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ILOG ANNOUNCES 2008 SECOND QUARTER RESULTS

PARIS, France and SUNNYVALE, Calif. – January 31, 2008 – ILOG® (NASDAQ: ILOG; Euronext: ILO, ISIN: FR0004042364) today announced results for the second quarter of fiscal 2008, ended December 31, 2007, highlighted by 22% revenue growth year-over-year. Revenues for the quarter were $48.0 million compared with $39.4 million for the second quarter last year. U.S. GAAP earnings per share were $0.15 compared with $0.05 last year.

"*We had a good quarter in a tough environment with license growth at 23% and significant improvement in our profitability both sequentially and year-over-year,*" said ILOG Chairman and CEO, Pierre Haren. "*The solid sales pipeline resulted in strong growth in our optimization and supply chain applications. We were able to grow our business rule management system (BRMS) sales thanks to the diversification of our BRMS customer base away from financial institutions, achieving notable wins in other industries including transportation and through applications including commissioning, data cleansing and loyalty programs. We were also pleased to meet our revenue target without large deals this quarter, underscoring demand for our products to address today's business challenges across industries and geographies.*"

Revenue Trends
In addition to 23% license growth, ILOG also achieved worldwide revenue increases of 23% in maintenance and 18% in professional services. Revenue growth across all geographies was evenly distributed: Europe revenues rose 25%, the U.S. grew 20% and Asia grew 19%.

Following the acquisition of LogicTools, ILOG's supply chain applications business gathered momentum in the U.S., as witnessed by strong license growth for LogicNet Plus XE® supply chain network planning product. New customers included a leading U.S. chemical company and one of the most-recognized supermarket dairy brands. LogicTools products are in a market development phase in Europe following their official launch there early in the second quarter.

Strong royalty revenues for ILOG's optimization technology and positive momentum of the new release of CPLEX for planning and scheduling applications resulted in 55% year-over-year growth for combined license and maintenance revenues. In addition to revenues from two major Independent Software Vendors and a CPLEX renewal with Areva, the French nuclear energy leader, key optimization deals were signed with a large Spanish water utility and a major German automotive manufacturer.

ILOG's visualization products had 8% combined license and maintenance revenue growth with several notable deals including Alcatel Lucent in Italy for a telecom network management application. ILOG's visualization product line benefits from current trends in the industry for Rich

Internet Applications (RIA) and interactive visualization to support Web 2.0 and business intelligence (BI) initiatives. Early in the second quarter, the company unveiled ILOG Elixir®, a new graphical data display library built on the Adobe Flex® platform, which further strengthens the product line's RIA relevance.

The ILOG BRMS product line achieved combined license and maintenance revenue growth of 9% on top of a very strong comparison base in the second quarter of fiscal year 2007, when growth in that business had neared 40%. In the current year's fiscal quarter, strong demand for BRMS products from a diverse customer base more than offset the dip in the mortgage business in the U.S. Key deals for BRMS in the quarter included repeat business from Greek banking leader Eurobank EFG, which will be further leveraging ILOG JRules for additional applications as the bank expands its business process management (BPM) initiatives. In the U.S., the company also had good diversification across industries outside of financial services for its BRMS products, illustrated by deals with a leading U.S. airline for a loyalty management program and with AT&T. Asia also had strong BRMS demand with a sizeable deal with a large Singapore Ministry and from China Pacific Insurance Co., Ltd.

"*We're seeing growing interest from customers in leveraging our technologies to enhance BI platforms, including BRMS related to operational BI,*" added Haren. "*We look forward to developing this new business opportunity throughout 2008 as we further diversify our BRMS business to supplement their essential nature for BPM and service-oriented- architecture (SOA) markets.*"

Business Outlook
ILOG continues to expect meeting its 20% revenue growth target for fiscal year 2008. However, two factors have had a negative impact on margins: the weaker dollar and the less favorable IT spending environment. Thus ILOG now believes that it is unlikely to overcome in the remaining two quarters of fiscal year 2008 the entire operating profit shortfall from the quarter ended September 30, 2007. Therefore, rather than the $10 million target stated earlier, ILOG now expects to achieve a fiscal year 2008 U.S. GAAP operating profit in excess of $6 million, or 3% of revenues.

