Amortization is calculated using the straight-line method over the estimated useful lives of three to ten years.

(J) Research and Development

Research and development costs are expensed as incurred until technological feasibility has been established. To date, WebEx's software has been available for internal use and general release concurrent with the establishment of technological feasibility and, accordingly, no costs have been capitalized.

(K) Impairment of Long-lived Assets

WebEx evaluates its long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If the carrying value exceeds the cash flows, such assets are considered to be impaired and the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount of the assets or fair value less costs to sell.

(L) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using F-8

Webex, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 1997, 1998 AND 1999 (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA) enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded against deferred tax assets if it is more likely than not that all or a portion of the deferred tax assets will not be realized.

(M) Stock-based Compensation

WebEx generally grants stock options to its employees for a fixed number of shares with an exercise price equal to the fair value of the shares on the date of grant. As allowed under Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation (SFAS 123), WebEx has elected to follow Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25) and related interpretations in accounting for stock awards to employees. Deferred compensation for options granted to employees is determined as the difference between the deemed fair market value of WebEx's common stock and the exercise price on the date options were granted. Expense associated with stock-based compensation is amortized on an accelerated basis over the vesting period of the individual award consistent with the method described in Financial Accounting Standards Board Interpretation No. 28.

Deferred compensation for options granted to nonemployees has been determined in accordance with SFAS 123 as the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measured. Deferred compensation for options granted to nonemployees is periodically remeasured as the underlying options vest.

(N) Comprehensive Income (Loss)

WebEx did not have any significant components of other comprehensive income (loss) for the years ended December 31, 1997, 1998, and 1999.

(O) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

(P) Net Income (Loss) Per Share

Basic net income (loss) per share is computed using the weighted-average number of outstanding shares of common stock. Diluted net income (loss) per share is computed using the weighted-average number of shares of common stock outstanding and, when dilutive, potential common shares from options and warrants to purchase common stock using the treasury stock method and from convertible securities on an "if-converted" basis.

Webex, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 1997, 1998 AND 1999 (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA) The following potential common shares have been excluded from the computation of diluted net income (loss) per share for 1998 and 1999 because their effect would have been antidilutive:

YEARS ENDED DECEMBER 31, 1997 1998 1999

```
Shares issuable under stock options.......  --      2,676,207     4,675,775
Shares issuable pursuant to warrants......  --             --       450,000
Shares of convertible preferred stock on
  an "as-if" converted basis..............  --      5,742,857    13,077,051
```

The weighted-average exercise price of stock options outstanding as of December 31, 1998 and 1999 was $0.136, and $0.303, respectively. The exercise price of warrants outstanding as of December 31, 1999 was $0.01.

(q) RECENT ACCOUNTING PRONOUNCEMENTS In June 1998, the FASB issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. This statement as amended by SFAS No. 137, Deferral of the Effective Date of FASB Statement No. 133, establishes accounting and reporting standards for derivative instruments and requires recognition of all derivatives as assets or liabilities in the statement of financial position and measurement of those instruments at fair value. The statement is effective for fiscal quarters of all fiscal years beginning after June 15, 200. WebEx will adopt the standard no later than the first quarter of fiscal year 2001 and is in the process of determining the impact that adoption will have on the Company's consolidated financial statements.

In 1998, the American Institute of Certified Public Accountants issued SOP 98-9, Modification of SOP 97-2, Software Revenue Recognition with Respect to Certain Transactions, which WebEx will adopt for transactions entered into beginning January 1, 2000. In December 1999, the Securities and Exchange Commission published Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements. This staff accounting bulletin summarizes certain of the staff's views in applying generally accepted accounting principles to revenue recognition in financial statements and provides interpretations regarding the application of generally accepted accounting principles to revenue recognition where there is an absence of authoritative literature addressing a specific arrangement or a specific industry. The Company believes its revenue recognition practices comply with the applicable guidance in these recent publications.

(r) ADVERTISING COSTS WebEx's policy is to expense advertising costs as incurred. WebEx's advertising and promotion expense was $11, $368 and $2,912 for the years ended December 31, 1997, 1998, and 1999, respectively. At December 31, 1999, included in prepaid expenses is $1,299 relating to prepaid production and media costs for a January 2000 television advertising campaign.

