



9 – MONTH REPORT 2004

USU Software AG

9-MONTH REPORT 2003	2004	2003
<i>in Thsd. EUR, except the earnings per share and number of employees</i>	01.01.-30.09.2004	01.01.-30.09.2003 Bilanzangaben zum 31.12.2003
REVENUES	13,447	14,758
EBITDA	-446	-2.942
EBIT	-864	-3.808
NET RESULT	221	-2.263
EARNINGS PER SHARE (EUR)	0.03	-0.26
SHAREHOLDERS` EQUITY	32,719	66,657
TOTAL ASSETS	72,718	75,311
EQUITY RATIO	45.0%	88,5%
NUMBER OF EMPLOYEES		
AT THE END OF THE PERIOD	180	229

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Dear shareholders,
dear readers,

In Q3 2004, the positive trend in the consultation area of our Company continued. As a result, the USU Software Group achieved the highest quarterly sales of the current financial year with TEUR 4,754 in the months of July to September 2004. In contrast, the license area posted only a slight increase, which was lower than we expected. Fortunately however, many orders were generated through our partner network, which was recently extended to include LANDesk Software.

Year-on-year sales in Q3 2004 were at approximately the same level as Q3 2003, in which TEUR 4,776 was generated. The earnings for the quarter improved significantly as a result of the reduced cost basis of the previous year in which there was a deficit of TEUR -1,231 amounting to a positive TEUR 13.

In the entire nine month period 2004, sales amounted to TEUR 13,447 (PY: TEUR 14,758), while the total net income was TEUR 221 (PY: TEUR -2,263). The Company thus improved earnings year-on-year by TEUR 2,484.

As a result of the positive trend in the consultation area, we expect sales above the previous year's level of TEUR 4,301 for Q4 2004. The traditionally very strong end-of-year business is expected to have a positive effect on the license area. This holds strong potential for an improvement in earnings for the quarter and for the whole year 2004, although, from the current perspective, the annual net income is likely to be below expectations. For the 2005 financial year, we are optimistic that we will be able to increase operating results with sales at the level of 2004, and that we will again achieve a net income. Alongside the special distribution in February 2005, a dividend will also be paid, in order to allow our shareholders to participate in the success of our company.

Yours

Bernhard Oberschmidt

Chairman of the Management Board of USU Software AG

Economic development. The strong upswing of the global economy has lost momentum since spring 2004, according to studies of the Arbeitsgemeinschaft deutscher wirtschaftswissenschaftlicher Forschungsinstitute e.V. In China in particular, administrative measures were taken to decrease the strong expansion of production and demand, which was accompanied by a drastic increase in global market prices for raw materials, and thereby avoid overheating the economy. The large hike in oil prices led to on-going low expansion in private consumption, in the USA especially. Moreover, several Central Banks have begun to increase key interest rates.

In the eurozone, the economic recovery has stabilised. This was mainly export-led. In Germany also, the economic momentum came from strong export business for the most part, while domestic demand stagnated, as before. In total, the German gross domestic product (GDP) increased year-on-year by 1.3% in Q3 2004, according to calculations from the German Federal Statistical Office.

Sector performance. The IT market benefited from the global economic upturn and the accompanying investments in information technology. According to information from BITKOM (German Information and Telecommunication Industry Association), the weak growth of the last two years has thus been overcome. BITKOM expects an increase of 1.9% in the German IT market for the whole year.

Business development. In Q3 2004, USU Software AG extended the Group consultation area and thus further increased utilisation in this area. On the other hand, the high-margin license area developed in a rather restrained fashion. In total, the Company posted the highest quarter sales this year.

Due to the lower cost basis, the USU Software Group greatly improved operating results year-on-year. In Q3 2004, a positive net income for the quarter was achieved as a result of interest income, although this was still lower than the two previous quarters.