Conference Call
ILOG management will be hosting a conference call today at 11 a.m. Eastern Time or 4 p.m. Central European Time to discuss second fiscal quarter results. To listen, please visit http://www.ilog.com/corporate/investor and utilize the WebCast link. To participate, please contact Gavin Anderson at +44 20 7554 1400. A replay of the call will be available later today.

About ILOG
ILOG delivers software and services that empower customers to make better decisions faster and manage change and complexity. Over 3,000 corporations and more than 465 leading software vendors rely on ILOG's market-leading business rule management systems (BRMS), supply chain planning and scheduling applications as well as its optimization and visualization software components, to achieve dramatic returns on investment, create market-defining products and services, and sharpen their competitive edge. ILOG was founded in 1987 and employs more than 860 people worldwide. For more information, please visit http://www.ilog.com.

Forward-looking Information
For purposes herein, ILOG is also referred to as "us", "we" and/or the "Company". Many of the statements included in this release, as well as oral statements that may be made by us or by officers, directors or employees acting on behalf of us, constitute or are based on forward looking

statements within the meaning of the United States Securities laws. All statements other than statements of historical facts, including, among others, statements regarding the implementation of the Company's business strategy, trends in the software industry, the Company's financial outlook, liquidity and working capital, the creation of co-selling and co-marketing relationships and strategic alliances, the increased penetration of the Company's existing customers, the sale of the Company's service packages, the market risks associated with exchange rates, changes in the balance of the classes of the Company's business and other statements relating to the Company's plans, objectives, expectations, intentions, future business development and economic performance are or may be forward looking. In addition to statements that are forward-looking by reason of context, other forward-looking statements generally may be identified by the use of words such as "may", "will", "should", "expect", "estimate", "anticipate", "intend", "plan", "believe", "continue", "outlook", "judgment", "predict" or other similar expressions, although the absence of such words does not necessarily mean that a statement is not forward-looking. These forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that could cause the Company's actual results and outcomes to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. Factors that might cause such a difference include, but are not limited to quarterly fluctuations in our operating results and the price of our Shares or ADSs, factors adversely affecting any one of our three product lines, the need to have sufficient consultants available to staff an unpredictable demand for our consulting services, lost revenues due to consultants with specialized technical expertise occupied on competing consulting engagements, our investments in vertical products which carry high implementation costs that we discount in order to promote customer purchases, intense competition and consolidation in our industry, the extended length and variability of our sales cycle and concentration of transactions in the final weeks of a quarter, which could result in substantial fluctuations in operating results and may prevent accurate forecasting of financial results, the increasing number of consulting engagements, which are exposed to greater risk of non-payment; our dependence on certain major independent software vendors, changing market and technological requirements, our ability to provide professional services activities that satisfy customer expectations, the impact of currency fluctuations on our profitability, changes in tax laws or an adverse tax audit, errors in our software products, the loss of key personnel, logistical difficulties, cultural differences, product localization costs, import and tariff restrictions, adverse foreign tax consequences and fluctuations in currencies resulting from our global operations, the impact of intellectual property infringement disputes, our heavy dependence on our proprietary technology, risks related to consummation and integration of acquisitions and minority investments, the incurrence of debt and contingent liabilities and write-off of expenses resulting from acquisitions or minority investments, the impact of dilutive share issuances, the limitations imposed by French law or our by-laws that may prevent or delay an acquisition by ILOG using its Shares, changes in accounting principles that could affect our operating profits and reported results, and other matters not yet known to us or not currently considered material by us. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are qualified in their entirety by these cautionary statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. Unless required by law, ILOG undertakes no obligation to revise these forward-looking statements to reflect new information or events, circumstances, changes in our expectations or otherwise that arise after the date hereof. Readers should carefully review the events and other matters described in other documents we file or submit from time to time with the United States Securities and Exchange Commission (the "SEC"), including reports on Forms 20F and 6-K submitted by us which are on file with the SEC and available at the SEC's website at http://www.sec.gov/.

