

PUTTING DECISION-READY INFORMATION TO WORK

SYBASE ANNUAL REPORT 2006



SYBASE®





LETTER TO STOCKHOLDERS

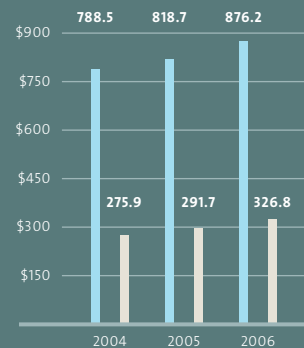
Dear fellow stockholders, customers, partners and employees:

2006 was a year of notable financial achievements and solid overall performance for Sybase. I'm proud of our ability to consistently deliver on our promises to grow revenue, earnings, margins and cash flow from operations. We reached all-time highs for GAAP and pro forma net income, pro forma operating margin and cash flow from operations. Our record-setting financial performance demonstrates the successful execution of our Unwired Enterprise strategy, our drive to innovate, the growing accolades from the industry analyst community and our ongoing, relentless focus on customer satisfaction.

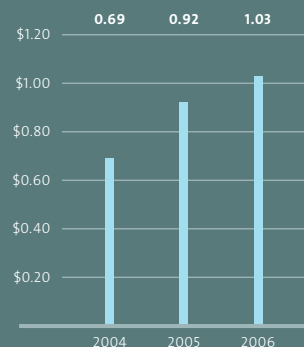
Credit and recognition go out to our dedicated employees worldwide for delivering a strong year and positioning the company for continued future success. I am pleased to report that employee satisfaction reached an all-time high and customer satisfaction remained at very high levels in 2006.

As a result of our focused research and development efforts, we enter 2007 in one of the strongest product cycles in our history. In 2006, we introduced numerous major new products such as the Information Anywhere® Suite, the Data Integration Suite, SQL Anywhere® 10, Afaia® 5.5, OneBridge 5.5 and many others. These award-winning products and our expanding platform of software and services reinforce and extend our market leadership position in the Unwired Enterprise.

■ TOTAL REVENUE
■ LICENSE REVENUE
(IN MILLIONS)



GAAP DILUTED EARNINGS PER SHARE



In addition, industry press and analysts are increasingly taking notice of Sybase's leadership in our key emerging markets. Sybase was awarded the prestigious "Editors' Choice 2006" award from *China Information World* for our Sybase IQ Analytics Server, making Sybase the first software company ever to receive this honor for three consecutive years. Gartner, Inc. placed Sybase IQ in the Challengers' Quadrant in their 2006 Data Warehouse DBMS Magic Quadrant¹. Gartner also recently placed Sybase iAnywhere[®] in the Visionaries Quadrant in their Enterprise Wireless E-Mail Software Market Magic Quadrant². IDC placed Sybase iAnywhere in the highest position in its 2006 Mobile Device Management Leadership Grid³. Our Afaria mobile device management product has been the market leader since market sizing began⁴.

All of our collective efforts at Sybase focus on increasing long-term shareholder value. Since I have been CEO of Sybase, we have achieved on an annualized basis total shareholder return of 13.0, 9.4 and 19.1 percent based on one-, five- and eight-year periods, respectively. Consistency has also been a hallmark of our financial performance. Through the end of 2006, we achieved:

- Five consecutive years of pro forma operating margin expansion
- Ten consecutive quarters of total revenue growth
- Eight consecutive years of pro forma profitability

2006: ADDITIONAL HIGHLIGHTS

Overall, revenues increased seven percent to \$876.2 million, and license revenues grew 12 percent to \$326.8 million. Total revenues from our Infrastructure Platform Group (IPG) reached \$746.5 million in 2006. Core database revenues grew an impressive 16 percent for the year, fueled by the growing adoption of our industry-leading Adaptive Server[®] Enterprise (ASE) 15.0 database. We added over 800 new ASE customers, an increase of 36% over 2005.

Sybase iAnywhere (iAS) revenues increased 11 percent to \$164.1 million, and license revenues grew 13 percent as a growing list of global customers leverage our innovative mobility solutions to manage and deliver business-critical information anytime, anywhere to any type of device.

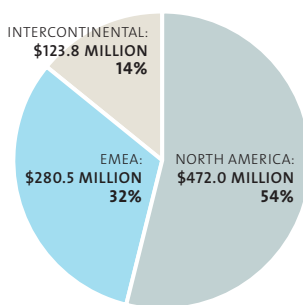
Our newest acquisition, Sybase 365[™] (formerly Mobile 365), closed on November 8, 2006 and contributed revenues of \$18.2 million in the fourth quarter. This acquisition brings to Sybase two new enterprise channels — mobile operators and content providers — and an operator-grade network with connections to over 700 mobile operators around the world.

