

**PRESS RELEASE**

**Software AG wins legal dispute in New York: Brazil office to open on January 1<sup>st</sup>, 2008**

- New York's Southern District Court rules in Software AG's favor in dispute with Consist
- Software AG's office in Sao Paulo to start direct sales on January 1st, 2008
- Direct market presence in Brazil expected to contribute revenue of \$20 to \$30 million in 2008
- Group target EBIT margin raised to 23% - 24% in 2008

Darmstadt, Germany, 17.12.2007, Software AG today announced that the legal dispute with Consist, their distributor in Brazil, has been settled in Software AG's favor. The United States District Court for the Southern District New York today decided that Software AG had legally terminated their distribution agreement with Consist. The ruling paves the way for Software AG to start direct operations in Brazil from its Sao Paulo office on Jan 1st, 2008, as planned. Software AG has forecast growth of group revenue in the range of 22%-25% in 2008 at constant currency rates. This includes the direct market presence in Brazil which is expected to provide a revenue contribution of between \$20 million to \$30 million. Based on the court ruling, Software AG does not incur any extraordinary market entry costs and therefore has raised the 2008 target EBIT margin to 23%-24%. Establishing direct activities in Brazil is a major step for Software AG and will support the company in reaching its target of €1 billion revenue even earlier than the planned 2011.

According to Karl-Heinz Streibich, CEO of Software AG, "This is the latest step in our Geographical expansion program and follows successful entries into Japan, South Africa and the Middle East. Customers have benefited greatly from having a direct relationship with Software AG and we look forward to establishing and expanding our Brazil operations. Brazil is a fast growing market, successfully competing on a global basis".

A substantial user base in Brazil is primarily using Software AG's Adabas and Natural products. Software AG has invested extensively in opening and modernizing the Adabas/Natural platform in recent years. As well as major enhancements to performance, accessibility and availability, Adabas and Natural have also been extended into the new world of service based IT, business processes and new development environments. Customers in Brazil contracting directly with Software AG will benefit from this expanded portfolio and Software AG's webMethods product suite.

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Brazil is the largest IT market in Latin America and with mainframe sales growing at an annual rate of 27% since 2003 it is now the world's fifth largest mainframe market by dollar value.

**Software AG | Uhlandstraße 12 | 64297 Darmstadt | Germany**

Software AG's 4,000 global customers achieve measurable business results by modernizing and automating their IT systems and rapidly building new systems to meet growing business demands. The company's industry-leading product portfolio includes best-in-class solutions for managing data, enabling service oriented architecture, and improving business processes. By combining proven technology with industry expertise and best practices, our customers improve and differentiate their businesses - faster. Software AG has more than 37 years of global IT experience and approx. 3,800 employees serving customers in 70 countries. The company is headquartered in Germany and listed on the Frankfurt Stock Exchange (TecDAX, ISIN DE 0003304002 / SOW). Software AG posted total revenues of €483 million in 2006.

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