

update software AG
Wien, FN 113675 w
ISIN AT0000747555

Invitation

We hereby invite our shareholders to the

14th Ordinary Shareholders' Meeting of update software AG

on **Wednesday, 18 May 2011, at 10:00 am**,
in the "Wolke 19" event hall in the Ares Tower,
Donau-City-Strasse 11, 1220 Vienna, Austria.

Agenda

1. Submission of the annual financial statements including the management report and corporate governance report, the consolidated financial statements including the Group management report, and the report for the 2010 financial year issued by the Supervisory Board
2. Resolution on the ratification of the acts of the members of the Management Board for the 2010 financial year
3. Resolution on the ratification of the acts of the members of the Supervisory Board for the 2010 financial year
4. Election of the auditor of the annual financial statements and the consolidated annual financial statements for the 2011 financial year
5. Elections to the Supervisory Board
6. Compensation to the Supervisory Board for the 2010 financial year
7. Resolution on the renewed authorization of the Management Board, pursuant to Section 65 (1) numbers 4 and 8 and Section 65 (1a) and (1b) of the Austrian Stock Corporation Act, to purchase own shares both on the stock exchange and over the counter to an extent of up to 10% of the Company's share capital, and at the same time, authorization of the Management Board pursuant to Section 65 (1b) of the Austrian Stock Corporation Act, with respect to selling or using own shares, to decide on the disposal of own shares in other ways than via the stock exchange or a public offering [purchase of own shares 2011]

8. Resolution on:
- a) the contingent increase of the Company's share capital pursuant to Section 159 (3) of the Austrian Stock Corporation Act, under exclusion of the subscription right of existing shareholders, for purposes of issuing shares to service share options of optionees,
 - b) amendment of the articles of association in Item III, "Share Capital and Shares," paragraph 4 [authorized contingent capital 2011]

DOCUMENTS FOR THE ORDINARY SHAREHOLDERS' MEETING

The following documents will be available for inspection by shareholders as of **27 April 2011** at the latest in the business offices at the Company's registered headquarter at Operngasse 17-21, 1040 Vienna, Austria, Attn. Investor Relations department, Ms. Kerstin Schabhüttl:

- annual financial statements including the management report
 - corporate governance report,
 - consolidated financial statements including the Group management report,
 - report of the Supervisory Board,
- in each case for the 2010 financial year;
- proposed resolutions regarding agenda items 2 – 8,
 - candidate statements for the elections to the Supervisory Board (agenda item 5) pursuant to Section 87 (2) Austrian Stock Corporation Act,
 - report by the Management Board on agenda item 7 – purchase of own shares 2011, exclusion of subscription rights,
 - report by the Management Board on agenda item 8 – approved contingent capital 2011, exclusion of subscription rights..

These documents, as well as the complete text of this invitation and the form for issuing and revoking a proxy, will also be accessible on the Internet at www.update.com www.update.com by **27 April 2011** at the latest and will also be available at the Ordinary Shareholders' Meeting.

NOTE REGARDING SHAREHOLDERS' RIGHTS PURSUANT TO SECTIONS 109, 110, AND 118 OF THE AUSTRIAN STOCK CORPORATION ACT (AKTIENGESETZ, "AKTG")

Shareholders whose combined shares represent **5% of the share capital** and who have owned these shares for at least three months prior to filing their motion, may request in writing that, for this Ordinary Shareholders' Meeting, **additional items be placed on the agenda** and announced, provided that such written request is received by the Company solely at the address at Operngasse 17–21, 1040 Vienna, Attention: Investor Relations department, Ms. Kerstin Schabhüttl, no later than **27 April 2011**. For bearer shares held in a securities account, presentation of a confirmation of a securities account pursuant to Section 10a of the Austrian Stock Corporation Act, in which it is confirmed that the applying shareholders have owned the shares for at least three months prior to filing the motion, and which confirmation is not older

than seven days when presented to the Company, will suffice as proof of shareholder status. With respect to the remaining requirements for confirmations of a securities account please see the explanations on the right to participate in the Ordinary Shareholders' Meeting.

Shareholders whose combined shares represent **1% of the share capital** may submit written **recommendations for the resolution** of each agenda item, including a justification, and request that these recommendations including the justification be made accessible on the Company's website, provided that such written request is received by the Company no later than **09 May 2011** either by fax to +43 1 878 55 206 or at Operngasse 17– 21, 1040 Vienna, Austria, Attention: Investor Relations department, Ms. Kerstin Schabhüttl, or by e-mail to kerstin.schabhuettl@update.com, where the written request must be attached to the e-mail, for example as a PDF. For proposals of a candidate to the Supervisory Board, the proposed candidate's statement will be considered in lieu of the justification to be presented for such proposal as per Section 87 (2) Austrian Stock Corporation Act. For bearer shares held in a securities account, presentation of a confirmation of a securities account pursuant to Section 10a of the Austrian Stock Corporation Act, not older than seven days when presented to the Company, will suffice as proof of shareholder status for the exercise of these shareholder rights. With respect to the remaining requirements for confirmations of a securities account please see the explanations on the right to participate in the Ordinary Shareholders' Meeting.