Additional financial highlights for 2006 include:

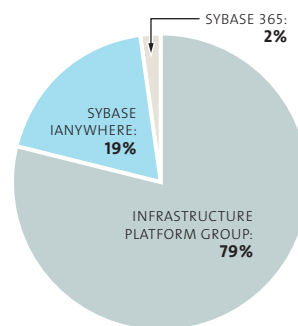
- Cash flow from operations reached a record \$214.3 million
- Total cash balance at December 31, 2006 of \$643.7 million (including short- and long-term restricted cash of \$6.0 million)
- Sybase stock repurchases totaled \$59.8 million

In addition to Sybase 365, we made two additional acquisitions in 2006 that will further enhance our leadership and extend our Unwired Enterprise capabilities. In the second quarter, we acquired Solonde AG, a provider of advanced ETL technology. In November, we purchased certain assets of iFoundry Systems to augment our portfolio of Sybase iAnywhere mobile device solutions.

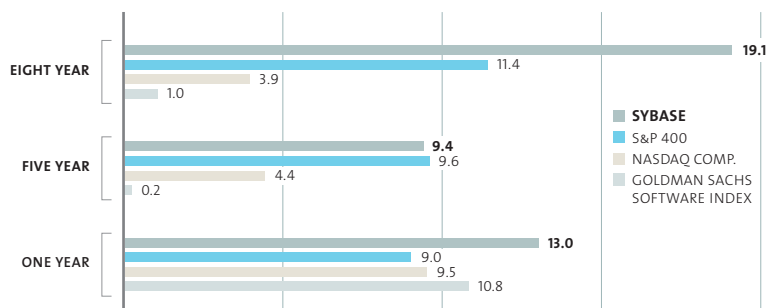
2006 REVENUES BY GEO



2006 REVENUES BY PRODUCT GROUP



TOTAL SHAREHOLDER RETURN





2006: CUSTOMER HIGHLIGHTS

NATIXIS (IXIS CIB)

A new key player in the banking sector in France and Europe, NATIXIS uses Sybase IQ to support the bank's development, handling increasing volumes of data and leveraging its analytics power across different lines of business.

RehabCare

A leading provider of rehabilitation program management services in nearly 1,400 hospitals, nursing homes and other long-term care facilities, RehabCare uses Sybase iAnywhere Afaria to manage over 4,000 handheld devices used by therapists. RehabCare provides services within inpatient, outpatient, skilled nursing, long-term acute care hospitals and home-health settings.

TxT4

An advertising services and response company, TxT4 selected Sybase 365 to deliver the vital text messaging component of the Make Poverty History campaign. This groundbreaking effort introduced text messaging as a viable channel for charitable causes.

Korea Customs Service

Using Sybase ASE and Sybase IQ, Korea Customs Service developed a customer data warehouse to gather and analyze existing scattered data on the import and export of goods and international passenger information.

Guangdong Mobile

With 10 million mobile phone users, which accounts for one-sixth of China's mobile telecommunications market, Guangdong Mobile uses Sybase IQ to organize its network management.



2007 AND BEYOND: TAKING ADVANTAGE OF OUR UNIQUE OPPORTUNITY

We enter 2007 strongly positioned for growth in each of our three business segments — offering a fully refreshed product portfolio and the industry's most complete platform for unwiring the enterprise. We believe our new Data Integration Suite, along with our flagship ASE database and Sybase IQ analytics engine, will drive IPG growth as more organizations realize the need to leverage massive amounts of data to gain new business insights. We also believe our partnerships with technology leaders such as IBM and Intel will help accelerate our growth on Linux platforms. In our iAnywhere segment, the rapid adoption of converged mobile devices and the compelling ROI realized from mobilizing enterprise data and applications will increase demand for our new Information Anywhere Suite and other Sybase mobility products. Finally, the powerful mobile messaging capabilities of Sybase 365 further differentiate Sybase from our traditional enterprise software competitors. We are now uniquely positioned as a "new economy" enabler with our ability to manage and deliver information from the data center to any type of device while providing the "last mile" connection to the customer in a wired or unwired fashion.

As I approach my 10-year anniversary with Sybase, I am proud of our accomplishments and the value we have delivered to shareholders. But I truly believe this is only the beginning. Entering 2007, our motto is "One Sybase. One Team. One Billion." as the company approaches one billion dollars in total revenue and we build on our very successful 2006 efforts. I am confident in our ability to execute on our Unwired Enterprise opportunity in 2007, while continuing to deliver customer and shareholder value for the foreseeable future.