Sales and earnings development. In Q3 2004, USU Software AG generated higher-than-expected Group sales of TEUR 4,754 (PY: TEUR 4,776). TEUR 2,483 (PY: TEUR 2,775) of this is from the Business Solutions segment and TEUR 2,271 (PY: TEUR 2,001) from IT-Controlling.

In the Business Solutions segment the year-on-year fall in sales reflects the necessary reduction in employee capacity in 2003. In contrast, utilisation in this segment increased greatly in the period under review, so that freelance employees had to be used. In comparison to Q3 2003, the IT-Controlling segment showed a sales growth, which was predominantly generated from the consultation area. The high-margin license area on the other hand, remained below expectations.

With the structural changes implemented in 2003, the cost basis of USU Software AG and its subsidiaries was significantly reduced by TEUR 1,506 to TEUR 5,081 (PY: TEUR 6,587). Essentially, this includes materials and staff costs, costs for freelance employees, legal and consultation costs, as well as a settlement to avoid legal action, costs for outsourced products and services, rent and depreciation.

As a result of the significant decrease in operating costs, the Company EBITDA improved significantly from TEUR -1,373 in the previous year's quarter to TEUR -234 in Q3 2004. EBIT was TEUR -328 (PY: TEUR -1,707). USU Software AG achieved net income for the quarter of TEUR 13, including interest income, in the period under review, after a loss in the previous year's quarter of TEUR -1,231.

In the nine month period 2004 Group sales of USU Software AG were TEUR 13,447 (PY: TEUR 14,758). The Business Solutions division contributed TEUR 7,098 (PY: TEUR 8,523) to Group sales, while sales in the IT-Controlling division increased slightly to TEUR 6,349 (PY: TEUR 6,235).

Costs of sales were visibly reduced year-on-year by TEUR 1,812 to TEUR 8,568 (PY: TEUR 10,380). These mostly included expenditure for hired consultants and freelance employees, as well as materials costs.

Selling and Marketing expenses fell by TEUR 1,306 to TEUR 2,316 (PY: TEUR 3,622). Alongside stronger partner management, the focussing of marketing activity on individual events of the two Company segments had a positive effect on cost development.

General and administrative expenses were likewise reduced by TEUR 1,177 to TEUR 1,495 (PY: TEUR 2,672) in the first three quarters of the 2004 financial year and reflect the savings in the specialist and personnel area in particular.

Research and development expenses fell slightly by TEUR 313 and stood at TEUR 2,020 (PY: TEUR 2,333) in the period under review. This mainly includes costs for the Czech Development Company USU Software s.r.o., costs for outsourced services, as well as personnel costs for German development employees.

EBITDA improved to TEUR -446 (PY: TEUR -2,942) in the first nine months of 2004, mainly due to the lower cost basis. Including depreciation and amortization of TEUR 418 (PY: TEUR 866) EBIT amounted to TEUR -864 (PY: TEUR -3,808). As a result of the decreased interest level in connection with the necessary new investment of matured securities, interest income in the period under review was TEUR 1,112 (PY: TEUR 1,555), lower than the previous year. Other income, which includes income from the sale of equipment among other things, comes to TEUR 98 (PY: TEUR 339). In consideration of taxes and minority interests of TEUR -27 (PY: TEUR -10), the net income for the first three quarters amounts to TEUR 221 (PY: TEUR -2,263) in total.

With an average 8,605,593 (PY: 8,605,593) shares, earnings per share in the first three quarters is EUR 0.03 (PY: EUR -0.26), in which the previous year's value was adjusted as a result of the 2:1 reverse split.

Balance sheet structure. As a result of the approaching special distribution, (see "Special distribution, capital measures" section) as well as the accompanying capital measures, the balance sheet positions changed in Q3 2004. Therefore shareholder's equity fell, mainly as a result of the conversion of an instalment of capital reserves into share capital, as well as the associated reduction of share capital to TEUR 32,719 (31 December 2003: TEUR 66,657) for the purposes of cash distribution to shareholders. At the same time, the balancing of the necessary distribution amount of TEUR 34,207 took place as a liability in the *Other current liabilities* position, which increased outside capital to TEUR 39,999 (PY: TEUR 8.654).

