The Power of PROCESS INNOVATION

Quarterly Report | 3/2010

KEY FIGURES 2010

KEY FIGURES for the nine months ended September 30, 2010
IFRS, unaudited

in € millions (unless otherwise stated)	Sept. 30, 2010	Sept. 30, 2009	change in %	Q3 2010	Q3 2009	change in %
Revenue	**792.9**	**555.3**	**43**	**275.3**	**213.6**	**29**
Product revenue	474.8	399.4	19	166.2	143.2	16
of which						
Licenses	199.7	171.2	17	69.6	62.1	12
Maintenance	275.1	228.2	21	96.6	81.1	19
BPE product revenue (webM/ARIS)	219.3	156.2	40	72.1	56.9	27
Professional Services	315.0	153.5	105	108.3	69.5	56
Other	3.1	2.4		0.8	0.9	
EBIT	**174.6**	**138.8**	**26**	**69.1**	**56.4**	**23**
as % of revenue	22.0	25.0		25.1	26.4	
Net income	**111.0**	**92.7**	**20**	**45.6**	**38.1**	**20**
as % of revenue	14.0	16.7		16.6	17.8	
Earnings per share (€ basic)	3.90	3.27	19	1.61	1.35	19
Earnings per share (€ diluted)	3.90	3.26	20	1.61	1.35	19
Total assets	**1,550.8**	**1,674.2**	**–7**			
Cash and cash equivalents	**101.7**	**194.4**	**–48**			
Net debt	**249.6**	**320.1**	**–22**			
Shareholders' equity	**679.3**	**612.1**	**11**			
as % of total assets	44	37				
Employees*	**5,708**	**6,086**	**–6**			
of which in Germany	2,089	2,196	**–5**			

* Full-time equivalent

MISSION

Software AG is the global technology leader in business process excellence. Our 40 years of innovation include the invention of the first high-performance transactional database, Adabas; the first business process analysis platform, ARIS; and the first B2B server and SOA-based integration platform, webMethods.

We are unique in offering the world's only end-to-end—and easiest to use—business process management (BPM) solutions, with the lowest total-cost-of-ownership. Our industry-leading brands, ARIS, webMethods, Adabas, Natural and IDS Scheer Consulting, represent a unique portfolio for: process strategy, design, integration and control; SOA-based integration and data management; process-driven SAP implementation; and strategic process consulting and services.

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GOOD BUSINESS PERFORMANCE IN THE FIRST NINE MONTHS OF 2010

Preliminary Remarks: Software AG's segment reporting is prepared in accordance with IFRS 8 (Segment Reporting). Segmentation is by business division and corresponds to the Group's internal controlling and reporting lines. Accordingly, Software AG reports on the business divisions: Enterprise Transaction Systems (data management), webMethods (integration software and process optimization) and Enterprise Process Innovation (IDS Scheer AG).

GLOBAL ECONOMIC SITUATION

Due to the expiration of government-implemented economic stimulus packages, the global economy showed slower momentum with slightly lower growth rates in the third quarter. However, similar to past quarters, emerging markets spearheaded the economic upswing around the world.

Expansion of the German economy in the third quarter was more pronounced than had been predicted by respected economic research institutes. The job market continued to improve compared to the first half of the year. Corporate investment activities and private consumption also increased.

SITUATION IN THE ICT MARKET

According to U.S.-based market research firm, International Data Corporation (IDC), global ICT investment during the first nine months of the year was above expectations. This was largely due to the rapid recovery of the global economy. Europe, the Middle East, and Africa (EMEA) reported stronger growth in the third quarter than had been projected. In contrast, the Americas is the only region, according to IDC, in which ICT expenditure since the beginning of the year has stayed below estimates. Despite IDC's forecast, the U.S., which is traditionally Software AG's largest single market, performed very well, contributing 23 percent to revenue. The emerging Brazilian market generated 7 percent of Software AG's revenue. Software AG signed several major deals in the Asian-Pacific region in the quarter under review, while Japan again remained below expectations. Business in Germany and the Middle East picked up speed in the third quarter.

1 SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

1.1 TECHNOLOGY AND CONSULTING

Product for business dashboard generation

Software AG introduced the new ARIS MashZone generation in the third quarter. ARIS MashZone 2.0 supports users in creating their own management dashboards for evaluating a wide variety of data from different sources. Information from heterogeneous systems can be combined and visualized within a few minutes. This gives customers a better overview of the interconnections between existing data and allows them greater flexibility in using key indicators and figures to control businesses.

New solutions for agile supply chain management

A new consulting offering from Software AG allows businesses to transition quickly into agile supply chain management (SCM). This enables them to react immediately to changes in the market and increase their liquidity without endangering production or delivery capabilities. The solution is based on a four-step method that determines the best alignment of disposition parameters. Customers receive proposals for improving their supply chain within a few days.

In this new offering, Software AG combines its process knowledge in the area of supply chain management with its data analysis expertise. The methodology includes an in-depth quantitative and qualitative analysis of relevant SCM data and processes, the identification of forecasting and disposition parameters that impact a company's inventory levels and determining the optimal parameter values and processes.

1.2 MARKET AND CUSTOMER-DRIVEN

New archiving system boosts cost-efficiency for Adabas customers

Software AG announced in the quarter under review the availability of Data Archiving for Adabas—a feature-rich tool that further lowers the operating costs of Adabas on any platform. It achieves this by extracting infrequently used data from the production database and storing it into a long-term archive. Data Archiving for Adabas provides automated archiving functions and robust tools for search, verification, extraction, restore, and recovery. In this way, Data Archiving for Adabas helps organizations meet current and emerging data retention requirements such as HIPAA, Sarbanes-Oxley, Basel II, and others while reducing the load on the production database.

Software AG is one of the top 10 fastest growing large software companies in the world

American "Software Magazine" published its ranking of the world's largest software and service providers, now in its 28th year. Software AG has been moving up for a number of years in the revenue and growth category.
Based on total software and services revenue for 2009, Software AG is among the 50 largest software companies and the 10 fastest growing in the world.

Industry analysis confirms dynamism of the European software sector

The "Truffle 100 Europe" is the leading ranking of the top 100 European software companies. Software AG is currently ranked as fourth largest in Europe. The survey shows that the software industry dynamically increased investment in research, employment, and revenue, above the European Union industrial averages, despite the global recession. Of particular significance was the rise in investment and employment in research within the software industry at a time when overall employment was shrinking. The report shows that a larger software sector in Europe would provide a buffer to economic contraction and provide an earlier return to growth.