ILOG S.A.
Consolidated Income Statements (unaudited)
In U.S. GAAP in thousands of U.S. dollars and thousands of shares, except per share data
(figures in *italics* are in thousands of euros and IFRS)

	Three Months Ended				Six Months Ended			
	December 31 2007	December 31 2006	*December 31 2007*	*December 31 2006*	December 31 2007	December 31 2006	*December 31 2007*	*December 31 2006*
Revenues:								
License fees	$ 23,202	$ 18,871	€ *15,962*	€ *14,446*	$ 38,478	$ 35,063	€ *27,025*	€ *27,154*
Maintenance	13,275	10,796	*9,158*	*8,365*	26,180	21,214	*18,547*	*16,542*
Professional services	11,473	9,685	*7,896*	*7,474*	24,128	18,845	*17,083*	*14,667*
Total revenues	47,950	39,352	*33,016*	*30,285*	88,786	75,122	*62,655*	*58,363*
Cost of revenues:								
License fees	280	251	*193*	*192*	619	481	*440*	*372*
Maintenance	1,353	1,376	*928*	*1,061*	2,555	2,613	*1,798*	*2,028*
Professional services	9,717	7,456	*6,698*	*5,761*	20,276	14,492	*14,350*	*11,280*
Total cost of revenues	11,350	9,083	*7,819*	*7,014*	23,450	17,586	*16,588*	*13,680*
Gross profit	36,600	30,269	*25,197*	*23,271*	65,336	57,536	*46,067*	*44,683*
Operating expenses:								
Marketing and selling	19,106	15,872	*13,047*	*12,259*	35,528	29,901	*24,920*	*23,200*
Research and development	8,900	7,641	*6,058*	*5,982*	18,628	15,169	*13,075*	*11,862*
General and administrative	6,074	5,668	*4,227*	*4,304*	11,732	10,348	*8,259*	*7,934*
Total operating expenses	34,080	29,181	*23,332*	*22,545*	65,888	55,418	*46,254*	*42,996*
Income (loss) from operations	2,520	1,088	*1,865*	*726*	(552)	2,118	*(187)*	*1,687*
Net interest income and other	489	558	*317*	*414*	1,097	1,136	*740*	*852*
Income (loss) before taxation	3,009	1,646	*2,182*	*1,140*	545	3,254	*553*	*2,539*
Income taxes expense	232	675	*158*	*510*	380	1,036	*266*	*793*
Net income of fully consolidated subsidiaries	2,777	971	*2,024*	*630*	165	2,218	*287*	*1,746*
Equity (loss) in earnings of affiliates	68	(79)	*47*	*(60)*	112	(79)	*78*	*(60)*
Net income	$ 2,845	$ 892	€ *2,071*	€ *570*	$ 277	$ 2,139	€ *365*	€ *1,686*
Earnings per share								
- Basic	$ 0.15	$ 0.05	€ *0.11*	€ *0.03*	$ 0.01	$ 0.12	€ *0.02*	€ *0.09*
- Diluted	$ 0.15	$ 0.05	€ *0.11*	€ *0.03*	$ 0.02	$ 0.12	€ *0.02*	€ *0.09*
Share and share equivalents used in per share calculations								
- Basic	18,560	18,225	*18,560*	*18,225*	18,549	18,143	*18,549*	*18,143*
- Diluted	18,409	18,607	*18,421*	*18,598*	18,390	18,476	*18,415*	*18,459*

ILOG S.A.