The shareholder's equity rate of 30 September 2004, fell to 45.0% (31 December 2003: 88.5%). However, this will return to over 80% after the special distribution in February 2005.

Also linked to the special distribution was a reclassification of non current asset securities which were to be sold for the distribution into current assets, whereby the current asset securities increased to TEUR 18,406 (31 December 2003: TEUR 5,622), while debt securities in non current assets fell to TEUR 21,670 (31 December 2003: TEUR 34,563).

At the end of Q3 2004, the total liquid funds and investments amounted to TEUR 46,684 (31 December 2003: TEUR 47,841). There was a reduction of TEUR 980 against the previous quarter, in which financial funds were TEUR 47,664. This is largely due to the increase in unfinished services which have not yet been invoiced, and trade receivables and supplies. Invoicing and settlement for several projects will take place at the end of Q3 2004, which will lead to a corresponding inflow of funds in the following quarter.

Investments. In the first nine months of 2004, the total spending on investment was approximately TEUR 212, while net expenditure was TEUR 10,781 in the same period last year. The latter mainly includes income from the sale of securities of TEUR 12,858 and investment of TEUR 1,931 for the complete acquisition of the subsidiary USU AG.

Investment in property and equipment totalled 207 TEUR (PY: TEUR 86) in the first three quarters of 2004. This largely includes investment in new hardware.

Research and development. The YTD research and development expenditure amounted to TEUR 2,020 (PY: TEUR 2,333) altogether in the 2004 financial year. Following completion of the release of the Valuation 2.3 product suite was completed, the work of USU Software Group R&D is now focussed on the development of Valuation Version 3.0.

Order book. The USU Software Group order book totalled TEUR 5,919 (PY: TEUR 5,285) as of 30 September 2004. The seasonal drop in orders is reflected against the previous quarter's value of TEUR 6,134 (PY: TEUR 5,940). However, this drop was significantly smaller than in the same period last year.

Employees. At the end of Q3 2004 there were 180 (PY: 229) employees at in the USU Software AG Group. The reduction of the workforce is a reflection of the structural changes to the Group, brought about in the previous year

Broken down by functional unit, there were 65 employees in Consultation and Services, 59 in R&D, 35 in Head Office and 21 in Sales and Marketing.

Subdivided by segment, USU Software Group employs 96 people in the IT-Controlling segment, 55 in Business Solutions and 29 in Head Office.

Special distribution, capital measures. On 12 August 2004, the AGM of 15 July 2004 relating to capital measures for the upcoming special distribution of USU Software AG was entered into the commercial register of the Company.

Due to the regulations of German Company Law, direct distribution from the capital reserves to shareholders is not permitted. For this reason, a multi-level procedure was necessary. First, the share capital of the company was raised by EUR 35,300,000 to EUR 52,511,186, divided into 17,211,186 no-par unit shares to be made out to bearer.

Capital was increased by converting an instalment of EUR 35,300,000 of the capital reserves shown on the balance sheet on 31 December 2003, without issuing new shares.

Then, Company share capital of EUR 52,511,186, divided into 17,211,186 non-par unit shares to be made out to bearer was reduced by EUR 43,905,593 to EUR 8,605,593. In this context, a 2:1 reverse split of USU Software shares from 17,211,186 to 8,605,593 took place. The reduction in capital took place in order to repay shareholders in the form of a cash distribution of EUR 4.00 each to cover the distribution of legitimate shares (after consolidation), as well as to enter the remaining instalment into the Company capital reserves.

Since the publication of the entry of the resolution to reduce capital by the district court on 17 August 2004, there is a period of six months required by company law to protect possible creditors. In line with these regulations, payment of the special distribution may take place after 6 months. The Company plans, to carry out the cash distribution on 18 February 2005. Up-to-date information will soon be available on the Company homepage at <http://www.usu-software.de>.