1.3 COMPANY STRUCTURE AND ORGANIZATION

Software AG implements new management structure

The Software AG Supervisory Board resolved, in the third quarter, to implement a new corporate managing body. The Group Executive Board (GEB) consists of divisional executive directors who represent the Company's operational areas of management. The GEB is an operationally focused body that can incorporate top executives flexibly in the event of organizational changes or future acquisitions. The Management Board according to the German Stock Corporation Act was reduced to four members with Group-level responsibility.

IDS Scheer AG's annual general meeting approves merger agreement with Software AG

IDS Scheer AG's annual general meeting approved the merger agreement with Software AG by a majority of 92.03 percent of its share capital on July 8, 2010. This is another important step in the integration of Software AG and IDS Scheer AG. All requirements have been met for the merger to be completed in fiscal 2010.

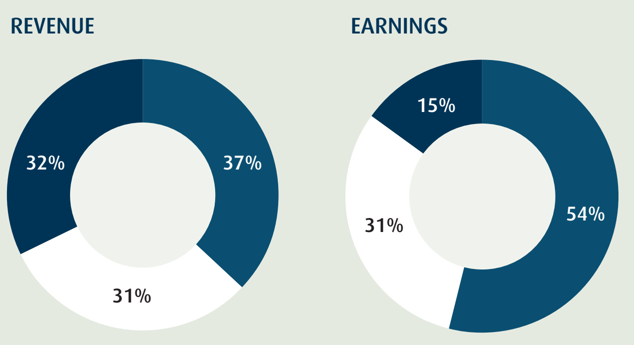
2 FINANCIAL PERFORMANCE

2.1 TWO-DIGIT GROWTH RATE FOR TOTAL REVENUE

Software AG posted €275.3 million (Q3 2009: €213.6 million) in total revenue for the third quarter, which was 29 percent (22 percent at constant currency rates) higher year-on-year. This growth was largely a result of the expansion of the services business, which even surpassed the second quarter of 2010 contrary to normal seasonal development. License revenue went up by 12 percent to €69.6 million (Q3 2009: €62.1 million) in the third quarter. The maintenance business yielded a large contribution again in the third quarter with revenue up 19 percent to €96.6 million (Q3 2009: €81.1 million).
The services unit, which consists of Global Consulting Services and IDS Scheer Consulting, posted 56-percent revenue growth to €108.3 million, due in part to consolidation effects. In the same period of the previous year, IDS Scheer Consulting was only accounted for as of August 20, 2009; revenue totaled €69.5 million.

2.2 REVENUE AND EARNINGS BY BUSINESS DIVISION (SEGMENT REPORT)

Revenue and earnings contributions according to business division in the quarter under review was distributed as follows:



ETS on track

The ETS division consists of the two data management products: Adabas and Natural. This division achieved €101.4 million in revenue, up from last year's €99.2 million (+2 percent). This is a sequential growth of five percent compared to previous quarter of this year (Q2 2010: €96.3 million). License revenue totaled €36.6 million as compared to €28.0 million in the second quarter of 2010, a 31-percent increase notwithstanding the normal seasonal effects. This was on a par with the record results from 2009. Maintenance revenue in this division increased to €51.5 million (Q3 2009: €48.5 million). As expected, services were lower than in the same quarter last year at €13.0 million (Q3 2009: €16.0 million).

The ETS segment earnings contribution in the quarter under review was €58.1 million (Q3 2009: €54.4 million).

Success with webMethods

The webMethods division comprises integration software for service-oriented architectures (SOA) and business process management. This division's revenues grew 14 percent to €86.6 million over €75.8 million from the same quarter last year. License revenue increased to €22.6 million (Q3 2009: €21.4 million). Maintenance revenue rose to €32.1 million (Q3 2009: €28.4 million), which represents 13-percent growth. Services showed particularly robust growth of 24 percent, totaling €31.6 million (Q3 2009: €25.6 million), as a result of new projects.

Segment earnings from the webMethods division in the quarter under review totaled €26.5 million (Q3 2009: €18.8 million), which represents a 41-percent increase. This growth is a result of improved sales efficiencies and economies of scale due to an increased business volume.

Enterprise Process Innovation benefits from scale economies

The Enterprise Process Innovation division, representing the IDS Scheer business and which has been consolidated since August 20, 2009, contributed a total of €87.3 million to Software AG's revenue (Q3 2009: €38.6 million). License revenue totaled €10.4 million in the quarter under review, compared to €6.1 million the year before. Maintenance revenue was €13.0 million—up from €4.2 million year-on-year. Revenue from products—including the ARIS product line—accounted for €23.4 million (Q3 2009: €10.4 million). Services (IDS Scheer Consulting and product implementation) generated €63.7 million (Q3 2009: €28 million) or 127 percent growth.

The Enterprise Process Innovation division contributed €14.6 million (Q3 2009: €4.5 million) to total third-quarter earnings.

EBIT increases again

The higher business volume, particularly in the services area, the realization of cost synergies and economies of scale from the merger with IDS Scheer, and advantageous foreign exchange rates led to a 23-percent increase in operating earnings (EBIT), which totaled €69.1 million (Q3 2009: €56.4 million) in the third quarter of 2010. The resulting EBIT margin was 25 percent.

Costs for research and development in the third quarter were €22.9 million (Q3 2009: €19.6 million). This 17-percent increase was primarily due to the consolidation of IDS Scheer AG. For the same reason, general administrative costs went up to €21.7 million (Q3 2009: €16.2 million). Marketing and sales costs rose from €45.2 million to €54.5 million, or 20 percent of total revenue (Q3 2009: 21 percent).

Dynamic growth for net income

Net income increased 20 percent to €45.6 million (Q3 2009: €38.1 million). Earnings per share were also up at €1.61 (Q3 2009: €1.35).

Nine-month period reinforces second rise in earnings forecast

Total revenue for the first nine months of 2010 was the highest it has ever been in the Company's history at €792.9 million. This is 43 percent higher than the €555.3 million in the same period of the previous year. License revenue climbed 17 percent to €199.7 million (2009: €171.2 million). The maintenance business improved 21 percent to €275.1 million (2009: €228.2 million). Service revenues in the nine-month period doubled to €315 million as a result of consolidation, compared to €153.5 million the previous year.

EBIT in the first nine months of 2010 grew 26 percent to €174.6 million (2009: €138.8 million).

3 FINANCIAL POSITION

Cash flow grows with business volume

Free cash flow for the third quarter was €42.6 million (Q3 2009: €47.0 million). Free cash flow for the nine-month period increased 16 percent to €138.7 million (2009: €119.8 million).

