

First Quarter 2006

**Earnings Conference Call
April 26, 2006**



Safe Harbor: Forward Looking Statements

We wish to caution you that such statements are just predictions based on management's current expectations or beliefs, and that actual events or results may differ materially. We refer you to documents the company files with the Securities and Exchange Commission, including form 10-K for the year ended December 31, 2005. These documents identify important risk factors that could cause actual results to differ materially from those contained in our forward-looking statements. We also inform you that the company assumes no duty to confirm, update or revise the financial forecast for the year, or any other forward looking information in this call as a result of new developments or otherwise. These potential risks and uncertainties include, among others, fluctuations in the company's quarterly and yearly operating results; the company's ability to sustain or increase its profitability; the company's ability to attract and retain customers for BusinessObjects XI, its enterprise performance management products and CrystalReports.com; the company's ability to issue new releases of its products, including those acquired from Firstlogic, Inc.; the Company's ability to successfully integrate Firstlogic and its other recent acquisitions; changes to current accounting policies which may have a significant, adverse impact upon the company's financial results; the introduction of new products by competitors or the entry of new competitors into the markets for Business Objects' products; the impact of the pricing of competing technologies; the company's ability to preserve its key strategic relationships; the company's reliance upon selling products only in the Business Intelligence software market; and economic and political conditions in the US and abroad.

Use of Non-GAAP Financial Measures

Today we will be discussing our results on a US GAAP as well as a non-GAAP basis. These non-GAAP results, also sometimes called pro forma results, exclude write-off of in process research and development charges, amortization of purchase intangibles, stock based compensation expense and certain purchasing accounting adjustments under FAS 123R. We use these additional non-GAAP measures as we believe they give useful operating information in addition to the US GAAP results.

A reconciliation of US GAAP to non-GAAP financial statements is available in our press release and in our investor relations web page.