Webex, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 1997, 1998 AND 1999 (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

(2) Property and Equipment

Property and equipment as of December 31, 1998 and 1999, consisted of the following:

1998 1999

Computer equipment and software	$ 274	$2,057
Office furniture and fixtures	64	440
Leasehold improvements	--	24
Vehicles	--	15
	338	2,536
Less accumulated depreciation and amortization	(115)	(369)
	$ 223	$2,167

Depreciation and amortization expense for the years ended December 31, 1997, 1998, and 1999 was $34, $57, and $254, respectively.

(3) Intangibles

Intangible assets as of December 31, 1998 and 1999, consisted of the following:

1998 1999

Intellectual property rights	$ --	$1,500
Trademark and domain name	--	158
	--	1,658
Less accumulated amortization	--	(138)
	$ --	$1,520

Amortization expense for the years ended December 31, 1997, 1998 and 1999 was $0, $0 and $138, respectively.

(4) Stockholders' Equity

(A) Convertible Preferred Stock

Convertible preferred stock outstanding as of December 31, 1999, is as follows:

	SHARES AUTHORIZED	ISSUED AND OUTSTANDING	CARRYING VALUE
Series:			
A	1,144,474	1,144,474	$ 1,288
B	4,598,383	4,598,383	5,817
C	8,856,262	7,334,194	22,003
	14,599,119	13,077,051	$29,108

Webex, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 1997, 1998 AND 1999 (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA) Rights, preferences, and privileges of the holders of Series A, B, and C convertible preferred stock are as follows:

- Dividends are noncumulative and payable only upon declaration by WebEx's Board of Directors at a rate of $0.1125, $0.1265, and $0.24 per share for Series A, B, and C preferred stock, respectively.

- Holders of Series A, B, and C preferred stock have a liquidation preference of $1.125, $1.265, and $3.00 per share, respectively, plus any declared but unpaid dividends over holders of common stock and other junior equity securities.

- Each share of Series A, B, and C preferred stock is convertible at any time into one share of common stock subject to certain antidilution provisions. All shares will convert to common stock automatically on the date WebEx successfully completes an initial public offering if share price is at least $10.00 per share and aggregate proceeds exceed $20,000.

- Each holder of preferred stock has voting rights equal to the number of shares of common stock into which such shares could be converted.

(b) WARRANTS

In connection with customer acquisition efforts, on May 5, 1998 WebEx issued exercisable warrants to purchase 4,598,383 shares of Series B Preferred Stock, at an exercise price of $1.265 per share expiring August 17, 1998. The fair value of the warrants issued of $564 was charged to sales and marketing expense for the year ended December 31, 1998. The fair value of the warrant was calculated using the Black-Scholes pricing model with the following assumptions: contractual life of 106 days, volatility of 70%, risk free interest rate of 5.5% and zero dividends. On August 14, 1998, the warrants were exercised.

On April 30, 1999, WebEx issued warrants to purchase 450,000 shares of Series C Preferred Stock at an exercise price of $0.01 per share expiring April 30, 2000. The warrants become exercisable if the recipient fulfills a performance commitment to enter into a revenue sharing arrangement or upon the occurrence of an initial public offering. No accounting for the cost of the fair value of the warrants has been made as neither condition was probable of fulfillment at December 31, 1999. If a performance requirement for vesting and exercisability is fulfilled prior to expiration, the fair value of the warrants measured as of that date will be charged to expense.

(c) STOCK PLANS

WebEx is authorized to issue up to 6,400,000 shares of common stock in connection with its 1998 stock option plan (the Plan) to directors, employees and consultants. The Plan provides for the issuance of incentive stock options or nonstatutory stock options. In February and March 2000 the Company increased the number of common stock reserved for issuance under the Stock Plan by an aggregate of 4,000,000 shares.

Under the Plan, vesting begins on the date of grant with 25% of the rights becoming vested one year after the grant date. The remaining 75% of the rights become vested at the rate of 2.08% per month, with 100% vesting occurring on the fourth anniversary of the grant date. Options generally expire in 10 years; however, expiration may occur earlier in the event of termination or death.

Webex, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 1997, 1998 AND 1999 (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA) The exercise price for stock options is not less than 85%, in the case of nonqualified stock options, and 100%, in the case of incentive stock options, of the fair market value of the underlying common stock on the date of grant.

Effective March 2000, the Plan was amended to include the issuance of stock purchase rights that are subject to a restricted stock purchase agreement whereby WebEx has the right to repurchase stock upon the voluntary or involuntary termination of the purchaser's employment with WebEx at the original issuance cost. WebEx's repurchase right lapses at a rate determined by the stock option plan administrator, which includes a minimum rate of 20% per year.

