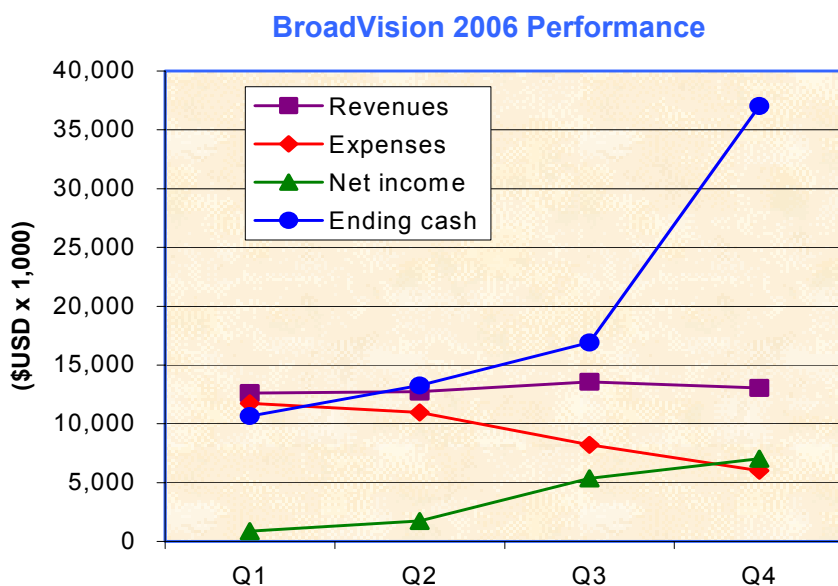




State of the Company

Dear Customer/Partner:

In 2006, our mission was to return BroadVision to profitability, strengthen our balance sheet, and enhance customer satisfaction. We are very pleased to inform you that we have successfully met all those objectives. As you can see in the “Financial Results” article in this issue and the summary chart below, we generated four consecutive quarters of increasing profitability. With \$52 million in total revenues and \$15 million of net income, our 2006 full-year net profit margin reached 29% — an all-time high in our 14 year corporate history. Our balance sheet is now very solid, as our cash balance went up nearly 8 fold — from \$4.8 million at the beginning of the year, to over \$37 million at the end of the year — and we are debt-free.



More importantly, we must point out that these achievements would not have been possible without the strong vote of confidence and continuing support from our loyal customers and partners like you, for which we are deeply appreciative.



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At the beginning of 2006, we embarked on a 24-month turnaround plan. Phase I, focusing on profitability and stabilization, is very well on track as explained above. Phase II, which started at the beginning of 2007, is all about building a platform for growth. “Platform” in this case means both our new technology platform and a comprehensive business platform. For example, to help create the right identity for our new solutions, we’ve updated our logo, which you’ll see in our current marketing collateral. The new logo and tagline, e-business for everyone, will assume a higher profile throughout 2007 as we ramp up our sales and marketing activities. In short, you will see a re-launch of BroadVision, with a new look and new solutions — all from a very solid foundation.

Our new tagline “e-business for everyone” conveys a simple but important message — that we have a comprehensive solution set for everyone and that our sole goal is to make it as easy as possible for everyone to implement and use. From our Kona framework of rich personalization and self-service capabilities, to modular commerce and portal applications, to the new agile Kukini toolset and on-demand offerings, we are committed to making it much easier for you to maximize returns from your web business. Please refer to the “Our Strategic Roadmap and Vision” article for details about these exciting new products.

It has been 14 years since I founded BroadVision. Of the “25 most influential people in global e-business” named by BusinessWeek in 2000, I am probably one of the last few left who is still pursuing the same original vision — a commitment I am most proud of. By the same token, today’s BroadVision is one of the very few “pure play” global providers that remains 100% dedicated to e-business innovation — perseverance that all of our employees thrive on. In fact, I am more excited than ever about BroadVision because we have right-sized our company, making it smaller, but more nimble, which



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has allowed me to focus more on our product strategy as well as stay closer to important customers and partners like you.

Due to this 14-year continuity, we have also accumulated a tremendous amount of e-business knowledge, which can transform into customer benefits in many meaningful ways. By marrying all the best practices from our knowledge base with our new Kona-Kukini solution set (K²), we have invented the K² Methodology (K²M) and applied it thoroughly in our new product developments including BroadVision eMerchandising™ and BroadVision OnDemand™ (both scheduled to be launched in Q2'07). The results have been astounding! Our mission now is to bring both K² and K²M to bear for customers and partners like you, so that you too can enjoy the same cost and time-to-market benefits that we have been able to accrue in our own experience.

Thank you again for your strong support during 2006, which has helped us turn BroadVision around in such a short order. In return, we are working even harder to roll out excellent products and services to you, so that together we can make your e-business even more successful!

Sincerely,

A handwritten signature in black ink, appearing to read "Pehong Chen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Dr. Pehong Chen
President & CEO
BroadVision, Inc.