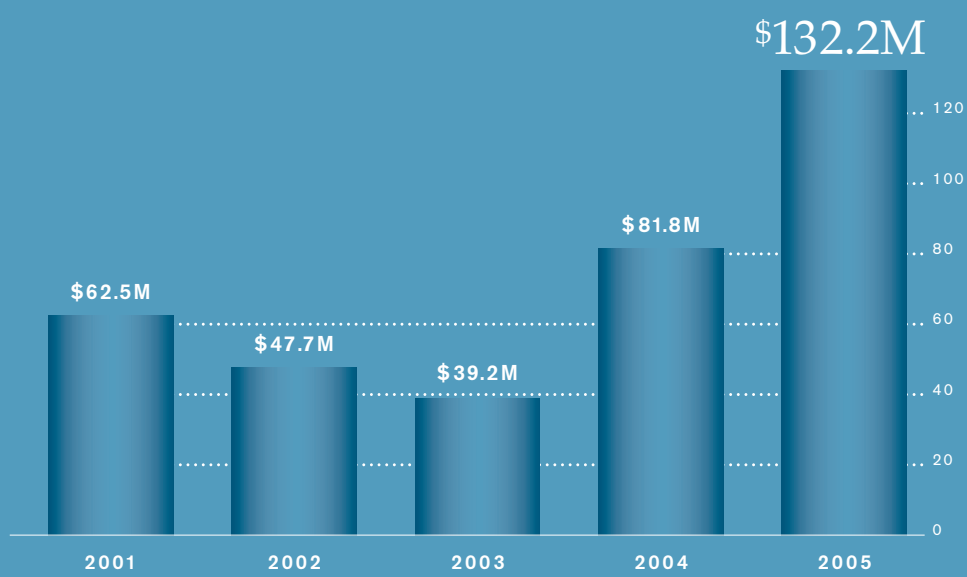


INVESTING IN INTELLIGENCE

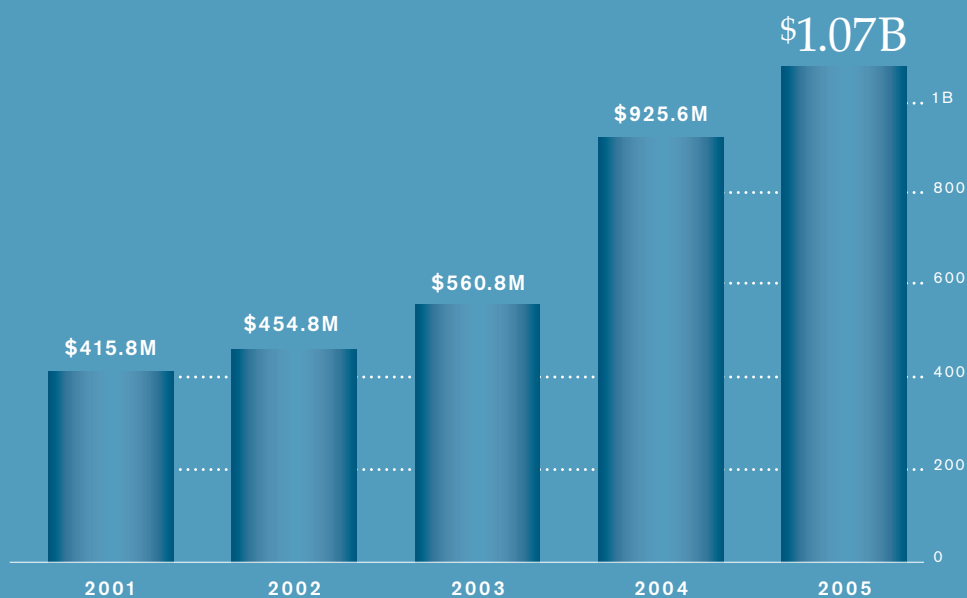
62%

Year Over Year
Operating Income Growth



16%

Year Over Year
Revenue Growth



FINANCIAL HIGHLIGHTS

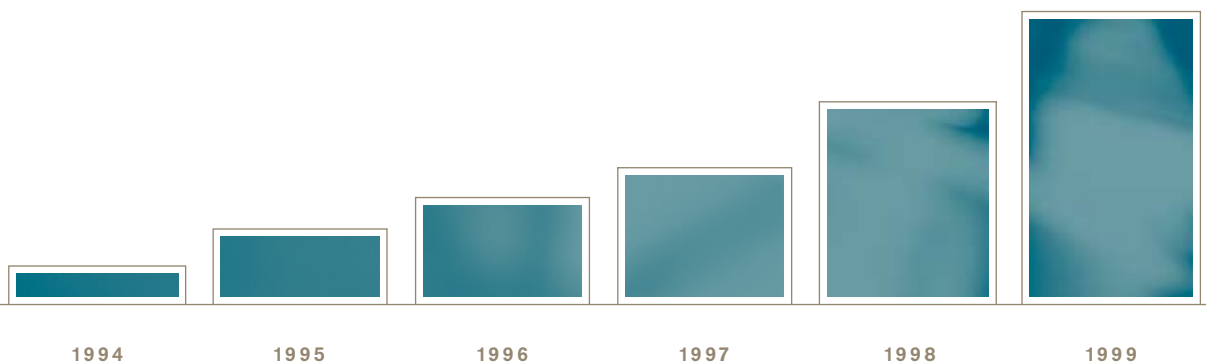
(U.S. GAAP, in millions, except per share data)

	2001	2002	2003	2004	2005
SOFTWARE LICENSE FEES	\$249.6	\$244.0	\$275.3	\$473.4	\$515.6
SOFTWARE MAINTENANCE	\$140.8	\$150.4	\$210.7	\$330.8	\$411.7
GLOBAL SERVICES	\$25.4	\$60.4	\$74.8	\$121.4	\$149.9
TOTAL REVENUE	\$415.8	\$454.8	\$560.8	\$925.6	\$1,077.2
GROSS PROFIT	\$350.1	\$380.2	\$465.9	\$725.2	\$830.8
OPERATING INCOME	\$62.5	\$47.7	\$39.2	\$81.8	\$132.2
NET INCOME	\$44.9	\$40.6	\$22.6	\$47.1	\$92.6
EARNINGS PER SHARE	\$0.70	\$0.63	\$0.34	\$0.52	\$1.00

Business Objects is the world's leading business intelligence (BI) software company. Our software helps organizations draw better insights into their business, thereby improving decision-making and enterprise performance. The company's 37,000 customers worldwide include more than 80% of the Fortune 500, and a fast-growing community of small and mid-sized businesses. Our business intelligence platform, **BusinessObjects™ XI**, offers the BI industry's most advanced and complete solution for enterprise information management, planning, reporting, query and analysis, and performance management. As the market for BI continues to grow, Business Objects continues to extend its leadership.

INTELLIGENT INVESTING

Successful execution of our long-term growth strategy produced outstanding financial performance in 2005. Revenues passed the **one billion dollar milestone**, and BusinessObjects XI became one of the most successful product introductions in the BI industry.



REVENUE MILESTONE

\$1.077 billion

16% YEAR OVER YEAR REVENUE GROWTH FOR 2005