USU Software shares (SIN A0BVU2 // ISIN DE000A0BVU28). In terms of the capital measures necessary for the special distribution, it was resolved carry out a 2:1 reverse split of the 17,211,186 shares (before capital reduction) of USU Software AG, which was carried out by the depositary banks and Clearstream Banking AG at the close of trading on 31 August 2004. For every two unit shares with a calculated stake in the share capital of 1 Euro per unit share (ISIN DE0007804700), our shareholders received a converted unit share with a calculated stake in the share capital of 1 Euro (ISIN DE000A0BVU28).

Since 1 September 2004, the 8,605,593 converted shares have been traded on the Regulated Market on the Frankfurt Stock Exchange (Prime Standard) and on the Regulated Market on the Baden-Württemberg Stock Exchange (Gate-M).

In Q3 2004, USU Software shares developed weakly, as did all share markets. The closing price of Company shares on 30 September 2004 was EUR 6.34, thus 7.3% lower than the calculated share price at the end of the previous quarter, taking into account the 2:1 reverse split. In the same period, the Technology All Share-Index posted a decline in value of 12.1% to 623.56 points (30 June 2004: 709.01 points), while the DAX fell by 3.9% to 3,892.90 points (30 June 2004: 4,052.73 points).

Changes to Supervisory Board. With effect from 31 October 2004, the hitherto Chairman of the Supervisory Board, Markus Kress, and Werner Preuschhof, a member of the Supervisory Board, both resigned their seats on the Supervisory Board.

The resignation took place as expected in the course of the changes in the Company structure following the acquisition of the majority shareholding by Udo Strehl Private Equity GmbH. The Company figures Günter Daiss and Erwin Staudt were legally appointed as new members of the Supervisory Board.

Outlook and forecast report. According to reports from the Arbeitsgemeinschaft deutscher wirtschaftswissenschaftlicher Forschungsinstitute e.V., the world economy will decrease at a slightly higher level over the coming year. After a growth in real GDP of 3.9% in 2004, GDP growth worldwide will stand at 3.2% in 2005. The economic recovery in the eurozone will stabilise and will lead to economic growth of 2.0% in 2005, after growth of 1.9% in 2004. GDP growth of 1.8% in 2004 and 1.5% in 2005 is forecast for Germany. The slowdown in economic growth is a reflection of the effect of additional working days in 2004, which will produce an additional economic growth of 0.5% this year.

According to studies by the European Information Technology Observatory (EITO), the IT market will grow significantly. After two years of falling market volumes, the Western European IT market will increase by 2.3% this year. This figure will jump to 4.2% in 2005. The software and IT services areas in particular, will drive growth, with an increase of 5.6% and 4.8% respectively. According to BITKOM studies, the German IT market will also benefit from companies no longer turning away from or postponing investment. While market volume growth in the German IT market remains at a modest 1.9% in 2004, the growth rate in 2005 will reach 4.0%. BITKOM also sees the software and IT services areas increasing greatly.

In Q4 2004, the Management Board of USU Software AG forecasts higher sales than the previous year, namely TEUR 4,301, as well as positive earnings for the quarter once again. While utilization in the consultation area in the last quarter of the 2004 financial year is likely to be high, the high-margin license area holds particularly high potential to increase earnings. Experience shows that orders can be generated towards the end of the financial year, which can be extended over the course of the year into the future. In this respect, the Company is confident that profitability can be built upon successfully, even though the net income for the whole year 2004 is likely to fall below original expectations. For the 2005 financial year the Management Board expects sales to develop steadily and operating results to increase significantly. We also forecast that a net income for the year will be achieved, even without the interest income from funds being used for the special distribution.