Total assets marked by higher Group equity ratio

Software AG's total assets decreased from €1,674 million on September 30, 2009 to €1,551 million on September 30, 2010. This was the result of a reduction in financial liabilities to €351.2 million (2009: €514.5 million). Net debt was reduced in the quarter under review by €42.5 million to €249.6 million. At the end of last year, this figure was €320.1 million. Shareholders' equity on September 30, 2010 was €679.3 million (2009: €612.1 million). The Group equity ratio was 44 percent on September 30, 2010, compared to 37 percent on September 30, 2009.

The Software AG Group had a total of 5,708 full-time equivalents (2009: 6,086 full-time equivalents) as of September 30, 2010. Of those, 2,089 were employed in Germany. The comparative figure from 2009 (2,196) was calculated prior to the operational integration of IDS Scheer AG.

4 OPPORTUNITIES AND RISKS

There were no changes to the risk situation of the Software AG Group in the third quarter of 2010 as portrayed in the Risk Report of the 2009 Annual Report.

Corresponding opportunities are described in the Outlook section of this report and the 2009 Annual Report.

5 EVENTS AFTER THE BALANCE SHEET DATE

Software AG acquires Data Foundations Inc.

Software AG announced on October 18, 2010 the incorporation of process-driven master data management (MDM) into its customer offering through the acquisition of Data Foundations Inc. New Jersey based Data Foundations is a leading provider of master data management software, used to optimize an organization's business performance. MDM gives organizations consistent and reliable master data from differing data sources which can be utilized by virtually any system, service-oriented architecture (SOA) application, or automated business process. The availability of consistent data across the organization maximizes process quality and enables faster more precise business decisions. Organizations with a single and reliable view of business-critical data will have laid a key foundation for strategic control of the business. Software AG chose Data Foundations to extend its webMethods product portfolio based on its strategic fit with key corporate strengths including: ease-of-use, superior customer satisfaction, a strong governance focus, deep integration capabilities, and high transaction volumes.

6 OUTLOOK

The Management Board confirms the revenue forecast as previously announced for fiscal year 2010 with total revenue well over one billion euros. Compared to 2009, total revenue at constant currency rates is estimated to grow between 25 and 30 percent and product revenue between 12 and 15 percent. This includes revenue growth for ETS products between 2 and 4 percent and for webMethods/ARIS products between 25 and 30 percent. Based on the results of the first nine-month period, Software AG increased the full year growth forecast for net profit and earnings per share to between 18 to 20 percent (revised from 10 to 12 percent). The business process management market is developing extremely well. We have logged an increasing number of large-scale projects, particularly in the ARIS area. We expect the good utilization of our Consulting capacities to continue and therefore plan new hires. We consider the addition of master data management and the bundling of ARIS and webMethods to have further strengthened Software AG's offering and sustainably improved our competitive position.

CONSOLIDATED INCOME STATEMENT for the nine months ended September 30, 2010
IFRS, unaudited

in € thousands	Sept. 30, 2010	Sept. 30, 2009	change in %	Q3 2010	Q3 2009	change in %
Licenses	199,693	171,193	17	69,628	62,071	12
Maintenance	275,138	228,195	21	96,578	81,137	19
Professional Services	314,960	153,498	105	108,288	68,504	56
Other	3,075	2,366	30	815	873	–7
Total revenue	**792,866**	**555,252**	**43**	**275,309**	**213,585**	**29**
Cost of sales	–324,802	–183,325	77	–107,194	–78,530	37
Gross profit	**468,064**	**371,927**	**26**	**168,115**	**135,055**	**24**
Research and development expenses	–67,978	–58,996	15	–22,938	–19,623	17
Sales, marketing and distribution expenses	–169,703	–129,672	31	–54,471	–45,184	21
General and administrative expenses	–61,555	–48,565	27	–21,658	–16,245	33
Operating result	**168,828**	**134,694**	**25**	**69,048**	**54,003**	**28**
Other operating income	34,575	28,524	21	7,430	7,738	–4
Other operating expenses	–28,843	–24,442	18	–7,376	–5,311	39
Earnings before interest and taxes (EBIT)	**174,560**	**138,776**	**26**	**69,102**	**56,430**	**22**
Financial income/expense net	–11,224	–1,912	–	–3,740	–1,657	–
Earnings before taxes	**163,336**	**136,864**	**19**	**65,362**	**54,773**	**19**
Income taxes	–47,396	–42,021	13	–17,785	–16,279	9
Other taxes	–4,979	–2,149	132	–1,998	–379	427
Net income	**110,961**	**92,694**	**20**	**45,579**	**38,115**	**20**
thereof attributable to shareholders of Software AG	**110,815**	**93,627**	**18**	**45,609**	**38,707**	**18**
thereof attributable to non-controlling interest	**146**	**–933**	**–**	**–30**	**–592**	**–**
Earnings per share (€ basic)	3.90	3.27	19	1.61	1.35	19
Earnings per share (€ diluted)	3.90	3.26	20	1.61	1.35	19
Weighted average number of shares outstanding (basic)	28,380,259	28,674,821	–	28,316,061	28,692,115	–
Weighted average number of shares outstanding (diluted)	28,380,259	28,688,234	–	28,316,061	28,705,528	–

STATEMENT OF COMPREHENSIVE INCOME for the nine months ended September 30, 2010
IFRS, unaudited

in € thousands	Sept. 30, 2010	Sept. 30, 2009	Q3 2010	Q3 2009
Net income	**110,961**	**92,694**	**45,579**	**38,115**
Currency translation differences	32,438	–6,972	–39,421	–9,289
Net gain/loss marketable securities and derivatives	–1,760	3,707	350	1,468
Net gain/loss arising from translating net investments in foreign operations	–780	–561	0	208
Net actuarial gain/loss from defined benefit plans	–1,821	–26	10	1
Other comprehensive income	**28,077**	**–3,852**	**–39,061**	**–7,612**
Total comprehensive income	**139,038**	**88,842**	**6,518**	**30,503**
thereof attributable to shareholders of Software AG	**138,892**	**89,775**	**6,548**	**31,095**
thereof attributable to non-controlling interest	**146**	**–933**	**–30**	**–592**