A portrait of Albert Einstein, showing his characteristic wild, white hair and mustache. He is wearing a dark suit jacket over a light-colored shirt and a patterned tie. The background is a plain, light color. The entire image has a blue tint.

EXCEPTIONAL INTELLIGENCE =

Business Objects is investing in intelligence: in the smartest technologies behind business intelligence solutions, in the best people designing and managing those solutions, and in the most effective and extensive partnership network for putting them to work. That's how we built the industry's most advanced and complete business intelligence (BI) platform, and why we can offer our customers truly strategic, end-to-end business intelligence and performance management solutions that unlock their potential to succeed.

EXCEPTIONAL OPPORTUNITY

**BUSINESS OBJECTS CONTINUES AS THE NUMBER ONE VENDOR
IN THE BI MARKET.**

Source: IDC, November 2005

TO OUR SHAREHOLDERS

Fiscal 2005 was a landmark year for Business Objects. We passed the one billion dollar revenue milestone. We delivered innovative products that break down the barriers of complexity to allow a much greater number of people to use **business intelligence** than ever before. We acquired and integrated three companies to accelerate our delivery of the industry's most complete BI solution to our customers. And finally, we made an important change in the leadership of the company. After 15 years at the helm of Business Objects, Bernard, founder and chairman of the board, moved into the new role of chief strategy officer, and John joined the company as CEO. We are both thrilled with our new responsibilities and partnership.



2005 WAS ALSO ANOTHER YEAR OF GREAT FINANCIAL PERFORMANCE FOR BUSINESS OBJECTS

We grew faster than the rest of the BI market, with \$1.077 billion in revenue and 16 percent year over year growth, enabling us to make significant market share gains.