USU Software AG

The Management Board

ASSETS <i>(Thsd. EUR)</i>	9-month report	Annual report
	30.09.2004	31.12.2003
Current assets		
Cash and cash equivalents	6,608	7,656
Short-term investments / marketable securities	18,406	5,622
Trade accounts receivable	3,279	4,291
Accounts receivable due from related parties	0	0
Work in process	1,570	498
Inventories	0	0
Deferred tax asset	0	0
Prepaid expenses and other current assets	3,908	4,814
Total current assets	33,771	22,881
Non current assets		
Property, plant and equipment	423	373
Intangible assets	1,248	1,566
Goodwill	14,385	14,385
Investments	0	270
Deferred taxes	0	0
Debt securities	21,670	34,563
Other assets	1,221	1,273
Total non current assets	38,947	52,430
Total assets	72,718	75,311

LIABILITIES AND SHAREHOLDERS' EQUITY (Thsd. EUR)	9-month report 30.09.2004	Annual Report 31.12.2003
Current liabilities		
Trade accounts payable	650	921
Accounts payable due to related parties	0	267
Advance payments received	0	593
Payroll-related accruals and liabilities	1,183	1,523
Tax-related accruals and liabilities	65	73
Deferred revenues	965	850
Other current liabilities	36,226	3,517
Total current liabilities	39,089	7,744
Non-current liabilities		
Long-term debt / convertible bonds	0	0
Pension accruals	910	910
Total non-current liabilities	910	910
Minority interest	0	0
Shareholders' equity		
Share capital	8,606	17,211
Additional paid-in capital	112,111	137,730
Treasury stock	-714	-714
Accumulated deficit	-87,324	-87,545
Accumulated other comprehensive income/loss	40	-25
Deferred compensation	0	0
Total shareholders' equity	32,719	66,657
Total liabilities and shareholders' equity	72,718	75,311

Consolidated income statement (Thsd. EUR)	Quarterly Report	Quarterly Report	9-Month Report	9-Month Report
	III / 2004	III / 2003	2004	2003
	01.07.2004 - 30.09.2004	01.07.2003 - 30.09.2003	01.01.2004 - 30.09.2004	01.01.2003 - 30.09.2003
Revenues	4,754	4,776	13,447	14,758
Cost of revenues	-3,211	-3,326	-8,568	-10,380
Gross profit	1,543	1,450	4,879	4,378
Selling and Marketing expenses	-659	-1,482	-2,316	-3,622
General and administrative expenses	-546	-1,037	-1,495	-2,672
Research and development expenses	-665	-742	-2,020	-2,333
Amortization (and impairment) of goodwill	0	0	0	0
Restructuring expense	0	0	0	0
Stock compensation expense	0	0	0	97
Operating loss	-327	-1,811	-952	-4,152
Interest income and expenses	369	447	1,112	1,555
Income from investments and participations	0	0	0	0
Income/expense from investments accounted for by the equity method	0	0	0	0
Foreign currency exchange gains / losses	-3	8	-10	8
Other income / expense	2	100	98	339
Result before income tax (and minority interest)	41	-1,256	248	-2,250
Income tax	-28	9	-27	-67
Extraordinary income / expenses	0	-4	0	-3
Result before minority interest	13	-1,251	221	-2,320
Minority interest	0	20	0	57
Net income / loss	13	-1,231	221	-2,263
Net income per share (basic)	0.00	-0.14	0.03	-0.26
Net income per share (diluted)	0.00	-0.14	0.03	-0.26
Weighted average shares outstanding (basic)	8,605,593	8,605,593	8,605,593	8,605,593
Weighted average shares outstanding (diluted)	8,605,593	8,605,593	8,605,593	8,605,593

