

FOR IMMEDIATE RELEASE

TEMENOS ISSUES CHF 115 MILLION 7-YEAR CONVERTIBLE BONDS DUE 2013.

GENEVA, Switzerland – 1 March 2006 – TEMENOS Group AG (“TEMENOS” or the “Company”) announced today that its wholly owned subsidiary, TEMENOS Luxembourg SA, Luxembourg (the “Issuer”), is launching a CHF 115 million convertible bond offering (the “Convertible Bonds”) with a maturity of 7 years. Merrill Lynch International is acting as Sole Manager and Bookrunner for the Convertible Bonds offering. Simultaneously, George Koukis, Executive Chairman of TEMENOS, along with funds managed by Global Finance SA, a private equity firm, are selling a total of 7 million TEMENOS shares (the “Share Offering”). In addition, Mr. Koukis has granted Merrill Lynch International an over-allotment option equivalent to 1.05 million TEMENOS shares. Merrill Lynch is acting as Sole Manager and Bookrunner for the Share Offering.

TEMENOS is issuing the Convertible Bonds to take advantage of the attractive financing opportunity currently available in the convertible markets and the current low interest rate environment. The Company believes that the manageable level of additional funding provided by the Convertible Bonds will have the following benefits: (i) decrease its cost of capital; (ii) strengthen its strategic position and ability to take advantage of further value enhancing add-on acquisition opportunities within a consolidating industry; and (iii) enhance its overall financial flexibility.

TEMENOS, consistent with its track record of prior transactions, continues to maintain a disciplined approach to acquisitions and will remain focused on delivering shareholder value. TEMENOS will target growth through add-on acquisitions in its core business areas focusing on the following: (i) enhancement of product portfolio; (ii) acquisition of new clients; and (iii) strengthening delivery capability and distribution.

TEMENOS has led the industry for the past few years with an exceptional track record of growth. TEMENOS continues to attract global tier 1 and regional banks as a result of its superior products, TEMENOS T24 and TEMENOS COREBANKING. In 2005, the Company announced a record year achieving US\$ 91 million in Initial Licence Fees, an increase of 47% compared to 2004.

The Convertible Bonds are being offered to investors with an annual coupon of 1.50% and a yield-to-maturity range of 3.30% to 3.80%. Accordingly, the issue price is set at 100% of par and the redemption price range at 113.9% to 118.1% of par. The conversion premium range is set at 37% to 42% over a reference share price to be determined at pricing and corresponding to the sale price of the shares in the Share Offering. The final terms of the Convertible Bonds are expected to be set today. The Convertible Bonds are unconditionally and irrevocably guaranteed

by TEMENOS (the “Guarantor”). The closing price of TEMENOS shares on the SWX Swiss Stock Exchange on 28 February was CHF 13.70 per share.

In addition to the CHF 115 million convertible bond offering, the Company has granted Merrill Lynch International a CHF 17.25 million greenshoe option to cover over-allotments (if any). The payment date of the allocated Convertible Bonds is expected to take place on or around 21 March 2006. The Guarantor has agreed to a 90-day lock-up period following the payment date, subject to certain exceptions.

In addition, in connection with the Share Offering also announced today, Mr. George Koukis and funds managed by Global Finance SA have agreed to a lock-up period of 180 days following the payment date, subject to certain exceptions.

Application will be made for the Convertible Bonds to be admitted for trading on the main segment of the SWX Swiss Exchange. The offering of the Convertible Bonds consists of a public offering in Switzerland and an international private placement to institutional investors outside of Switzerland.

Andreas Andreades, CEO, TEMENOS, says:

“This represents a major step for TEMENOS and positions us strongly for our next phase of development. TEMENOS has led the industry for the past few years with an exceptional track record of growth. Our industry is rapidly consolidating in line with industry projections and we expect this consolidation to continue. The convertible bond offers an attractive financing for TEMENOS and enhances our ability to achieve strong growth beyond our already significant organic growth by taking advantage of this consolidation process. We remain convinced that by taking advantage of market opportunities TEMENOS can secure leadership in its markets for the next few years. As demonstrated by our recent acquisition of the assets of TLC Risk Solutions and other prior transactions, we plan to deploy our capital in a disciplined and value enhancing manner for shareholders. We will continue to ensure that future acquisitions meet our stringent strategic and financial criteria. The efficient cost structure of the bond we are launching will ensure that we maximize shareholder value for all shareholders.”

###

TEMENOS Contacts:

Max Chuard
TEMENOS
Director, Corporate Finance & IR
Member of the Executive Board
Tel: +41(0) 22 708 1157
Email: mchuard@temenos.com

Merrill Lynch Contacts:

Michael Hammond Tel: +44 20 7996 2064
 Email: michael_hammond@ml.com
Mark Gwynne Tel: +44 20 7995 3700
 Email: mark_gwynne@ml.com

About TEMENOS

Founded in 1993, TEMENOS Group AG is a provider of integrated modular core banking systems to over 500 financial institutions in 110 countries worldwide. TEMENOS software is designed to provide banks with a single, realtime view of the client across the enterprise, enabling banks to maximize returns while streamlining costs. Headquartered in Geneva, Switzerland, the company has 39 offices in 31 countries and is listed on the main segment of the SWX Swiss Exchange (TEMN). www.temenos.com

This press release is for information only and does not constitute an offer to sell, purchase, exchange or transfer any securities or a solicitation of any such offer in the United States or any other jurisdiction. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. Neither TEMENOS nor any other participant in the transactions described herein intends to register any securities under the Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States in connection with the proposed transactions described in this announcement.

This communication is directed only at persons who (i) are outside the United Kingdom or (ii) have professional experience in matters relating to investments or (iii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as "relevant persons"). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.

*In member states of the European Economic Area ("EEA"), this announcement and any offer if made subsequently is directed only at persons who are "qualified investors" within the meaning of Article 2(1)(e) of the Directive 2003/71/EC (the "Prospectus Directive") ("Qualified Investors"). **Any person in the EEA who acquires the securities in any offer (an "investor") or to whom any offer of the securities is made will be deemed to have represented and agreed that it is a Qualified Investor.** Any investor will also be deemed to have represented and agreed that any securities acquired by it in the offer have not been acquired on behalf of persons in the EEA other than Qualified Investors or persons in the UK and other member states (where equivalent legislation exists) for whom the investor has authority to make decisions on a wholly discretionary basis, nor have the securities been acquired with a view to their offer or resale in the EEA to persons where this would result in a requirement for publication by TEMENOS or Merrill Lynch International of a prospectus pursuant to Article 3 of the Prospectus Directive. **TEMENOS and Merrill Lynch International and any of their respective affiliates, and others will rely upon the truth and accuracy of the foregoing representations and agreements.***

Merrill Lynch International is acting solely for TEMENOS and no-one else and will not be responsible for providing the protections afforded to customers of Merrill Lynch International, respectively nor for providing advice in relation to the transaction. No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by Merrill Lynch International or by any of their affiliates or agents as to or in

THIS ANNOUNCEMENT IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN



TEMENOS™

relation to the accuracy or completeness of this release, or any other written or oral information made available to or publicly available to any interested party or its advisers and any liability therefore is hereby expressly disclaimed.

The distribution of this announcement and the offering or sale of the securities in certain jurisdictions may be restricted by law. No action has been taken by TEMENOS, Merrill Lynch International or any of their respective affiliates that would permit an offering of the securities or possession or distribution of this announcement or any other offering or publicity material relating to such securities in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes are required to inform themselves about and to observe any such restrictions.

Merrill Lynch International is authorised and regulated by the UK Financial Services Authority.
Stabilisation/FSA