Condensed Consolidated Balance Sheets (unaudited)

In thousands of U.S. dollars

(figures in *italics* are in thousands of euros and IFRS)

	December 31 2007	June 30 2007	*December 31 2007*	*June 30 2007*
Assets				
Current assets:				
Cash and cash equivalents	$ 62,872	$ 46,040	€ *43,017*	€ *40,781*
Short-term investments	21	8,616	*-*	*-*
Accounts receivable	39,708	42,161	*26,973*	*31,219*
Other receivables and prepaid expenses	14,318	12,873	*8,890*	*8,656*
Total current assets	116,919	109,690	*78,880*	*80,656*
Long-term assets:				
Tangible and intangible assets - net	16,019	16,480	*10,881*	*12,204*
Other long-term assets	21,611	18,958	*16,820*	*16,346*
Total long-term assets	37,630	35,438	*27,701*	*28,550*
Total assets	$ 154,549	$ 145,128	€ *106,581*	€ *109,206*
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and other current liabilities	$ 28,963	$ 28,465	€ *19,674*	€ *21,266*
Current portion of capital lease obligations	103	206	*70*	*153*
Deferred revenue	32,195	32,884	*21,875*	*24,353*
Total current liabilities	61,261	61,555	*41,619*	*45,772*
Long-term liabilities:				
Long-term portion of capital lease obligations	-	17	*-*	*12*
Other long-term liabilities	4,063	2,536	*2,727*	*1,690*
Total long-term liabilities	4,063	2,553	*2,727*	*1,702*
Total liabilities	65,324	64,108	*44,346*	*47,474*
Shareholders' equity:				
Paid-in capital	101,893	98,962	*52,359*	*50,635*
Treasury stock	(9,000)	(8,511)	*(7,300)*	*(6,912)*
Accumulated deficit and other	(3,668)	(9,431)	*17,176*	*18,009*
Total Shareholders' equity	89,225	81,020	*62,235*	*61,732*
Total liabilities and shareholders' equity	$ 154,549	$ 145,128	€ *106,581*	€ *109,206*

ILOG S.A.
Condensed Consolidated Statements of Cash Flow (unaudited)
In thousands of U.S. dollars
(figures in *italics* are in thousands of euros and IFRS)

	Six Months Ended			
	December 31 2007	December 31 2006	*December 31 2007*	*December 31 2006*
Cash flows from operating activities:				
Net Income	$ 277	$ 2,139	€ *365*	€ *1,686*
Depreciation and amortization	1,999	1,189	*1,403*	*1,008*
Share-based compensation	1,865	1,244	*946*	*665*
Deferred income taxes	139	867	*102*	*723*
Unrealized (gain) loss on derivative instruments	(121)	(102)	*(79)*	*(75)*
(Gain) loss of equity in affiliates	(112)	79	*(78)*	*60*
Change in working capital	1,233	(5,977)	*1,310*	*(4,459)*
Net cash provided (used) by operating activities	5,280	(561)	*3,969*	*(392)*
Cash flows from investing activities:				
Acquisition of fixed assets and business	(1,522)	(7,463)	*(1,082)*	*(5,822)*
Loans and interests on loans	(590)	-	*(402)*	-
Sale (Purchase) of short term investments, net	8,731	(127)	-	-
Net cash (used in) provided by investing activities	6,619	(7,590)	*(1,484)*	*(5,822)*
Cash flows from financing activities:				
Repayment of capital lease obligations	(135)	(193)	*(95)*	*(152)*
Cash proceeds from issuance of shares	1,066	1,933	*777*	*1,503*
Purchase of treasury stock	(489)	(1,358)	*(389)*	*(1,044)*
Net cash provided by financing activities	$ 442	$ 382	€ *293*	€ *307*
Impact of exchange rate changes on cash and cash equivalents	4,491	1,588	*(542)*	*(363)*
Net increase (decrease) in cash, cash equivalents	16,832	(6,181)	*2,236*	*(6,270)*
Cash and cash equivalents, beginning of period	46,040	61,442	*40,781*	*54,469*
Cash and cash equivalents, end of period	$ 62,872	$ 55,261	€ *43,017*	€ *48,199*