CONSOLIDATED STATEMENT OF CASH FLOW (Thsd. EUR)	9-month report 01.01.2004 - 30.09.2004	9-month report 01.01.2003 - 30.09.2003
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income / loss	221	-2,263
Adjustments for:		
Minority interest	0	-57
Depreciation and amortization	418	866
Deferred Taxes	0	0
Other non-cash expenses/income	312	-101
Change in working capital:		
Trade accounts receivable	971	1,722
Accounts receivable due from related parties	0	-43
Work in process	-1,072	-1,207
Inventories	0	0
Prepayments	21	-29
Prepaid expenses and other current assets	940	-642
Trade accounts payable	-271	-708
Accounts payable due to related parties	0	40
Payroll-related accruals and liabilities	-340	-1,350
Tax-related accruals and liabilities	-8	-132
Pension accruals	0	70
Other accruals and liabilities	32,081	-2,577
Deferred revenues	115	-82
Net cash used in operating activities	33,388	-6,493
CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of subsidiaries, net of cash acquired	66	-1,931
Purchase of property and equipment	-207	-86
Purchase of intangible assets	-16	-14
Proceeds from the sale of fixed assets	21	57
Sale of securities	3,232	12,858
Purchase of securities	-3,308	-103
Net cash provided by/used in investing activities	-212	10,781
CASH FLOW FROM FINANCING ACTIVITIES:		
Net change in short-term debt to banks	0	0
Capital increase/decrease	-34,224	0
Change in treasury stock	0	1,145
Change in convertible bonds	0	-94
Net cash provided by financing activities	-34,224	1,051
Net effect of currency translation in cash and cash equivalents	0	0
NET INCREASE IN CASH AND CASH EQUIVALENTS	-1,048	5,339
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,656	12,001
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,608	17,340

**CONSOLIDATED STATEMENT OF
SHAREHOLDERS' EQUITY**

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY	Common stock		Addition-al paid-in capital	Treasury stock	Accumu- lated deficit	Deferred compen- sation	Accumul. other compreh. income/loss	Total	Compre- hensive income/ loss
	Shares	Thsd. EUR							
Balance at December 31, 2002	17,211,186	17,211	137,848	-1,859	-80,304	-22	54	72,928	
Change in treasury stock	0	0	0	1,145	0	0	0	1,145	
Adjustment of deferred compensation	0	0	-118	0	0	118	0	0	
Result of deferred compensation	0	0	0	0	0	-96	0	-96	
Net loss	0	0	0	0	-7,241	0	0	-7,241	-7,241
Unrealized income/expenses on debt securities	0	0	0	0	0	0	-85	-85	-85
Foreign currency translation adjustment	0	0	0	0	0	0	6	6	6
Comprehensive loss									-7,320
Balance at December 31, 2003	17,211,186	17,211	137,730	-714	-87,545	0	-25	66,657	
Net income	0	0	0	0	221	0	0	221	221
Unrealized income/expenses on debt securities	0	0	0	0	0	0	65	65	65
Capital increase	0	35,300	-35,300	0	0	0	0	0	
Allocation to additional paid-in capital	0	0	9,699	0	0	0	0	9,699	
Capital decrease	-8,605,593	-43,905	0	0	0	0	0	-43,905	
Expenses for capital decrease	0	0	-18	0	0	0	0	-18	
Comprehensive income									286
Balance at September 30, 2004	8,605,593	8,606	112,111	-714	-87,324	0	40	32,719	

Principles of Accounting. This 9-month report was prepared according to the regulations of the US-American Generally Accepted Accounting Principles (“US-GAAP”). The same accounting and valuation principles were used here as in the consolidated annual financial statements for the financial year ended 31 December 2003. This unaudited 9-month report 2004 is thus to be read in conjunction with the audited consolidated annual financial statements of 2003.

Segment reporting. SFAS No. 131 “Disclosures about Segments of an Enterprise and Related Information“ requires the reporting of specific information concerning the operating segments of the company, the geographic distribution of revenues and assets and concerning the most important customers.

For the segment IT-Controlling und Business Solutions, the following segment related revenues apply:

Segment related revenues	01.01.2004 - 30.09.2004	01.01.2003 - 30.09.2003
Revenues	13,447	14,758
IT-Controlling	6,349	6,235
Business Solutions	7,098	8,523

Outside Germany the USU Software Group achieved less than 10% of consolidated revenues during the first nine months of the 2004 financial year.