(d) STOCK-BASED COMPENSATION WebEx uses the intrinsic-value method in accounting for its employee stock-based compensation plans. In 1998 and 1999 WebEx recorded deferred stock-based compensation for the difference at the grant date between the exercise price of each stock option granted and the fair value of the underlying common stock.

The amortization of deferred stock-based compensation, combined with the expense associated with stock options granted to non-employees, relates to the following items in the accompanying consolidated statements of operations:

YEARS ENDED DECEMBER 31, 1997 1998 1999

Sales and marketing	--	33	720
Research and development	--	49	113
General and administrative	--	10	1,172
Total	$--	$92	$2,005

Had compensation costs been determined in accordance with SFAS No. 123 for all of WebEx's stock-based compensation plans, net income (loss) and basic and diluted net income (loss) per share would have been as follows:

YEARS ENDED DECEMBER 31, 1997 1998 1999

Net income (loss):			
As reported	$ 28	(2,335)	(14,371)
Pro forma	28	(2,350)	(14,434)
Basic and diluted net earnings (loss) per share:			
As reported	$ --	(0.23)	(1.34)
Pro forma	--	(0.23)	(1.35)

The fair value of each option was estimated on the date of grant using the minimum value method with the following weighted-average assumptions: no dividends, risk free interest rate of 5.0% and 5.78% for the years ended December 31, 1998 and 1999, respectively, and expected life of 3.5 years for both 1998 and 1999.

Webex, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 1997, 1998 AND 1999 (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA) A summary of the status of WebEx's options under the Plan for the years ended December 31, 1998 (the year of inception) and 1999 is as follows:

	1998		1999	
	NUMBER OF SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER OF SHARES	WEIGHTED-AVERAGE EXERCISE PRICE
Outstanding at beginning of year	--	$ --	2,676,207	$0.136
Granted	3,193,080	0.121	3,296,861	0.389
Exercised	(479,373)	0.043	(567,793)	0.172
Canceled	(37,500)	0.050	(729,500)	0.182
Outstanding at end of year	2,676,207	0.136	4,675,775	0.303
Options exercisable at end of year	179,246	0.052	1,440,577	0.239
	NUMBER OF SHARES	WEIGHTED-AVERAGE FAIR VALUE	NUMBER OF SHARES	WEIGHTED-AVERAGE FAIR VALUE

Options granted during the year with exercise prices equal to fair value at date of grant..... 525,000 $0.020 29,167 $0.955 Options granted during the year with exercise prices less than fair value at date of grant..... 2,668,080 $0.127 3,267,694 $1.395 As of December 31, 1999, the exercise prices and weighted average remaining contractual life of outstanding options were as follows:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED-AVERAGE EXERCISE PRICE
$0.050 - 0.250	2,031,914	8.65	$0.161	1,076,518	$0.139
0.350 - 0.500	2,503,861	9.66	$0.351	305,727	$0.350
1.500	140,000	9.12	$1.500	58,332	$1.500
	4,675,775	9.20	$0.303	1,440,577	$0.239

(5) Income Taxes

WebEx's reported income tax expense for the years ended December 31, 1997, 1998, and 1999 differs from the amount obtained by applying the federal statutory income tax rate of 34% to income (loss) before income taxes primarily due to the full valuation allowance recorded against net operating loss tax assets generated during the periods. The Company paid $6 of income taxes in 1997 that is included in other income, net.

Webex, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 1997, 1998 AND 1999 (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA) The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of December 31, 1998, and 1999 are as follows:

1998 1999

Deferred tax assets:		
Reserves and accruals	$ 9	$ 239
State income taxes	1	1
Capital loss carryforward	4	29
Net operating loss and tax credit carryforwards	795	5,225
Gross deferred tax assets	809	5,494
Less valuation allowance	(803)	(5,407)
Total deferred tax assets	6	87
Deferred tax liabilities -- property and equipment	6	87
Net deferred tax assets	$ --	$ --

The net change in the total valuation allowance for the years ended December 31, 1998 and 1999, was a net increase of $801, and $4,604, respectively.

As of December 31, 1999, WebEx has net operating loss carryforwards for federal and California income tax purposes of approximately $13.6 million and $6.8 million, respectively. The federal net operating loss carryforward expires beginning in 2018 through 2019. The California net operating loss carryforward expires primarily beginning in 2003 to 2004.