Sincerely,



John S. Chen

Chairman,
Chief Executive Officer
and President

¹ Donald Feinberg and Mark A. Beyer, "Magic Quadrant for Data Warehouse Database Management Systems, 2006," Gartner, Inc., September 12, 2006. ² Monica Basso and Ken Dulaney, "Magic Quadrant for Enterprise Wireless E-Mail Software, Q406," Gartner, Inc., January 3, 2007. ³ Stephen D. Drake, "Worldwide Mobile Device Management Enterprise 2006–2010 Market Forecast and 2005 Vendor Shares," IDC, Worldwide Mobile Device Management Enterprise 2006–2010 Forecast and 2005 Vendor Shares, Doc #203353, Sep 2006. ⁴ IDC, Worldwide Mobile Device Management Enterprise 2006–2010 Forecast and 2005 Vendor Shares, Doc #203353, Sep 2006. The Magic Quadrant is copyrighted January 3, 2007 by Gartner, Inc. and is reused with permission. The Magic Quadrant is a graphical representation of a marketplace at and for a specific time period. It depicts Gartner's analysis of how certain vendors measure against criteria for that marketplace, as defined by Gartner. Gartner does not endorse any vendor, product or service depicted in the Magic Quadrant, and does not advise technology users to select only those vendors placed in the "Leaders" quadrant. The Magic Quadrant is intended solely as a research tool, and is not meant to be a specific guide to action. Gartner disclaims all warranties, express or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.







STOCKHOLDER INFORMATION

The Company's 2006 Annual Report on Form 10-K was filed on March 1, 2007 with the Securities and Exchange Commission and is available from the Company without charge upon request. The Form 10-K and the Company's 2007 proxy materials are also available on our Web site at http://www.sybase.com/about_sybase/investorrelations

Please direct your questions as follows:

By written request:

Charlie Chen
Sybase, Inc.
Investor Relations
One Sybase Drive
Dublin, CA 94568-7902
U.S.A.

By e-mail:

investorrelations@sybase.com

By telephone:

+1 925 236 6015

On the World Wide Web:

www.sybase.com

Registrar and Transfer Agent:

American Stock Transfer & Trust Co.
59 Maiden Lane
New York, NY 10038
+1 800 937 5449
www.amstock.com

ANNUAL MEETING

The annual meeting of stockholders will be held at 10:00 a.m. (PDT) on Tuesday, May 29, 2007 at the Company's offices at One Sybase Drive, Dublin, CA 94568-7902.

STOCK INFORMATION

As of February 15, 2007, the Company had 1,257 stockholders of record. The Company has never paid cash dividends.

STOCK LISTING

Sybase, Inc. is traded on the New York Stock Exchange under the symbol "SY."

INDEPENDENT AUDITORS

Ernst & Young LLP
San Francisco, CA

BOARD OF DIRECTORS

John S. Chen
Chairman of the Board,
Chief Executive Officer
and President
Sybase, Inc.
Director since 1997

Richard C. Alberding
Retired
Executive Vice President
Hewlett-Packard Company
Director since 1993

Cecilia Claudio
Senior Vice President
and Chief Information Officer
SanDisk Corporation
Director since 1999

L. William Krause
President
LWK Ventures
Director since 1995

Jack E. Sum
Retired Partner
PricewaterhouseCoopers
Director since 2004

Robert P. Wayman
Retired
Executive Vice President,
Finance and Administration
and Chief Financial Officer
Hewlett Packard Company
Director since 1995

Linda K. Yates
Founder and former
Chief Executive Officer
Strategos
Director since 2000

EXECUTIVE OFFICERS

John S. Chen
Chairman of the Board,
Chief Executive Officer
and President

Marty J. Beard
President
Sybase 365
a subsidiary of Sybase, Inc.

Steven M. Capelli
President
Worldwide Field Operations

Dan R. Carl
Vice President,
General Counsel
and Secretary

Terry Stepien
President
iAnywhere Solutions, Inc.
a subsidiary of Sybase, Inc.

Dr. Raj Nathan
Senior Vice President
and Chief Marketing Officer

Jeffrey G. Ross
Vice President
and Corporate Controller

Pieter A. Van der Vorst
Senior Vice President
and Chief Financial Officer

Nita C. White-Ivy
Vice President
Worldwide Human Resources



Sybase, Inc.
Worldwide Headquarters
One Sybase Drive
Dublin, CA 94568 U.S.A.
1 800 8 SYBASE
www.sybase.com

CONTACT INFORMATION:

For Europe, Middle East
or Africa inquiries:
+(31) 34 658 2999 (Europe)

For Asia-Pacific inquiries:
+852 2506 8900 (Hong Kong)

For Latin America inquiries:
+770 777 3131 (Atlanta, GA)

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United States