Discussion of Income Statement for the Quarter Ended December 31, 2007

Revenues and Gross Margin

Revenues in the quarter increased to $48.0 million from $39.4 million, or by 22%, compared to the same quarter in the previous year. Because of a stronger euro, at an average exchange rate of €1 = $1.45 compared to €1 = $1.29 in the same quarter last year, revenues expressed at prior year constant currency rates increased by a lower percentage of 16%.

Revenues by region were as follows (in thousands):

	Three Months Ended		Change	
	December 31 2007	December 31 2006	As Reported	Constant $
North America	$ 21,420	$ 17,905	20%	20%
Europe	22,038	17,657	25%	13%
Asia Pacific	4,492	3,790	19%	11%
Total revenues	$ 47,950	$ 39,352	22%	16%

License fee revenues increased by 23% compared to the same quarter last year as a result of strong activity across all geographies and industries, in particular for our optimization product line. Maintenance revenues grew 23% in the quarter compared to the same quarter last year. This increase is the ongoing result of ILOG's growing installed base and an excellent renewal rate of our maintenance contracts.

Professional services revenues continued to grow, posting an increase of 18% in the quarter compared to the same quarter last year. This overall growth of our professional services revenues was lower than in the previous quarters due to slower growth in North America as a consequence of a lower number of engagements. The level of utilization of our consultants has been negatively impacted by the rapid decrease of our mortgage-related consulting contracts. The resulting underutilization of our consulting resources affected the related gross margin for the quarter at 15% compared to 23% for the same period in the preceding year.

Operating Expenses

The 17% increase in operating expenses over the same quarter last year is in line with management forecasts, and is primarily due to the addition of LogicTools, as well as additional hiring in China and consulting staff, and also the stronger euro that mainly affects our French-based research and development activities.

On December 31, 2007, ILOG had 865 employees, at the same level as September 30, 2007, and higher than 775 one year earlier. This increase is mainly due to the integration of LogicTools' 43 employees and the hiring in China of 30 people for the Shanghai Development Center specialized in consulting and pre-sales activities.

Research and development costs include a French research tax credit in the quarter for $1.6 million, the same amount was recorded in the same quarter last year. This $1.6 million tax credit is recorded as a reduction of the research and development costs and relates to research costs incurred in calendar 2007. A new and more favorable tax law will be applicable in calendar 2008. The portion of the tax credit calculated as a percentage of the costs related to eligible research projects will significantly increase and be more predictable. As a result, commencing in March 2008, we will accrue for this portion of the 2008 calendar French research tax credit every quarter.

ILOG also recorded as part of its general and administrative expenses an accrual for a tax exposure related to sales taxes identified during the quarter in Canada and estimated at $0.4 million.

Income Taxes

The income tax expense amounted to $0.2 million compared to $0.7 million, in the same quarter last year. The income tax expense in the quarter is comprised of a current tax charge of $0.1 for the countries posting pre-tax income and a deferred tax charge for $0.1 million in France, utilizing part of the $1.5 million deferred tax benefit accounted for at the end of June 2007. This deferred tax benefit represented part of the net operating losses carried forward in France that ILOG is more likely than not going to use in current and upcoming fiscal years.

Discussion of Income Statement for the Six Months Ended December 31, 2007

Revenues and Gross Margin

Revenues in the six-month period increased to $88.8 million from $75.1 million, or by 18%, compared to the same period in the previous year. Expressed at prior year constant currency rates, revenues increased by 13%.