As of December 31, 1999, WebEx has research and development credit carryovers for federal and California income tax purposes of approximately $122 and $102, respectively. The federal research and experimental credit expires beginning in the year 2019. The California research and experimental credit can be carried forward indefinitely.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management does not believe it is more likely than not that the deferred tax assets will be realized; accordingly, a full valuation allowance has been established and no deferred tax asset is shown in the accompanying consolidated balance sheets.

Federal and California tax laws impose substantial restrictions on the utilization of net operating loss carryforwards in the event of an "ownership change" for tax purposes, as defined in Section 382 of the Internal Revenue Code. WebEx's ability to utilize its net operating loss and tax credit carryforwards may be subject to restriction pursuant to these provisions.

Webex, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 1997, 1998 AND 1999 (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

(6) Commitments

WebEx leases certain equipment and occupies facilities rented under non-cancelable operating leases expiring through 2004.

Future minimum lease payments under the non-cancelable operating leases are as follows:

Year Ending December 31,

2000	$ 779
2001	812
2002	835
2003	856
2004	583
Future minimum lease payments	$3,865

Rent expense under non-cancelable operating leases was $210, $134 and $447 for the years ended December 31, 1997, 1998 and 1999, respectively.

(7) Significant Customer Information and Segment Reporting

SFAS No. 131, Disclosure about Segments of an Enterprise and Related Information, establishes standards for the reporting by business enterprises of information about operating segments, products and services, geographic areas, and major customers. The method for determining what information to report is based on the way that management organizes the operating segments within WebEx for making operational decisions and assessments of financial performance.

WebEx's chief operating decision-maker, as defined in SFAS No. 131, is considered to be the chief executive officer (CEO). The CEO reviews financial information presented on a consolidated basis for purposes of making operating decisions and assessing financial performance. The consolidated financial information is identical to the information presented in the accompanying consolidated statements of operations. Therefore, WebEx has determined that it operates in a single operating segment, specifically, web communications services. For the years ended December 31, 1997, 1998, and 1999 all assets and revenues of WebEx were in the United States.

Significant customer information is as follows:

PERCENT OF TOTAL REVENUE YEAR ENDED DECEMBER 31 1997 1998 1999

Customer A	19%	4%	--
Customer B	13%	--	--
Customer C	17%	20%	--
Customer D	--	30%	--
Customer E	5%	40%	16%

Total revenue for the years ended December 31, 1997 and 1998 relate to contract development services. Total revenue for the year-ended December 31, 1999 relates to web communications services.

Webex, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 1997, 1998 AND 1999 (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

(8) Related Party Transactions

WebEx receives contract-engineering services from an affiliate in China, which is majority owned by an executive officer and major stockholder of WebEx. These companies provided a significant amount of quality assurance testing and software development activities for WebEx. Amounts paid for engineering services to this affiliate for the years ended December 31, 1997, 1998 and 1999 were $0, $20 and $290, respectively.

WebEx recorded revenues of $65, $796 and $418 for the years ended December 31, 1997, 1998 and 1999, respectively, from a software company which is affiliated with a member of the Company's Board of Directors and a holder of 904,474 and 4,598,383 of Series A and Series B preferred stock, respectively.

Due to related party at December 31, 1998 and 1999 represents a note payable to an officer for unpaid compensation. The note is non-interest bearing.

In April 1998, WebEx acquired 100% of the common stock of Golden for $1 cash consideration. A co-founder of WebEx and his spouse, together own nearly 50% of the common stock of WebEx and owned approximately 60% of the common stock of Golden. On the date of acquisition, Golden's assets and liabilities consisted of the following:

Accounts receivable from WebEx..... $ 74 Liabilities to outside third parties..... (44) Net assets acquired..... $ 30 The acquisition was considered a purchase business combination. The excess of the net assets acquired over the cash consideration paid, amounting to $29, has been recorded as a deferred credit on the balance sheet. The deferred credit is being amortized over three years. Pro-forma results of operations for periods prior to the acquisition date have not been presented due to immateriality.

WebEx made payments of $250 to Golden, in relation to research and development activities, for the year ended December 31, 1997.

(9) Subsequent Events

During 1999, 7,334,194 shares of Series C convertible preferred stock were issued at $3.00 per share for net proceeds of $22,003. In January 2000, WebEx issued an additional 787,131 shares of Series C convertible preferred stock at $3.00 per share for proceeds of $2,361. The rights, preferences and privileges of the Series C preferred stock are the same as the Series A and Series B convertible preferred stock, except that the annual dividend rate is $0.24 per share and the liquidation preference is $3.00 per share.

