

PRESS RELEASE

Software AG reports best financial results in the company's history

- Operating revenues improve by 36% (at constant currency rates)
- Licensing revenues grow by 53% (at constant currency rates)
- EBIT rises by 23%
- Free cash flow increases by 46%
- EBIT margin guidance for 2008 revised upward to 24%

Darmstadt, Germany - January 24, 2008 - Software AG (Frankfurt TecDAX: SOW) has reported the best financial results in the company's history. Group revenues (IFRS) amounted to €621.3 million (2006: €483.0 million). Operating revenues increased by 36%, at constant currency rates. Licensing revenues (currency adjusted) were up 53% to €241.3 million (2006: €165.7 million). EBIT improved by 23% to €136.8 million (2006: €111.2 million). Software AG increased its net income by 21% to €88.4 million in 2007, up from €73.2 million in 2006. Overall, the forecasts for 2007 were achieved and with revenue and license targets exceeded. For the fiscal year 2008 the company plans to increase its currency-adjusted revenues by 24% to 27%. The EBIT margin is expected to rise to 24 percent in the same period.

2007 highlights

Software AG continued its high momentum growth during fiscal year 2007.

The Enterprise Transaction Systems (ETS) business division had a very gratifying year. Operating revenues for 2007 in the ETS business division exceeded expectations and increased by 12% (currency adjusted) to €384.6 million. In the fourth quarter of 2007, revenues improved by 27%.

The webMethods business division grew significantly, in effect more than doubling (at constant currency rates) its operating revenue in 2007 to €247.1 million, as a result of organic growth as well as growth through acquisitions.

The ETS business division contributed approximately 61% and webMethods approximately 39% to total revenues in 2007.

In addition to higher revenues and results, Software AG was able to increase its free cash flow by 46% to €82.2 million in 2007 (2006: 56.2 million).

Karl-Heinz Streibich, CEO of Software AG, explained: "We are proud of having achieved the best financial results in the 38 years of our company's history. Significant factors contributing to this achievement were the acquisitions made during the year, in particular that of webMethods Inc. in the USA. In addition, we have a highly innovative product portfolio designated as "leading" by several international IT market analysts."

Arnd Zinnhardt, CFO of Software AG, added: "Net profit in 2007 was at a record level due to our systematic implementation of process optimization and the use of synergy potentials."

Successful fourth quarter in 2007

Software AG ended its 2007 fiscal year with a strong fourth quarter. Group revenues climbed by 39% to €186.5 million (2006: €134.4 million). Operating revenues increased by 48% (currency adjusted). EBIT for the fourth quarter of 2007 improved by 24% to €42.8 million, up from €34.4 million in Q4 2006.

Licensing revenues again made a substantial contribution to growth. Software AG's licensing revenues rose by 55% (currency adjusted) to €79.8 million in 2007, after €54.1 million in 2006. The ETS business division contributed 70% to the Group's licensing revenues. ETS benefited from a major order which resulted in a disproportionate rise in licensing revenues of 55% (currency adjusted) in fiscal 2007.

Operating revenues in the maintenance business rose by 46% (currency adjusted) to €62.3 million (2006: €45.2 million).

ETS contributed a total of 62% and webMethods 38% to total revenues for the quarter.

Free cash flow for the fourth quarter of 2007 improved by 73% to €37.8 million, up from €21.8 million in Q4, 2006.

Significant expansion of business planned for 2008

Software AG confirms the 2008 group revenues forecasts made in the fourth quarter, 2007 and is increasing its 2008 EBIT margin guidance. Accordingly, the company plans to grow group revenues (currency adjusted) in the range of 24% to 27%. In the coming year, the EBIT margin should rise to 24%, putting Software AG well on the way to achieving its revenue target of €1 billion by 2010 and at least doubling net income compared to 2006. Growth in 2008 will be driven primarily by the newly established direct market operations in Brazil, initiated at the start of the year, and the further penetration of the growth market of Service-Oriented Architecture (SOA). The company does not rule out further acquisitions.

€ million (except EBIT margin and EPS)	2007	2006	Change		Guidance	Guidance
			Δ	Δ Currency adjusted	2008 old	2008 new
Operating revenues						
Group revenues	631.7	483.0	+31%	+36%	22-25%	22-25%
- Licensing revenues	241.9	165.7	+46%	+53%		
- Maintenance revenues	222.7	187.3	+19%	+25%		
- Business Line ETS	384.6	357.3	+8%	+12%		
- Business webMethods	247.1	125.6	+97%	+104%		
Financial statements (IFRS)						
Group revenues	621.3	483.0	+29%	34%	24-27%	24-27%
- Licensing revenues	241.3	165.7	+46%	53%		24-28%
- Maintenance revenues	212.9	187.3	+14%	+19%		26-28%
EBIT	136.8	111.2	+23%			
EBIT margin (in percent)	22%	23%			23%	24%
Net income	88.4	73.2	+21%			
Earnings per share (in €)	3.11	2.60	+20%			
Free Cashflow	82.2	56.2	+46%			

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 38 years of global IT experience and approx. 3,600 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 €621 million in 2007. (IFRS, unaudited)

Contact:

Paul Hughes <Paul.Hughes@softwareag.com>
 Director Media Relations
 Phone+49 (0) 6152-1787
 Fax +49 (0) 6151 92-1623

Norbert Eder <Norbert.Eder@softwareag.com>
 Vice President Corporate Communications
 Phone+49 (0) 6151 92-1146
 Fax +49 (0) 6151 92-1192