Financial Results

Jim Tolonen, CFO

First Quarter 2006 Results

Strong Revenue Growth, across all product lines and service offerings



+12%

+17% in constant currencies

Year-over-Year Improvement in non-GAAP operating margin

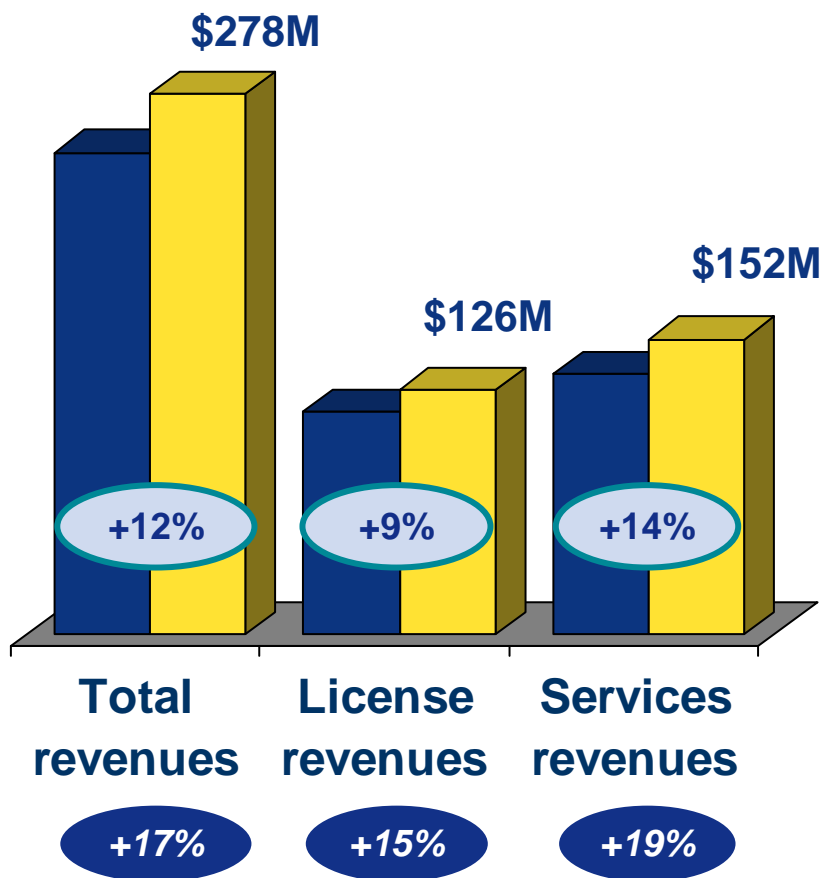


14% of total revenues

+ 31% increase Y-o-Y

- ▶ **Exceptional Results in the Americas**
- ▶ **Extended Our Leadership Position:**
 - Internal New Product Development
 - Strategic Acquisitions
- ▶ **On-Track with Mid-Term Financial Goals for Growth and Margin Expansion**

Strong Growth, Across All Products and Services



This is the 3rd sequential quarter showing double-digit total revenue growth (in constant currencies)