In March 2000, the Company issued 2,052,846 shares of Series D preferred stock at $12.50 per share for net proceeds of 25,661.

In March 2000, the Board of Directors of WebEx approved a loan of $3,600 to the CEO. The loan will mature after two-years, will bear interest at a rate of 6.5% per annum, and will be secured by the personal assets of the CEO.

Back Cover

Sites Powered by WebEx Customer and partner logos appear here with the following language:

TIBCO The Webex Meeting Center enables Tibco to reach more prospects through online sales presentations and demonstrations while reducing travel time and expense. It will also enable Tibco's remote engineering teams to work together on software projects through Tibco's site.

Sales.com As a Webex portal partner, Sales.com provides the WebEx Business Exchange service to its members, enabling them to schedule and conduct Web-based sales meetings, presentations, and demonstrations in their WebEx offices.

Lawson Software With the WebEx OnCall service, Lawson's customer support specialists can simultaneously view their customers' screens as well as take control of the customer's application -- in real time -- to troubleshoot problems and explain how to avoid similar problems in the future.

Juniper Networks Juniper uses the WebEx Meeting Center service to provide online training, customer support, and demonstrations of new products through their web site.

WebEx Logo appear in bottom right hand corner No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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Through and including , 2000 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription. Shares

Webex, Inc.

Common Stock

[Logo]

GOLDMAN, SACHS & CO. DEUTSCHE BANC ALEX. BROWN WIT SOUNDVIEW CIBC WORLD MARKETS Representatives of the Underwriters

Part Ii

Information Not Required in Prospectus

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the various expenses expected to be incurred by the Registrant in connection with the sale and distribution of the securities being registered hereby, other than underwriting discounts and commissions. All amounts are estimated except the Securities and Exchange Commission registration fee and the National Association of Securities Dealers, Inc. filing fee.

Payable by Registrant

SEC registration fee	$ 22,770
National Association of Securities Dealers, Inc. filing fee	9,125
Nasdaq National Market Listing Fee	95,000
Accounting fees and expenses	*
Legal fees and expenses	*
Printing and engraving expenses	*
Blue Sky fees and expenses	*
Registrar and Transfer Agent's fees	*
Miscellaneous fees and expenses	*
Total	$ *

* To be filed by amendment.

Item 14. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law provides for the indemnification of officers, directors and other corporate agents in terms sufficiently broad to indemnify such persons under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act of 1933, as amended (the "Act"). Article XI of the Registrant's Amended and Restated Certificate of Incorporation (Exhibit 3.3 hereto) and Article VI of the Registrant's Amended and Restated Bylaws (Exhibit 3.4 hereto) provide for indemnification of the Registrant's directors, officers, employees and other agents to the extent and under the circumstances permitted by the Delaware General Corporation Law. The Registrant has also entered into agreements with its directors and officers that will require the Registrant, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers to the fullest extent not prohibited by law. The Underwriting Agreement (Exhibit 1.1) provides for indemnification by the Underwriters of the Registrant, its directors and officers, and by the Registrant of the Underwriters, for certain liabilities, including liabilities arising under the Act and affords certain rights of contribution with respect thereto.

The Underwriting Agreement (Exhibit 1.1) provides for indemnification by ourselves, our underwriters and our directors and officers of the underwriters, for certain liabilities, including liabilities arising under the Act and affords certain rights of contribution with respect thereto.

Item 15. Recent Sales of Unregistered Securities

1. From July 23, 1997 to December 31, 1999, the Registrant issued and sold 11,047,166 shares of common stock to employees, directors and consultants at prices ranging from $0.005 to $0.5 per share.

2. From May 1998 to August 1998, the Registrant issued and sold 1,144,474 shares of Series A preferred stock to 2 investors for an aggregate purchase price of $1,287,553.

3. On August 14, 1998, the Registrant issued and sold 4,598,383 shares of Series B preferred stock to 1 investor for an aggregate purchase price of $5,816,944.50.

4. From December 1999 until January 2000, the Registrant issued and sold 8,121,325 shares of Series C preferred stock to a total of 34 investors for an aggregate purchase price of $24,363,978.