CONSOLIDATED BALANCE SHEET as of September 30, 2010
IFRS, unaudited

in € thousands	Sept. 30, 2010	Dec. 31, 2009	Sept. 30, 2009
ASSETS			
Current assets			
Cash and cash equivalents	101,661	218,141	194,376
Inventories	559	748	554
Trade receivables	309,922	328,543	313,567
Other receivables and other assets	51,398	38,192	41,189
Prepaid expenses	12,772	9,616	12,404
	476,312	**595,240**	**562,090**
Non-current assets			
Intangible assets	229,394	236,567	253,054
Goodwill	702,558	686,085	709,427
Property, plant and equipment	65,651	67,064	72,518
Financial assets	6,698	5,692	7,001
Trade receivables	10,264	11,427	13,772
Other receivables and other assets	30,811	26,231	18,920
Prepaid expenses	995	758	543
Deferred taxes	28,146	25,868	36,875
	1,074,517	**1,059,692**	**1,112,110**
	1,550,829	**1,654,932**	**1,674,200**
EQUITY AND LIABILITIES			
Current liabilities			
Financial liabilities	163,207	198,516	180,284
Trade payables	44,355	62,030	65,107
Other liabilities	65,930	73,101	117,116
Other provisions	80,203	92,395	74,851
Provisions for taxes	42,853	45,097	28,125
Deferred income	149,754	117,309	116,250
	546,302	**588,448**	**581,733**
Non-current liabilities			
Financial liabilities	188,013	291,410	334,183
Trade payables	272	260	65
Other liabilities	2,506	1,067	1,197
Provisions for pensions	34,247	29,562	20,223
Other provisions	28,394	27,548	20,758
Deferred taxes	68,591	66,711	100,859
Deferred income	3,162	2,765	3,068
	325,185	**419,323**	**480,353**
Equity			
Share capital	86,148	86,125	86,092
Capital reserve	17,349	39,406	38,439
Retained earnings	662,471	584,211	536,860
Other reserves	–54,427	–82,504	–51,176
Reasury shares	–32,788	0	0
Non-controlling interest	589	19,923	1,899
	679,342	**647,161**	**612,114**
	1,550,829	**1,654,932**	**1,674,200**

CONSOLIDATED STATEMENT OF CASH FLOWS for the nine months ended September 30, 2010
IFRS, unaudited

in € thousands	Sept. 30, 2010	Sept. 30, 2009	Q3 2010	Q3 2009
Net income for the year	110,961	92,694	45,579	38,115
Income taxes	47,396	42,021	17,785	16,279
Net financial income/expense	11,224	1,912	3,740	1,657
Amortization/depreciation of non-current assets	34,341	22,879	11,479	9,480
Other non-cash income/expense	58	3,941	2,169	1,496
Operating cash flow before changes in working capital	**203,980**	**163,447**	**80,752**	**67,027**
Changes in inventories, receivables and other current assets	12,917	39,450	5,450	–376
Changes in payables and other liabilities	1,758	–6,735	–13,843	3,753
Income taxes paid	–62,800	–62,241	–20,098	–15,784
Interest paid	–15,508	–12,316	–8,621	–8,354
Interest received	5,086	5,315	1,439	1,490
Net cash provided by operating activities	**145,433**	**126,920**	**45,079**	**47,756**
Proceeds from the sale of property, plant and equipment/intangible assets	690	814	404	697
Purchase of property, plant and equipment/intangible assets	–6,801	–7,591	–2,579	–1,680
Proceeds from the sale of financial assets	1,164	284	0	219
Purchase of financial assets	–1,789	–605	–336	0
Payments for acquisitions, net	–33,946	–311,100	–19,880	–306,588
Net cash used in investing activities	**–40,682**	**318,198**	**–22,391**	**–307,352**
Proceeds from issue of share capital	180	1,275	0	249
Dividends paid	–32,834	–31,503	0	0
Purchase of treasury stock	–32,788	0	0	0
Proceeds from financial liabilities	305	321,124	0	321,124
Repayments of financial liabilities	–162,119	–3,562	–72,891	–2,555
Net cash provided by/used in financing activities	**–227,256**	**287,334**	**–72,891**	**318,818**
Change in cash and cash equivalents from cash-relevant transactions	–122,505	96,056	–50,203	59,222
Currency translation adjustment	6,025	1,395	–3,949	–955
Net change in cash and cash equivalents	**–116,480**	**97,451**	**–54,152**	**58,267**
Cash and cash equivalents at the beginning of the period	218,141	96,925	155,813	136,109
Cash and cash equivalents at the end of period	**101,661**	**194,376**	**101,661**	**194,376**

STATEMENT OF CHANGES IN EQUITY for the nine months ended September 30, 2010
IFRS, unaudited

in € thousands	Number of shares	Share capital	Capital reserve	Retained Earnings
2009				
Equity as of Jan. 1, 2009	**28,638,842**	**85,917**	**35,810**	**474,735**
Total comprehensive income				93,628
Transactions with shareholders				
Dividend payment				–31,503
New shares issued	58,610	175	1,100	
Stock options			1,529	
Transactions between shareholders				
Equity as of September 30, 2009	**28,697,452**	**86,092**	**38,439**	**536,860**
in € thousands				
2010				
Equity as of Jan. 1, 2010	**28,708,410**	**86,125**	**39,406**	**584,211**
Total comprehensive income				110,815
Transactions with shareholders				
Dividend payment				–32,555
New shares issued	7,651	23	157	
Stock options			2,430	
Purchase of treasury stock	–400,000			
Transactions between shareholders			**–24,644**	
Equity as of September 30, 2010	**28,316,061**	**86,148**	**17,349**	**662,471**

Accumulated other comprehensive income				Treasury shares	Equity attributable to shareholders of Software AG	Equity attributable to non-controlling interest	Total
Currency translation differences	Change in fair value of securities and derivatives	Actuarial gain/ loss on defined benefit obligations	Currency transla- tion differences of net investment/ loans to foreign operations				
−76,744	**−5,040**	**−1,922**	**36,383**	**0**	**549,139**	**0**	**549,139**
−6,972	3,707	−27	−561		89,775	−933	88,842
					0		**0**
					−31,503		−31,503
					1,275		1,275
					1,529		1,529
					0	**2,832**	**2,832**
−83,716	**−1,333**	**−1,949**	**35,822**	**0**	**610,215**	**1,899**	**612,114**
−78,130	**1,769**	**−6,923**	**780**	**0**	**627,238**	**19,923**	**647,161**
32,438	−1,760	−1,821	−780		138,892	146	139,038
					0		**0**
					−32,555	−279	−32,834
					180		180
					2,430		2,430
				−32,788	−32,788		−32,788
					−24,644	**−19,201**	**−43,845**
−45,692	**9**	**−8,744**	**0**	**−32,788**	**678,753**	**589**	**679,342**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

GENERAL PRINCIPLES

1_ BASIS OF ACCOUNTING

Software AG's condensed and unaudited consolidated financial statements (interim financial statements) as of September 30, 2010 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable on the balance sheet date, as endorsed by the EU. The IASs/IFRSs applicable as of September 30, 2010 were observed, as were the corresponding interpretations of the International Financial Reporting Interpretations Committee (IFRIC, formerly SIC). The interim financial statements and the interim management report have neither been audited nor subjected to an auditor's review.
Software AG is a joint stock corporation under German law with registered offices in Darmstadt. It is the parent company of a Group that is globally active in the fields of software development, licensing, and maintenance as well as IT services.