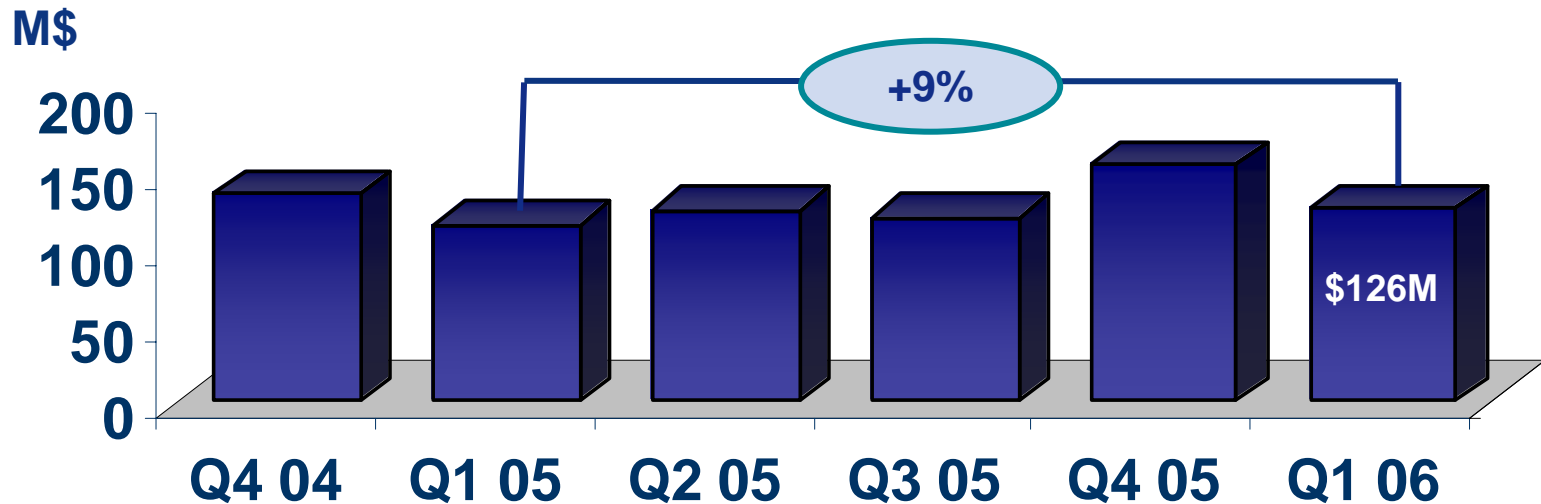
■ Q1 05
■ Q1 06

○ % Year-on-Year Growth

○ % Year-on-Year Growth Constant Currencies

BusinessObjects XI & Release 2 Drives License Growth

Software License Revenues



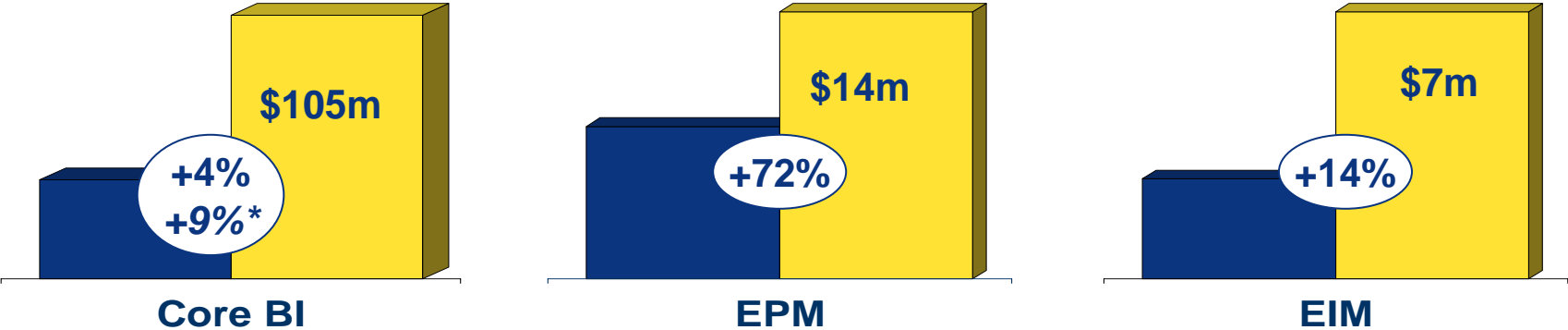
▶ Continued Strength with Business Objects XI

- License revenues from BusinessObjectsXI were \$83 million in Q1'06 & represented two thirds of total license revenue
- 9 license transactions over \$1M

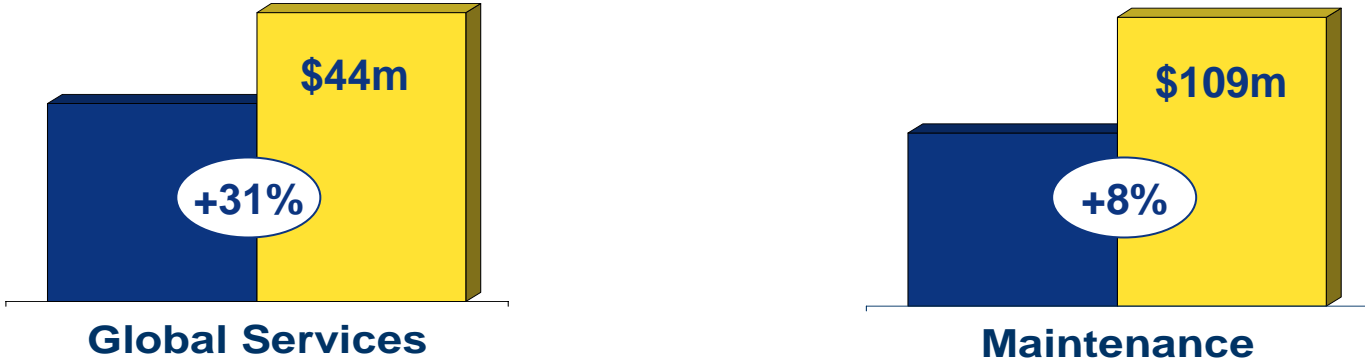
▶ XI Release 2 Gaining Momentum

Growth in all Business Lines

License Revenues



Services Revenues



■ Q1 2005

■ Q1 2006

Q1 2006

* Constant currency

Q1 Summary Income Statement

Q1 2006

| | US GAAP | Non-GAAP |
|---------------------|---------|----------|
| Revenues | \$ 278M | \$ 278M |
| Cost of Revenues | \$69M | \$59M |
| Gross Margin | 75% | 79% |
| Operating Expenses | \$192M | \$179M |
| Operating Profit | \$18M | \$40M |
| Operating Margin | 6% | 14% |
| Income Before Taxes | \$21M | \$43M |
| Net Income | \$12M | \$31M |
| EPS - Diluted | \$0.13 | \$0.33 |