Revenues by region were as follows:

	Six Months Ended		*Change*	
	December 31 2007	December 31 2006	As Reported	Constant $
North America	$ 41,343	$ 35,586	16%	16%
Europe	39,317	31,655	24%	14%
Asia Pacific	8,126	7,881	3%	-3%
Total revenues	$ 88,786	$ 75,122	18%	13%

License revenues increased by 10%, from $35.1 million in the same six-month period last year, to $38.5 million this year. The growth is primarily due to the addition of the LogicTools business, and to a lesser extent to the other product lines. Overall maintenance revenues increased by 23% compared to last year, reflecting ILOG's growing installed base and excellent renewal rates for our maintenance contracts.

Professional services increased by 28% for the period, year over year, reflecting the excellent growth of this activity across our geographies, thus mitigated by the slow-down in the December quarter in North America. For the six-month period, gross margin for professional services decreased to 16%, as compared to 23% last year. As explained above, the lower utilization of ILOG consultants in North America as a result of the lower than expected activity negatively impacted the margin. The gross margin had already been impacted in the prior quarter by a lower utilization of ILOG consultants in Asia and in supply chain applications.

Operating Expenses

The 19% increase in operating expenses over the prior year is primarily due to additional hiring, salary increases that were applied in the second quarter of last year and the stronger euro, affecting approximately half of ILOG's expenses, which are denominated in euros. ILOG also recorded an accrual for tax exposure identified during the quarter ending December 31, 2007 in Canada in the amount of $0.4 million.

Income Taxes

The income tax expense amounted to $0.4 million compared to $1 million, in the same six-month period last year. The income tax expense in the period is comprised of a current tax charge of $0.3 million for the countries posting pre-tax income and a deferred tax charge of $0.1 million in France, utilizing part of the $1.5 million deferred tax benefit accounted for at the end of June 2007. This deferred tax benefit represented part of the net operating losses carried forward in France that ILOG is more likely than not going to use in current and upcoming fiscal years.

Balance Sheet and Cash Flow Discussion

Including short-term investments, ILOG's cash position totaled $62.9 million at December 31, 2007, up from $54.7 million on June 30, 2007. Collection of accounts receivable improved significantly to reach a record low level of 60 days sales outstanding at the end of the second quarter compared to 76 days in past quarters. Excluding short-term investments, net cash used for investing activities during the six-month period amounted to $2.1 million, for the purchase of IT equipment and a cash advance to one of our equity investments, Prima Solutions. Cash provided by financing activities netted $0.4 million and mainly included the acquisition of treasury stocks in the amount of $0.5 million offset by proceeds from issuance of shares under exercise of stock options in the amount of $1.1 million.

As of December 31, 2007, shareholders' equity was $89.2 million, an increase of $8.2 million from $81.0 million at June 30, 2007, mainly as a result of the stronger euro on our currency translation adjustments and the exercise of stock options and warrants. On December 31, 2007, ILOG had 19,200,848 shares issued and outstanding, compared to 19,062,464 at June 30, 2007, due to the exercise of 138,384 stock options and warrants.

Accounting Principles

ILOG's financial statements in U.S. dollars are prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP). Figures presented in euros have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Following European regulation 1606/2002 dated July 19, 2002, all EU-listed companies are required to apply IFRS in preparing their financial statements for financial years commencing January 1, 2005 and thereafter.

Following the rule issued by the SEC on December 21, 2007, ILOG decided to stop preparing audited U.S. GAAP financial statements in U.S. dollars, and will only prepare audited IFRS financial statements in euros for the year ended June 30, 2008 without audited reconciliation to

U.S. GAAP. As a consequence, ILOG will gradually transition its financial reporting from U.S. GAAP and U.S. dollar to IFRS and euros.

Constant Exchange Rates

Where constant exchange rates are referred to in the above discussion, current period results for entities reporting in currencies other than U.S. dollars are converted into U.S. dollars at the prior year's exchange rates, rather than the exchange rates for the current period. This information is provided in order to assess how the underlying business performed before taking into account currency exchange fluctuations.

Press Release for French Shareholders

A translation of this press release in the French language is also available.