The consolidated financial statements of Software AG are expressed in thousands of euros (€ thousand) unless stated otherwise.

2_ CHANGES IN THE CONSOLIDATED GROUP

There were no changes in the consolidated group in the first nine months of 2010

	Germany	Abroad	Total
January 1, 2010	11	108	119
Additions	1	–	1
Disposals (including mergers)	1	–	1
September 30, 2010	**11**	**108**	**119**

The addition resulted from the acquisition of RTM Realtime Monitoring GmbH, Marburg as described in Note 4. The disposal resulted from the merger of SAG Beteiligungs GmbH with Software AG.

3_ ACCOUNTING POLICIES

The same accounting policies have been applied to the consolidated interim financial statements as were applicable to the consolidated financial statement as of December 31, 2009, except for the application of the financial reporting standards and interpretations (as detailed below) required to be applied for the current fiscal year. In 2010, Software AG is applying IFRS 3R (Business Combinations [IFRS 3 (2008)]) and the amendments to IAS 27 (revised) for the first time. The major changes to IFRS 3 and IAS 27 are outlined on page 92 of our 2009 Annual Report.

Further changes have resulted from the "Improvements to IFRSs (2009)" as part of the IASB's annual improvements project, the amendments to IAS 39, and from IFRIC 12, IFRIC 15, IFRIC 16, IFRIC 17, and IFRIC 18, which are interpretations required to be applied for the first time in 2010. However, these changes have either not affected or not materially affected the consolidated interim financial statements.

These interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting.

4_ BUSINESS ACQUISITIONS

The February 11, 2010 entry in the Commercial Register of the control and profit transfer agreement concluded on November 24, 2009 between IDS Scheer AG and SAG Beteiligungs GmbH as the controlling enterprise effectively gave the shareholders of IDS Scheer AG a put option to sell their shares at a price of €15.10. According to IAS 32 in conjunction with IFRS 3, this made it necessary to allocate 100 percent of the IDS Scheer shares to the balance sheet of Software AG. In compliance with IAS 27, the non-controlling interest in IDS Scheer that had previously been recognized (€19.2 million) was derecognized. In addition, a financial liability of €43.0 million was recognized for the put options. The difference between the financial liability and the decrease in the non-controlling interest was recognized in the equity allocable to Software AG as a reduction in the capital reserve in the amount of €23.8 million. The recognition of the financial liability arising from the put option in connection with the recognition of 100 percent of the shares on the balance sheet was performed retroactively in the second quarter.

In the first nine months, Software AG acquired another 4.4 percent of the shares in IDS Scheer AG for €21,636 thousand. Accordingly, the ownership interest increased from 91.0 percent as of December 31, 2009 to 95.4 percent as of September 30, 2010. The shares acquired prior to registration of the control and profit transfer agreement on February 11 resulted in a reduction in the carrying amount of non-controlling interests of €0.4 million and a reduction in the capital reserve of €0.5 million. The acquisitions transacted after February 11 reduced the originally recognized financial liability for the remaining IDS Scheer shareholders.

The original allocation of the cost of the business combination was adjusted during the first three quarters of fiscal 2010. Based on the information available as of September 30, 2010, we have presented the allocation of the cost of the business combination to the net assets acquired as of August 20, 2009, the effects resulting from changes in shareholdings, and IDS Scheer treasury share transactions on or before December 31, 2009 as follows:

in € thousands	Overview of the purchase price allocation as of August 20, 2009			Changes until December 31, 2009	
	Carrying amount before acquisition	Adjustment to fair value	Opening balance sheet value	Effects resulting from changes in shareholdings and transaction of IDS Scheer using treasury shares	Total
Cash and cash equivalents	120,328	0	120,328	7,527	127,855
Inventories	138	0	138		138
Trade receivables	91,813	0	91,813		91,813
Other receivables and other assets	16,012	0	16,012		16,012
Prepaid expenses	6,241	0	6,241		6,241
Intangible assets	2,398	110,524	112,922		112,922
Goodwill	78,098	197,727	275,825	–22,881	252,944
Property, plant and equipment	21,839	875	22,714		22,714
Financial assets	52	0	52		52
Deferred tax assets	8,557	–4,654	3,903		3,903
Assets	**345,476**	**304,472**	**649,948**	**–15,354**	**634,594**
Financial liabilities	33,001	0	33,001		33,001
Trade payables	22,532	0	22,532		22,532
Other liabilities	23,443	1,851	25,294		25,294
Other provisions	19,185	1,900	21,085		21,085
Provisions for pensions	720	1,574	2,294		2,294
Tax provisions	7,542	0	7,542		7,542
Deferred tax liabilities	10,352	35,576	46,928		46,928
Deferred income	15,358	–5,670	9,688		9,688
Equity and liabilities	**132,133**	**36,231**	**168,364**		**168,364**
Acquired assets and assumed liabilities, net	**213,343**	**268,241**	**481,584**	**–15,354**	**466,230**
Thereof attributable to non-controlling interests			–1,214	–19,539	–20,753
Total consideration			**480,369**	**–34,893**	**445,477**
Cash and cash equivalents acquired			120,328	7,527	127,855
Acquisition cost net of cash acquired			**360,041**	**–42,420**	**317,622**

The changes to the carrying amounts of acquired receivables (reduction of €1,922 thousand) and tax provisions (increase of €2,800 thousand) and the adjustment to deferred tax assets compared to the original allocation of the cost of the business combination (increase of €785 thousand) had no effect on earnings for the period between the acquisition and the reporting date. These changes were made retroactively. Accordingly, goodwill increased retroactively by €3,937 thousand as of August 20, 2009. Due to the retroactive increase in goodwill by €3,937 thousand, the effects resulting from changes in shareholdings decreased by €354 thousand between August 20 and December 31, 2009. The net effect of the aforementioned retroactive adjustment to the goodwill reported as of December 31 thus amounted to €3,583 thousand. The balance sheets prepared since the first-time consolidation of IDS Scheer were adjusted accordingly.