5. In June 1999 and in March 2000, the Registrant issued warrants to purchase 450,000 shares of Series C preferred stock and 339,915 shares of Series D preferred stock, respectively, with exercise prices of $0.01 and $12.50, respectively.

6. On March 30, 2000, the Registrant issued and sold 2,052,846 shares of Series D preferred stock to a total of 48 investors for an aggregate purchase price of $25,660,575.

The sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance on Section 4(2) of the Securities Act, or Regulation D promulgated thereunder, or Rule 701 promulgated under Section 3(b) of the Securities Act, as transactions by an issuer not involving a public offering or transactions pursuant to compensatory benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of securities in each of these transactions represented their intention to acquire the securities for investment only and not with view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates and instruments issued in such transactions. All recipients had adequate access, through their relationship with the Registrant, to information about the Registrant.

Item 16. Exhibits and Financial Statement Schedules

(a) EXHIBITS

See exhibits listed on the Exhibit Index following the signature page of the Form S-1, which is incorporated herein by reference.

(b) FINANCIAL STATEMENT SCHEDULES Schedules have been omitted because they are not applicable or not required or because the information is included elsewhere in the Financial Statements or the notes thereto.

Item 17. Undertakings

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Act"), may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, as amended, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the II-2 Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, as amended, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) The Registrant will provide to the underwriters at the closing(s) specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Signatures

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Jose, State of California, on the 31st day of March, 2000.

Webex, Inc.

By /s/ SUBRAH S. IYAR Subrah S. Iyar Chief Executive Officer and Director

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Subrah S. Iyar, Craig Klosterman and Min Zhu, and each of them, his or her true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments, including post-effective amendments, to this Registration Statement, and any registration statement relating to the offering covered by this Registration Statement and filed pursuant to Rule 462(b) under the Securities Act of 1933 and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that each of said attorneys-in-fact and agents or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Name Title Date

/s/ SUBRAH S. IYAR Subrah S. Iyar	Chief Executive Officer and Director (Principal Executive Officer)	March 31, 2000
/s/ CRAIG KLOSTERMAN Craig Klosterman	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 31, 2000

/s/ MIN ZHU President and Director March 31, 2000 Min Zhu /s/ JAN BAAN Director March 31, 2000 Jan Baan

Name Title Date

/s/ SOMSHANKAR DAS Director March 31, 2000 Somshankar Das /s/ SCOTT D. SANDELL Director March 31, 2000 Scott D. Sandell /s/ PHILLIP E. WHITE Director March 31, 2000 Phillip E. White

Exhibit Index

Exhibit Number Description of Document

1.1*	Form of Underwriting Agreement.
3.1	Amended and Restated Articles of Incorporation.
3.2	Amended and Restated Bylaws.
3.3	Restated Certificate of Incorporation, to be effective upon consummation of this offering.

3.4	Amended and Restated Bylaws, to be effective upon consummation of this offering.
4.1*	Form of Common Stock Certificate.
4.2	Amended and Restated Investors Rights Agreement, dated March 30, 2000 by and among the registrant and the parties who are signatories thereto.
4.3	Warrant Agreement to Purchase Shares of Series C Convertible Preferred Stock, dated June 17, 1999, by and between the registrant and T-Venture.
4.4+	Warrant Agreement to Purchase Shares of Series D Preferred Stock, dated March 29, 2000, by and between the registrant and Yahoo! Inc.
5.1*	Opinion of Pillsbury Madison & Sutro LLP.
10.1	Registrant's Amended and Restated 1998 Stock Plan.
10.2	Form of Registrant's 2000 Stock Incentive Plan.
10.3	Form of Registrant's 2000 Employee Stock Purchase Plan.
10.4	Form of Directors and Officers' Indemnification Agreement.
10.5	Employment Agreement, dated August 14, 1998, by and between the registrant and Subrah S. Iyar.
10.6	Employment Agreement, dated August 14, 1998, by and between the registrant and Min Zhu.
10.7	Lease Agreement by and between Corporate Technology Centre Associates II LLC and the registrant, dated June 30, 1999.
23.1	Consent of KPMG LLP.
23.2*	Consent of Pillsbury Madison & Sutro LLP (contained in their opinion filed as Exhibit 5.1).
24.1	Power of Attorney. Reference is made to Page II-4.
27.1	Financial Data Schedule for WebEx, Inc.

* To be filed by amendment.

+ Confidential treatment requested. Confidential portions of the exhibit have been omitted and filed separately with the Commission. </TEXT>