In the same period, 11% of consolidated revenues were achieved by a single customer. Some 32% of revenues were generated by the 5 largest customers.

Compulsory offer by Udo Strehl Private Equity GmbH

On 8 June 2004, Udo Strehl Private Equity GmbH (USPEG) notified the Company that it acquired 48.48% of shares in USU Software AG and, as a result of a pooling agreement with Mr. Udo Strehl, now holds a total of 71.97% of voting rights in the Company. The founder of USU AG, Udo Strehl, is also the majority shareholder of USPEG.

In line with the provisions of the German Securities Acquisition and Takeover Act (WpÜG), USPEG was required to make a compulsory offer to acquire the shares of all shareholders of USU Software AG. The compulsory offer by USPEG to the shareholders of USU Software AG was published on 9 July 2004 and ended on 9 August 2004.

On 12 August 2004, USPEG announced that the compulsory offer of 820,623 shares in total was accepted, with a proportional amount of share capital of EUR820.623. This represented a 4.77% stake in share capital.

On 24 August 2004, USPEG informed us that, in line with clause 3.2.1 of the compulsory offer, it had retransferred a total of 820,623 USU Software AG shares (4.77 percent) to one of the vendors of the parcel of shares acquired on 8 June 2004.

Notifications of participations subject to disclosure

The following disclosures were published in the third quarter of 2004:

Börsenzeitung No. 156 dated 14. August 2004

On 12 August 2004, Mr. Udo Strehl, Eichenweg 8, 71679 Asperg, notified us of the following:

I hereby inform you in line with Section 21 (1), that my share in the voting rights of USU Software AG, exceeded the boundary of 75 percent on 6 August 2004, and is now 76.74%. This corresponds to 13,207,957 votes.

This share includes 820,623 voting rights (4.77 percent), allocated to me in line with Section 22 (1) sentence No. 5 WpHG along with Section 22 (1) sentence No. 2 WpHG, and 8,344,696 voting rights (48.48 percent), allocated to me in line with Section 22 (1) sentence No.1.

In this context, I refer the shareholders of USU Software AG, Möglingen to clause 3.2.1 of the compulsory offer of Udo Strehl Private Equity GmbH, Möglingen in line with Section 35 WpÜG.

Börsenzeitung No. 156 dated 14. August 2004

On 12 August 2004, Udo Strehl Private Equity GmbH, Münchinger Straße 11, 71696 Möglingen, notified us of the following:

We hereby notify you in line with Section 21 (1) WpHG that our share of voting rights in USU Software AG, Spitalhof, 71696 Möglingen, exceeded the boundaries of 75 percent on 6 August 2004 and is now 76.74 percent. This corresponds to 13,207,957 votes.

This share includes 820,623 voting rights (4.77 percent), allocated to us in line with Section 22 (1) sentence 1 No. 5 WpHG, and 4,042,638 voting rights (23.49 percent), allocated to us in line with Section 22 (2) WpHG.

In this context, we refer the shareholders of USU Software AG, Möglingen to clause 3.2.1 of the compulsory offer of Udo Strehl Private Equity GmbH, Möglingen in line with Section 35 WpÜG.

Börsenzeitung No. 164 dated 26. August 2004

On 24 August 2004, Mr. Udo Strehl, Eichenweg 8, 71679 Asperg, notified us of the following:

I hereby inform you that my share of voting rights in USU Software AG, Spitalhof, 71696 Möglingen was below the boundary of 75 percent on 19 August 2004 and is now 71.97 percent again. This corresponds to 12,387,334 votes. This share contains 8,344,696 voting rights (48.48 percent), allocated to me in line with Section 22 (1) sentence No. 1 WpHG by Udo Strehl Private Equity GmbH (subsequently called: USPEG), Möglingen.