In April 2010, Software AG achieved control over RTM Realtime Monitoring GmbH, Marburg, Germany through the acquisition of 100 percent of its shares. RTM is a spin-off from the University of Marburg. The company conducts research projects in the field of real-time processing and analysis of time-critical data, which are endorsed by the German Research Foundation and the German Federal Ministry of Economics and Technology. The company had four employees on the date of acquisition. The consideration due for this acquisition is expected to amount to approximately €7.3 million. Of this amount, €6 million has already been paid as fixed consideration. In addition, it has been agreed that consideration of up to €1.3 million will be linked to the achievement of predefined revenue targets. For the purpose of provisional allocation of the cost of the business combination, the revenue-dependent cost components were set at €1.3 million.

The table below shows the provisional allocation of the cost of the business combination to acquired net assets:

OVERVIEW OF THE PURCHASE PRICE ALLOCATION as of April 1, 2010

in € thousands	Carrying amount before acquisition	Adjustment to fair value	Opening balance sheet value
Intangible assets	4	10,626	10,630
Other assets	137	0	137
Assets	**141**	**10,626**	**10,767**
Deferred tax liabilities	0	3,294	3,294
Other equity and liabilities	129	0	129
Equity and liabilities	**129**	**3,294**	**3,423**
Acquired assets and assumed liabilities, net	**12**	**7,332**	**7,344**
Payments to shareholders			6,000
Provisional estimate of revenue-dependent contingent consideration			1,344
Total consideration			**7,344**
Cash and cash equivalents acquired			81
Acquisition cost net of cash acquired			**7,263**

The Group revenue and net income of Software AG attributable to RTM (since the date of acquisition) had no material impact on the financial position, cash flows, or profit or loss of the Group as a whole.

In April, Software AG acquired the remaining 49 percent of its majority shareholding in itCampus Software- und Systemhaus GmbH, Leipzig (itCampus). As a result, Software AG has held 100 percent of the shares in itCampus since April 2010. As described on page 92 of the 2009 Annual Report, Software AG had assumed an ownership interest of 100 percent as of December 31, 2009 for accounting purposes due to an existing call and put option. Therefore, the purchase of the remaining shares had no material impact on the financial statements.

In October 2010, Software AG acquired a 100-percent stake in Data Foundations Inc. and thus achieved control over this company. Data Foundations is a leading provider of software for master data management (MDM) and is domiciled in New Jersey, USA. MDM optimizes companies' performance and supplies consistent, reliable information from various data sources, which can be used by nearly any system or application in a service-based architecture or any automated business process. Software AG purchased Data Foundations to expand its webMethods product portfolio. The company currently has 36 employees, of which 29 are employed at the development center in India. The consideration due for this acquisition is expected to amount to approximately €16 million. Of this amount, approximately €2 million will depend on reaching a revenue target. Due to the short time span between the acquisition period and the authorization for issue of this interim financial report, it was not possible to conduct an allocation of the cost of the business combination. According to Software AG's forecast, the impact of this acquisition on the financial position, cash flows, and profit or loss of the Group as a whole will be immaterial.

NOTES TO THE CONSOLIDATED BALANCE SHEET

5_ GOODWILL

Goodwill amounted to €702,558 thousand as of September 30, 2010, an increase of €16,473 thousand over December 31, 2009. This change resulted from exchange rate fluctuations and in particular the strong U.S. dollar. Due to the changes in the opening balance and the subsequent changes in shareholdings related to the acquisition of IDS Scheer AG as described in Note 4, goodwill as of December 31, 2009 increased by €3,583 thousand to €686,085 thousand compared with the €682,502 thousand reported in the published Annual Report.

6_ EQUITY

Share capital

The share capital of Software AG amounted to €86,148 thousand as of September 30, 2010. The exercise of stock options under the second stock option plan increased the number of bearer shares in issue by 7,651 to 28,316,061 shares in the first three quarters of 2010. In response, the Company's share capital rose by €23 thousand and the capital reserve by €157 thousand.

Dividend payment

The Annual Shareholders' Meeting resolved on May 21, 2010 to transfer €104 thousand of the 2009 net retained profits of Software AG, the controlling Group company, in the amount of €321,719 thousand to other retained earnings, to appropriate €32,555 thousand for a dividend payout, and to carry forward €289,060 thousand. This corresponded to a dividend of €1.15 per share.

OTHER DISCLOSURES

7_ SEGMENT REPORTING

The segment information for the third quarters of 2010 and 2009 is as follows:

SEGMENT REPORT for the three months ended September 30, 2010
IFRS, unaudited

in € thousands	ETS		webMethods		Enterprise Process Innovation		Reconciliation		Total	
	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
Licenses	36,647	34,539	22,568	21,395	10,413	6,137			69,628	62,071
Maintenance	51,538	48,536	32,084	28,366	12,956	4,235			96,578	81,137
Product sales	**88,185**	**83,075**	**54,652**	**49,761**	**23,369**	**10,372**	**0**	**0**	**166,206**	**143,208**
Professional Services	13,045	15,952	31,586	25,552	63,657	28,000			108,288	69,504
Other	183	167	352	508	280	198			815	873
Total revenue	**101,413**	**99,194**	**86,590**	**75,821**	**87,306**	**38,570**	**0**	**0**	**275,309**	**213,585**
Cost of sales	−16,591	−20,589	−30,872	−26,746	−54,287	−26,111	−5,444	−5,084	−107,194	−78,530
Gross profit	**84,822**	**78,605**	**55,718**	**49,075**	**33,019**	**12,459**	**−5,444**	**−5,084**	**168,115**	**135,055**
Sales, marketing and distribution expenses	−18,913	−16,930	−17,283	−19,260	−15,201	−6,701	−3,074	−2,293	−54,471	−45,184
Business line contribution	**65,909**	**61,675**	**38,435**	**29,815**	**17,818**	**5,758**	**−8,518**	**−7,377**	**113,644**	**89,871**
Research and development expenses	−7,807	−7,287	−11,916	−11,054	−3,215	−1,282	0	0	−22,938	−19,623
Business line result	**58,102**	**54,388**	**26,519**	**18,761**	**14,603**	**4,476**	**−8,518**	**−7,37**	**90,706**	**70,248**
General and administrative expenses									−21,658	−16,245
Other operating income/expenses, net									54	2,427
Earnings before interest and taxes									**69,102**	**56,430**
Net financial income/expense									−3,740	−1,657
Earnings before taxes									**65,362**	**54,773**
Taxes									−19,783	−16,658
Net income									**45,579**	**38,115**

The segment information for the first nine months of fiscal 2010 and 2009 is as follows:

SEGMENT REPORT as of September 30, 2010
IFRS, unaudited

in € thousands	ETS		webMethods		Enterprise Process Innovation		Reconciliation		Total	
	Sept. 30, 2010	Sept. 30, 2009	Sept. 30, 2010	Sept. 30, 2009	Sept. 30, 2010	Sept. 30, 2009	Sept. 30, 2010	Sept. 30, 2009	Sept. 30, 2010	Sept. 30, 2009
Licenses	90,248	98,336	77,107	66,720	32,338	6,137			199,693	171,193
Maintenance	148,438	141,618	91,348	82,342	35,352	4,235			275,138	228,195
Product sales	**238,686**	**239,954**	**168,455**	**149,062**	**67,690**	**10,372**	**0**	**0**	**474,831**	**399,388**
Professional Services	47,585	50,168	87,244	75,330	180,131	28,000			314,960	153,498
Other	534	590	1,630	1,578	911	198			3,075	2,366
Total revenue	**286,805**	**290,712**	**257,329**	**225,970**	**248,732**	**38,570**	**0**	**0**	**792,866**	**555,252**
Cost of sales	−56,057	−62,265	−87,842	−85,771	−165,392	−26,111	−15,511	−9,178	−324,802	−183,325
Gross profit	**230,748**	**228,447**	**169,487**	**140,199**	**83,340**	**12,459**	**−15,511**	**−9,178**	**468,064**	**371,927**
Sales, marketing and distribution expenses	−52,542	−52,692	−60,092	−63,999	−47,808	−6,701	−9,261	−6,280	−169,703	−129,672
Business line contribution	**178,206**	**175,755**	**109,395**	**76,200**	**35,532**	**5,758**	**−24,772**	**−15,458**	**298,361**	**242,255**
Research and development expenses	−23,262	−22,360	−34,636	−35,354	−10,080	−1,282	0	0	−67,978	−58,996
Business line result	**154,944**	**153,395**	**74,759**	**40,846**	**25,452**	**4,476**	**−24,772**	**−15,458**	**230,383**	**183,259**
General and administrative expenses									−61,555	−48,565
Other operating income/expenses, net									5,732	4,082
Earnings before interest and taxes									**174,560**	**138,776**
Net financial income/expense									−11,224	−1,912
Earnings before taxes									**163,336**	**136,864**
Taxes									−52,375	−44,170
Net income									**110,961**	**92,694**

The segments are managed on the basis of the business line contributions. The research and development expenses incurred are allocated subsequently to the different segments, but do not have an impact on internal segment management.

8_ CONTINGENT LIABILITIES

As of September 30, 2010, no provisions had been recognized for the following contingent liabilities, expressed at their nominal amounts, since it appeared unlikely that any claims would be asserted:

in € thousands	Sept. 30, 2010	Dec. 31, 2009	Sept. 30, 2009
Guarantees	0	0	1,223
Other	1,389	1,368	1,581
	1,389	**1,368**	**2,804**

No collateral received existed as of the reporting date (Sept. 30, 2009: €521 thousand).

Disclosures on leases

The Group's rental agreements/operating leases relate chiefly to office space, vehicles, and IT equipment. Lease payments under operating leases are recognized as an expense over the term of the lease.

in € thousands	Up to 1 year	1-5 years	> 5 years	Total
Contractually agreed payments	24,661	45,628	4,355	**74,644**
Estimated income from subleases	−2,518	−6,749	−2,631	**−11,898**

9_ SEASONAL INFLUENCES

Revenues and pre-tax earnings were distributed over fiscal year 2009 as follows:

in € thousands	Q1 2009	Q2 2009	Q3 2009	Q4 2009	2009
Total revenue	165,290	176,377	213,585	292,124	847,376
in % of annual revenue	20	21	25	34	100
Earnings before taxes	38,520	43,571	54,773	72,412	209,276
in % of net income for the year	18	21	26	35	100

Due to the inclusion of IDS Scheer in the consolidated financial statements as of August 20, 2009, the revenue and earnings trend for 2009 is not of any great significance with respect to predicting the trend for 2010.

10_ LITIGATION

In February 2010, a software company in Virginia, USA sued Software AG and 11 additional defendants, including IBM and SAP, for infringement of several of its software patents. The lawsuit was filed with a court in Virginia. The proceedings are in a very early stage and have been suspended for Software AG and additional defendants by order of the court. The proceedings are being actively pursued against only two of the defendants. The manner in which the suspended proceedings will be continued will depend on the outcome of the two exemplary proceedings. The suspension order is not expected to be rescinded before year-end 2010.

A large number of arbitration proceedings have been initiated at the Regional Court of Saarbrücken in connection with the control and profit transfer agreement with IDS Scheer AG. In these proceedings, the petitioners are seeking an increase in their cash settlements and annual compensatory payments. Software AG considers the objections as to valuation to be groundless. The proceedings are in an early stage; as yet there have been no hearings before the court.

In connection with the merger of IDS Scheer AG with Software AG, three shareholders have filed a complaint contesting the validity of the resolution of the Annual Shareholders' Meeting of IDS Scheer on July 8, 2010 consenting to the merger. IDS Scheer AG does not regard this objection as founded and has filed an answer to the claim with the court. No court hearing has been scheduled as yet. IDS Scheer AG has petitioned the Higher Regional Court of Saarbrücken to rule that the complaint filed does not stand in the way of the merger. Software AG assumes that the petition will be successful. It is expected that the Higher Regional Court, as the court of first and last instance, will decide on the matter at the end of 2010 or beginning of 2011. If the Higher Regional Court of Saarbrücken allows the petition, we expect the merger to take effect shortly thereafter. Regardless of the outcome of the petition, arbitration proceedings may be opened afterwards to review the merger relationship.

There were no other changes with respect to the legal disputes reported at the end of 2009, nor were there any new legal disputes that could potentially have a significant effect on the Company's financial position, cash flows, or profit or loss.

11_ STOCK OPTION PLANS AND STOCK APPRECIATION RIGHTS PROGRAM

Software AG has various stock option plans for members of the Management Board, officers, and other Group employees. Our stock price-based remuneration plans are described in detail on pages 117 – 119 of our 2009 Annual Report.
Expenses for stock options accounted for as equity-settled plans pursuant to IFRS 2 amounted to €2,531 thousand in the first nine months of fiscal year 2010 (Sept. 30, 2009: €1,526 thousand).
Expenses for stock options accounted for as cash-settled plans under IFRS amounted to €6,049 thousand in the first nine months of fiscal 2010 (Sept. 30, 2009: €3,207 thousand).