We grew margins and profits significantly year over year. In fiscal 2005, U.S. GAAP operating income rose 62 percent compared to 2004, to \$132 million, or 12 percent of total revenues. On a non-GAAP basis, income from operations increased 45 percent compared to 2004, to \$176 million. U.S. GAAP net income also

rose sharply to \$93 million, up 97 percent year over year. On a non-GAAP basis, net income was \$120 million, up 68 percent year over year.

We grew license revenue from \$1 million deals by 50 percent year over year, an important indicator of our success in winning standardization transactions.

We released BusinessObjects XI, and with \$234 million in license revenues in the first year, it was one of the most successful product introductions in the history of the business intelligence industry.

We are committed and excited about the opportunities for the future. Three main drivers will shape the success of our business in the coming years:

- the increasingly strategic importance of business intelligence
- our vision and strategy
- our execution

THE STRATEGIC IMPORTANCE OF BUSINESS INTELLIGENCE

Everywhere around us significant developments are taking place that are making business intelligence an essential, critical component of any organization or business.

Ever increasing competitive pressures are driving businesses and organizations of all sizes to become more metrics driven—using data to evaluate and improve performance at a much higher velocity. By aligning metrics and goals with budgets and planning across an entire organization, companies are using performance management solutions as the driver for their overall strategies.

As companies become more dependent on performance management solutions to run their businesses, they are also demanding higher quality data. Executives want the ability to easily trace the source and definitions of the underlying data, and they want to ensure that it is trustworthy, complete, and up to date.

Governments and regulatory agencies are becoming more demanding of businesses—insisting on greater compliance and reporting of financials and other key metrics. These regulations, which include Sarbanes Oxley, HIPAA, and Basel II, require solutions that can deliver information to all stakeholders in an accurate and timely fashion. Business intelligence is the ideal solution for addressing these challenges.

The frenzied pace of mergers and acquisitions continues to intensify, forcing organizations to not only integrate people and processes, but to integrate the underlying systems and data that allow these operations to function smoothly and efficiently. Without a solution for bringing together these systems to produce information that is consolidated, trustworthy, complete, and timely, a business will quickly fall behind its competition.

And finally, new technologies are changing the pace of business intelligence adoption and deepening its use inside the organization. Of note are two key developments: the adoption of hand-held computing devices as the preferred communications and information platform and the phenomenal growth of data inside organizations and on the web. Both of these factors will drive new business intelligence needs and uses into the foreseeable future.

We believe that these environmental factors will fuel our growth and further success.

OUR VISION AND STRATEGY

Our vision is to be a company that solves business problems—we aspire to be a change agent, where we help our customers transform from average companies to “high performance” organizations. A high performance organization possesses certain characteristics—it transforms data from liability to a true information asset, embraces information sharing, aligns goals and metrics to drive performance, and shares key metrics with a network of partners. Our vision resonates with our customers, and they are turning to Business Objects to make high performance culture a reality in their organizations. Whether we are helping a customer create a data warehousing project to deliver highly trustworthy information or we are helping a retailer develop a store assortment optimization solution—we are passionate about helping our customers use business intelligence to become high-performance companies.

To execute on this vision, we are pursuing three key strategic transformations. First, we are focusing on developing long term trusted relationships with our customers. We believe that only when we understand the customer's business and organization can we truly address their business needs. Consequently, our second transformation requires us to become more than a software company. We are developing skills, tools, and services that complement our core technologies. Together, our products, services, and knowledge combine to differentiate us from our traditional competitors as the only true business intelligence solution provider in the market. Last, as a result of the development of long term relationships and business solutions, we are transforming ourselves into a company that understands our customers' business at a level that enables an industry-focused approach to the market. Our solutions are increasingly differentiated by industry sectors, making them more readily deployable in the marketplace.

OUR EXECUTION

To deliver on this vision, we are executing a business plan that is based on five pillars.

We are extending our lead in the core business intelligence market—increasingly enterprises are selecting a single business intelligence solution to replace multiple instances of disparate BI technologies. By delivering the industry's most comprehensive set of technology and services, Business Objects has taken a lead over the competition in winning standardization deals. Business Objects XI, the latest version of our software delivered in 2005, includes many innovations designed to make BI relevant and accessible to all levels of users throughout an organization. This has greatly enhanced our ability to take market share, and we will continue to focus on delivering solutions that help us extend our lead in the core BI market.