As stated in clause 3.2.1 of the compulsory offer in line with Section 35 WpÜG of USPEG, Möglingen, to the shareholders of USU Software AG, Möglingen, of 2 July 2004, USPEG is not increasing its own stake of over 48.48 percent of the voting rights share capital in USU Software AG. As a result of two contracts of shares sales of 8 June 2004, USPEG acquired this stake of 8,344,696 shares with just as many voting rights (48.48 percent) in USU Software AG.

In terms of the compulsory offer, USPEG, as announced on 12 August 2004, acquired an additional 820,623 shares (4.77 percent) in USU Software AG. On 19 August 2004, USPEG retransferred 820,623 shares (4.77 percent) of USU Software AG to the vendor of the parcel of shares acquired on 8 June 2004.

Börsenzeitung No. 164 dated 26. August 2004

On 24 August 2004 Udo Strehl Private Equity GmbH, Münchinger Straße 11, 71696 Möglingen, notified us of the following:

As stated in clause 3.2.1 of the compulsory offer in line with Section 35 WpÜG of USPEG, Möglingen, to the shareholders of USU Software AG, Möglingen, of 2 July 2004, USPEG is not increasing its own stake of over 48.48 percent of the voting rights share capital in USU Software AG. As a result of two contracts of shares sales of 8 June 2004, USPEG acquired this stake of 8,344,696 shares with just as many voting rights (48.48 percent) in USU Software AG.

In addition, there is a pooling agreement with Mr. Udo Strehl, Asperg, on the basis of which a further 4,042,638 voting rights (23.49 percent) of USU Software AG were allocated to USPEG in line with Section 22 (2) WpHG.

In terms of the compulsory offer, USPEG, as announced on 12 August 2004, acquired an additional 820,623 shares (4.77 percent) in USU Software AG. On 19 August 2004, USPEG retransferred 820,623 shares (4.77 percent) of USU Software AG to the vendor of the parcel of shares acquired on 8 June 2004

Due to the retransferring of 820,623 shares (4.77 percent) in USU Software AG by USPEG, we notify you, in line with Section 21 (1) WpHG, that our share of voting rights in USU Software AG, Spitalhof, 71696 Möglingen, was below the boundary of 75 percent on 19 August 2004 and is now 71.97 percent again. This corresponds to 12,387,334 votes. This share includes 4,042,638 voting rights (23.49 percent), allocated to us in line with Section 22 (2) WpHG.

Shares and stock options held by members of corporate bodies at USU Software AG.

The following shares and options in USU Software AG were held by members of corporate bodies of the company as at 30 September 2003:

Holdings of members of corporate bodies	shares	stock options
Management Board		
Bernhard Oberschmidt	18,696	0
Supervisory Board		
Markus Kress	41,886	0
Udo Strehl	2,021,319	0
Werner Preuschhof	0	0

On 10 August 2004, Mr. Markus Kress of USU Software AG announced that, for 200,000 shares in total, he had accepted the compulsory offer of Udo Strehl Private Equity GmbH, Möglingen, to the shareholders of USU Software AG. This led to a corresponding reduction of his shareholding in USU Software AG.

Furthermore, the shareholding of all executive body members of USU Software AG was adjusted, following a 2:1 reverse split of Company shares on 31 August 2004.

On the reporting date of 30 September 2004, USU Software AG held 53,950 of its own shares with a calculated stake in share capital of EUR 53,950 Euro, which remains an unchanged 0.6% of share capital.

23 NOVEMBER 2004

**ANALYST CONFERENCE OF USU SOFTWARE AG
- GERMAN EQUITY FORUM -**

ON: 23 NOVEMBER 2004

AT: 3:45 p.m.

**IN: CONGRESS CENTER MESSE FRANKFURT,
ROOM FRANKFURT**

MESSE FRANKFURT GMBH

LUDWIG-ERHARD-ANLAGE 1

60327 FRANKFURT AM MAIN

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