Upon request, each shareholder must be given information about the Company's affairs at the Ordinary Shareholders' Meeting if such information is required for properly assessing an agenda item.

Any shareholder – irrespective of his or her shareholding – is entitled to propose motions to any item of the agenda at the Ordinary Shareholders Meeting. Candidates for the Supervisory Board (agenda item 5) can only be proposed by shareholders whose combined shares represent at least 1% of the share capital. Any such candidate proposals must be received by the Company by **09 May 2011** at the latest and in the manner described above.

Additional information about these shareholder rights pursuant to Sections 109, 110, 118 and 119 of the Austrian Stock Corporation Act are available effective immediately at the Company's website, www.update.com.

DUE DATE FOR SUBMITTING EVIDENCE AND PARTICIPATION IN THE ORDINARY SHAREHOLDERS' MEETING

The right to participate in the Ordinary Shareholders' Meeting and to exercise voting rights and the remaining shareholder's rights to be asserted during the Ordinary Shareholders' Meeting is based on the shares held as of the end of **08 May 2011** (record date).

Only shareholders who are shareholders on this record date and who provide evidence thereof to the Company are authorized to participate in the Ordinary Shareholders' Meeting.

For bearer shares held in a securities account, a confirmation of securities account pursuant to Section 10a of the Austrian Stock Corporation Act, which must be received by the Company no later than **13 May 2011** solely at one of the following addresses, suffices as evidence of the shareholding as of the record date.

By postal mail update software AG
Investor Relations
ATTN: Ms. Kerstin Schabhüttl
Operngasse 17-21
1040 Vienna
Austria

By SWIFT GIBAATWGGMS
(Message type MT599; ISIN AT0000747555 must be included in the text)

By fax: +43 1 8900 500 - 51

By E-Mail: anmeldung.update@hauptversammlung.at; whereby the written securities account confirmation must be attached to the e-mail, for example as a PDF

Securities account confirmation pursuant to Section 10a Austrian Stock Corporation Act

The securities account confirmation must be issued by the custodial bank domiciled in a member state of the European Economic Area or in a full member state of the OECD and must include the following information:

- Information regarding the issuer: Name/company name and address or a standard code used in transactions between banks (SWIFT code),
- Information regarding the shareholder: Name/company name, address, date of birth for natural persons, if applicable, the registry and registry number for legal entities,
- Information regarding the shares: Number of shares held by the shareholder, ISIN AT0000747555,
- Securities account number or other designation,
- Date to which the securities account confirmation relates.

The securities account confirmation as proof of the shareholding must refer to the aforementioned record date of **08 May 2011**.

Securities account confirmations will be accepted in German or English.

Shareholders will not be blocked when registering for the Ordinary Shareholders' Meeting or sending a securities account confirmation; shareholders will therefore continue to have free disposal over their shares even after registering or sending a securities account confirmation.

REPRESENTATION BY PROXIES

Each shareholder authorized to participate in the Ordinary Shareholders' Meeting has the right to appoint a representative, who participates in the Ordinary Shareholders' Meeting on that shareholder's behalf and who has the same rights as the shareholder that he/she represents.

The proxy must be issued to a specified natural individual or legal entity in writing.

The proxy must be received by the Company by **17 May 2011, 05:00 p.m.** (local Vienna time) at the latest and solely at one of the following addresses:

By postal mail update software AG
Investor Relations
ATTN: Ms. Kerstin Schabhüttl
Operngasse 17-21
1040 Vienna,
Austria

By facsimile: +43 1 8900 500 - 51

By e-mail: anmeldung.update@hauptversammlung.at whereby the written proxy must be attached to the e-mail, for example as a PDF

On the day of the Ordinary Shareholders' Meeting solely:

In person: upon on-site registration for the Ordinary Shareholders' Meeting
at the venue of the Meeting

The same requirements apply to the revocation of a proxy that has already been issued and sent to the Company.

A proxy form will be sent upon request and is available at the Company's website at www.update.com.

If a shareholder has issued a proxy to the shareholder's custodial bank, it suffices if, in addition to the securities account confirmation, the bank indicates that it has been issued a proxy.

Total number of shares and voting rights

As of the date of the notification of the convening of the Ordinary Shareholders' Meeting, the Company's share capital was divided into 11,568,889 no-par shares. Each share grants one vote. As of the date of the notification of the convening of the Ordinary Shareholders' Meeting, the Company held 294,405 own shares. These shares do not grant the Company any rights. As

of the date of the notification of the convening of the Ordinary Shareholders' Meeting, the total number of participating and voting shares was 11,274,484.

Vienna, April 2011

The Management Board