The number of outstanding stock options on the basis of Software AG shares changed as follows after December 31, 2009:

	Balance as of Dec. 31, 2010	Granted	Exercised	Forfeited	Balance as of Sept. 30, 2010	Thereof exercisable as of Sept. 30, 2010
Stock option program MIP II	7,691	0	–7,651	–40	**0**	0
Stock price-based remuneration plan from 2007	1,881,854	0	0	–109,000	**1,772,354**	0

Of the options outstanding on September 30, 2010 from the 2007 stock price-based remuneration program, 1,100,000 options were accounted for as cash-settled stock option plans in accordance with the provisions of IFRS 2.
In addition, 82,027 options to purchase shares in IDS Scheer were outstanding as of September 30, 2010 as part of IDS Scheer's employee stock ownership plans. The option holders are entitled to purchase 10 IDS Scheer shares per option.

12_ EMPLOYEES

As of September 30, 2010, the average number of employees (i.e., part-time employees are taken into account on a pro-rata basis only) by area of activity was as follows:

	Sept. 30, 2010	Sept. 30, 2009
Maintenance and service	3,124	1,890
Sales and marketing	1,066	798
Research and development	837	695
Administration	785	588
	5,812	**3,971**

In absolute terms (i.e., part-time employees are counted in full), the Group employed 5,890 people as of September 30, 2010 (Sept. 30, 2009: 6,221), of which 2,284 (Sept. 30, 2009: 2,574) were from IDS Scheer.

13_ CHANGES AND INFORMATION REGARDING CORPORATE BODIES

The size and composition of the Supervisory Board has changed as a result of the change from one-third participation in accordance with the One-Third Employee Representation Act to equal participation of the Supervisory Board in accordance with the German Co-Determination Act. In accordance with Section 97 (2) Sentence 3 of the German Stock Corporation Act, the term of the previous members of the Supervisory Board expired as of the end of the Annual Shareholders' Meeting of May 21, 2010 as a consequence of changing the composition of the Supervisory Board to conform with the German Co-Determination Act. Upon the conclusion of the Annual Shareholders' Meeting, the Supervisory Board was to be formed in accordance with Sections 96 (1) and 101 (1) of the German Stock Corporation Act, Sections 1 (1) and 7 (1) Sentence 1 No. 1 of the German Co-Determination Act, and Section 9 of the Articles of Incorporation of Software AG, and was to consist of twelve members, six of whom were to be elected by the Annual Shareholders' Meeting. On May 21, 2010, the Annual Shareholders' Meeting of Software AG elected the following persons to the Supervisory Board as members representing the shareholders, effective from the end of the Annual Shareholders' Meeting on May 21, 2010 until the end of the Annual Shareholders' Meeting that decides on ratification of the actions of the Supervisory Board members for fiscal year 2014:

- Dr. Andreas Bereczky, Director of Production of ZDF, resident of Eschweiler;
- Mr. Willi Berchtold, graduate in economics, private consultant, resident of Überlingen;
- Mr. Heinz Otto Geidt, Director of Asset Management at Software AG Foundation, resident of Kelkh eim;
- Prof. Hermann Requardt, PhD, graduate in physics, member of the Management Board of Siemens AG, Sector CEO Healthcare, Director of Corporate Technology, resident of Erlangen;
- Ms. Anke Schäferkordt, MBA, Managing Director of RTL Television GmbH, resident of Cologne; and
- Mr. Alf Henryk, graduate in engineering, CEO of Alcatel-Lucent Deutschland AG, resident of Stuttgart.

In a decision of April 23, 2010, the Local Court of Darmstadt appointed the following persons as replacement members of the Supervisory Board to represent the employees, effective from the end of the Annual Shareholders' Meeting of Software AG on May 21, 2010 until completion of the employee representative election process:

- Mr. Rainer Buckhardt, employee of SAG Deutschland GmbH and Chair of the Darmstadt Works Council of Software AG, resident of Darmstadt;
- Ms. Monika Neumann, employee of SAG Deutschland GmbH and Chair of the General Works Council of Software AG, resident of Schliersee;
- Mr. Manfred Otto, employee of IDS Scheer AG, resident of Kaiserslautern;
- Mr. Roland Schley, employee of IDS Scheer AG, resident of Ottweiler;
- Mr. Martin Sperber-Tertsunen, trade union secretary of IG Metall, resident of Glashütten.

In a further decision of May 11, 2010, the Local Court of Darmstadt appointed the following person as a replacement member of the Supervisory Board to represent the employees, effective from the end of the Annual Shareholders' Meeting of Software AG on May 21, 2010 until completion of the employee representative election process:

- Mr. Peter Gallner, trade union secretary of Vereinte Dienstleistungsgewerkschaft (ver.di) (United Services Union), resident of Koblenz.

In its constitutive meeting on May 21, 2010, the Supervisory Board elected Dr. Bereczky as Chairman of the Supervisory Board.

On August 27, 2010, the employees of Software AG and IDS Scheer AG elected the following persons to the Supervisory Board as employee representatives:

- Mr. Peter Gallner, trade union secretary of Vereinte Dienstleistungsgewerkschaft (ver.di) (United Services Union), resident of Koblenz;
- Mr. Dietlind Hartenstein, employee of IDS Scheer AG, resident of Zweibrücken;
- Ms. Monika Neumann, employee representative and Chair of the General Works Council of Software AG, resident of Schliersee;
- Mr. Manfred Otto, executive employee of IDS Scheer AG, resident of Kaiserslautern;
- Mr. Roland Schley, employee of IDS Scheer AG and employee representative on the Supervisory Board of IDS Scheer AG, resident of Ottweiler;
- Mr. Martin Sperber-Tertsunen, trade union secretary of IG Metall, resident of Glashütten.

Mr. Rainer Burckhardt's position as employee representative on the Supervisory Board of Software AG ended effective August 27, 2010.

The following changes occurred on the Management Board between January and September 2010:
Mr. Mark Edwards and Mr. Ivo Totev resigned their seats on the Management Board effective July 31, 2010 in order to join the newly formed Group Executive Board of Software AG.
Dr. Peter Kürpick left the Company as of August 4, 2010 by mutual agreement.
Dr. Wolfram Jost was appointed Chief Technology Officer and Management Board member responsible for Product Management effective August 1, 2010.

14_ EVENTS AFTER THE BALANCE SHEET DATE

Other than the acquisition of Data Foundations described in Note 4, no significant events occurred between the balance sheet date and the date of release of these quarterly financial statements.

Date and authorization for issue

Software AG's Management Board approved the consolidated quarterly financial statements on November 5, 2010.

Darmstadt, November 5, 2010

Software AG

K.-H. Streibich | D. Broadbent

Dr. W. Jost | A. Zinnhardt

FINANCIAL CALENDAR

Financial Calendar	2011
January 27, 2011	Q4/FY 2010 preliminary financial figures

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