US GAAP Results in include stock based compensation expense from FAS 123(R)

Strong Balance Sheet

As of March 31, 2006

| | |
|------------------------------------|----------------|
| Total Cash and Investments* | \$474M |
| Deferred Revenues | \$256M |
| Total Assets | \$2.2B |
| DSO | 80 days |

- **Total Cash and Investments were up \$93 million, or 24% from \$381 million at December 31, 2005**
- **Deferred revenues was \$256 million, up 23% sequentially and up 22% year over year; at an all time company high**

* Cash and investments includes cash, cash equivalents, restricted cash and short-term investments

Acquired Firstlogic, Inc.

- ▶ **On April 1, 2006, the company closed the acquisition of privately-held Firstlogic, Inc., a global provider of enterprise data quality software and services.**
- ▶ **The acquisition was an all-cash transaction of approximately \$69 million and will be accounted for under the purchase method of accounting.**
- ▶ **No revenue or earnings contribution from Firstlogic, Inc. was included in the Q1 2006 revenue.**

Guidance Second Quarter 2006

| Q2 2006 Guidance | |
|-----------------------------------|------------------------|
| Total Revenue range | \$295M – \$300M |
| US GAAP Diluted EPS range | \$0.10 – \$0.13 |
| Non-GAAP Diluted EPS range | \$0.30 – \$0.33 |

Assumptions

- Non-GAAP diluted EPS guidance excludes amortization of intangible assets and stock-based compensation expense totaling approximately \$0.20 per share.
- Q2 2006 guidance assumes a U.S. Dollar to Euro exchange rate of \$1.22 per €1.00 & U.S. Dollar to Canadian dollar exchange rate of \$0.88.
- US GAAP tax rate of 40% and a pro forma tax rate of 30% for the second quarter of 2006.
- Firstlogic, Inc. is estimated to contribute \$6 million in revenue and a (\$0.03 – \$0.04) operating loss.

Guidance Fiscal Year 2006

| FY 2006 Guidance | |
|-----------------------------------|----------------------------|
| Total Revenue range | \$1.225B – \$1.245B |
| US GAAP Diluted EPS range | \$0.82 – \$0.92 |
| Non-GAAP Diluted EPS range | \$1.55 – \$1.65 |

Assumptions

- Non-GAAP diluted EPS guidance excludes amortization of intangible assets and stock-based compensation expense totaling approximately \$0.73 per share.
- Q2 2006 guidance assumes a U.S. Dollar to Euro exchange rate of \$1.22 per €1.00 & U.S. Dollar to Canadian dollar exchange rate of \$0.88.
- US GAAP tax rate of 40% and a pro forma tax rate of 30% for the full year of 2006.
- Firstlogic, Inc. is estimated to contribute \$20 million in revenue and be breakeven on an operating basis.



Strategic Outlook

John Schwarz, CEO

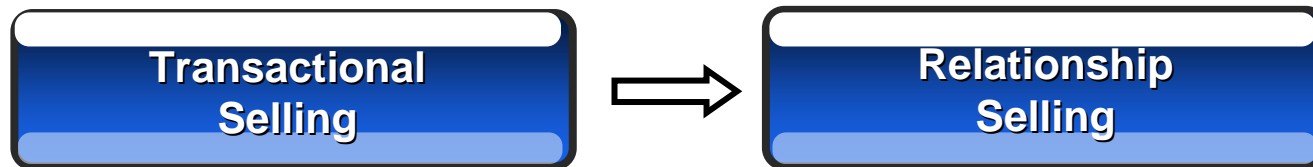
Solid Q1 2006 Results

- ▶ **Revenue Growth Drives Financial Strength**
- ▶ **Continued Traction with XI**
- ▶ **Commitment to Innovation**
- ▶ **Expanding Market Reach**
- ▶ **Improvements in Global Services**