We are expanding into Performance Management analytic applications—our analytic solutions allow organizations to improve their performance by using software and services around critical areas such as planning, budgeting, consolidations, metrics, and industry-specific processes. Also known as Performance Management solutions, they give us access to the financial and line of business managers. These include financial planning and budgeting applications, such as those we added through the acquisition of SRC in September 2005, as well as dashboarding and scorecarding solutions. An industry-focused approach is essential to success in this market—by understanding the customer's business and delivering specific, targeted services along with our software, we strengthen our customer relationships and become their partner of choice in working to improve performance.

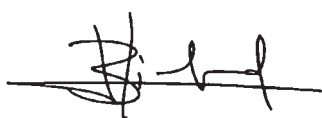
We are expanding our presence in the Enterprise Information Management (EIM) market—Enterprise Information Management is a rapidly growing market that provides critical data integration and data quality components to successful business intelligence implementations. Already a leading player in this area, we are expanding our EIM portfolio through a combination of acquisitions and organic development, and have integrated these components with our core business intelligence solutions. This integrated offering has provided Business Objects with a significant differentiator over our competition.

We are penetrating the mid-market—the mid-market, which we define as organizations with less than one billion dollars in annual revenue, is the least penetrated aspect of the business intelligence opportunity, and as such offers a great avenue for further growth. By making our channel partners a strategic extension of our sales force and simplifying our enterprise offerings for smaller buyers, we are growing our presence in this market. To attract a new class of smaller customers, we have recently introduced crystalreports.com, our new software as a service offering designed to allow small and mid-market companies to leverage business intelligence in a hosted environment.

We are growing our global services business—our global services organization plays a critical role in our vision to develop long term customer partnerships, to become a solutions organization and to differentiate our offerings by vertical sector, helping to transform our customers into high performance organizations. By providing our customers with expert training around business intelligence best practices and specialized industry focused solutions, and by enabling their deployment with consulting and integration, we will significantly speed up the use of our solutions and raise the value we can deliver to our customers.

Ultimately, our vision and our business strategy are all about one aspiration—building one of the world's greatest software companies. Breaking through the \$1 billion dollar in annual revenue ceiling was a major step towards this goal. Our sights are now on the next billion, on continuing operational improvements resulting in greater financial returns, and on developing into a high performance organization ourselves. We believe we have the team in place to achieve this goal. Our employees are the best in the industry, and are passionate about serving customers better than anyone else. On behalf of all our employees, we would like to thank our customers for their trust and our investors for their continued faith in Business Objects, and look forward to 2006 with optimism and high energy.

Thank you,



BERNARD LIAUTAUD
Founder, Chairman and
Chief Strategy Officer



JOHN SCHWARZ
Chief Executive Officer

Corporate Directory

Board of Directors

BERNARD LIAUTAUD
Chairman of the Board,
and Director since 1990

BERNARD CHARLÈS
Director since 1998

JEAN-FRANÇOIS HEITZ
Director since 2003

GERALD HELD
Director since 2002

KURT LAUK
Director since 2004

CARL PASCARELLA
Director since 2005

DAVID PETERSCHMIDT
Director since 2003

JOHN SCHWARZ
Chief Executive Officer
and Director since 2006

ARNOLD SILVERMAN
Director since 1991

Management Team

JOHN SCHWARZ
Chief Executive Officer

BERNARD LIAUTAUD
Founder, Chairman of the Board,
and Chief Strategy Officer

SCOTT BAJTOS
Senior Vice President,
Customer Support

MAURIZIO CARLI
Senior Vice President and
General Manager, EMEA

HERVÉ COUTURIER
Senior Vice President, Products

MARK DOLL
Senior Vice President,
Global Services

JIM TOLONEN
Chief Financial Officer and
Senior Vice President,
Finance and Administration

GREG WOLFE
Senior Vice President and
General Manager, Americas

SUSAN WOLFE
Senior Vice President, General Counsel
and Corporate Secretary

JANET WOOD
Senior Vice President, Global Partnerships
and Sales Enablement

SHERI ANDERSON
Group Vice President and CIO

THOMAS MALONE
Group Vice President and General Manager,
Planning Business Unit

TOM SCHROEDER
Group Vice President,
Corporate Development

PAT WYNNE
Group Vice President and General Manager,
Asia Pacific Japan

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