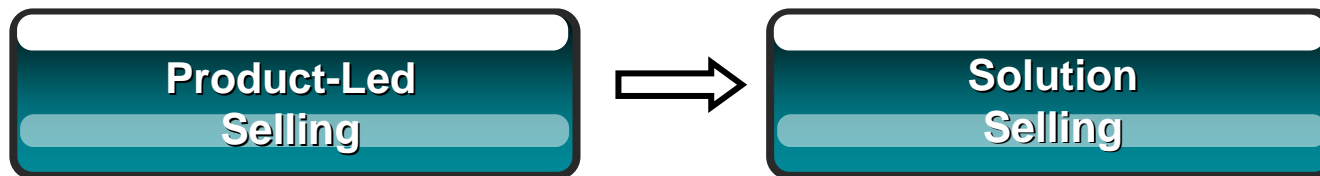
Vision: Deliver High-Performance Solutions to Customers

Attainable Through Three Key Strategic Transformations

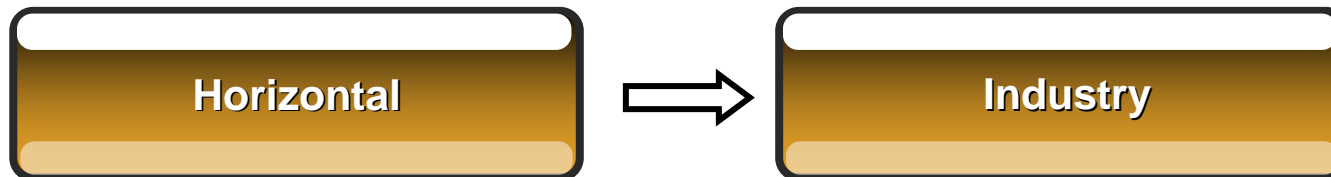
- ▶ **Develop Long-Term, Trusted Customer Relationships**



- ▶ **Solutions-Focused Selling**



- ▶ **Create Offerings that Reflect Industry Expertise**



The Americas Deliver Another Strong Quarter

- ▶ 25% Revenue Growth, year-over-year
- ▶ 5 Deals over \$1 Million in License Revenue
- ▶ Notable Strength in Government Vertical



ZIONS BANCORPORATION

UNISYS



Genentech
IN BUSINESS FOR LIFE



Robust Performance in EMEA

- ▶ Revenue Up 12% in Constant Currencies
- ▶ 4 Deals over \$1 Million in License Revenue
- ▶ First Ever Pan-European User Conference in May 2006



AsiaPac Japan Turns the Corner

- ▶ **Established Fundamentals to Drive Long-Term Growth**
 - ▶ **Keith Budge Joins as Sr. VP and GM of APJ**
 - ▶ **Strong Demand from Korea and India**
-



Alliances Continue to Surpass Expectations

- ▶ Continue to have Largest Indirect Channel in BI
- ▶ Committed to Technology and Software Partnerships
- ▶ In Q1, Global OEM Business Grew 24%, year-over-year



Growth Drivers & Update on Key Markets

37,000+
Customers

+72%
Y/Y growth

Firstlogic
Acquisition

crystal
reports.com

+31%
Y/Y growth

Core BI

Enterprise
Performance Management

Enterprise
Information Management

Mid - Market

Global Services

In Conclusion...

- ▶ **Leadership in BI with XI Adoption**
- ▶ **Expansion of EPM and EIM Offerings**
- ▶ **Extending Product Offerings and Distribution into the Mid-Market**
- ▶ **Global Services Drives Strategic Partnership with Customers**
- ▶ **Improvement in Profitability**



Thank You!

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