

Realize Your Vision

2006 ANNUAL FINANCIAL REVIEW





Financial Highlights

(dollars in millions)

	2003	2004	2005	2006	CAGR (2003-2006)
Bookings	\$394.4	\$421.2	\$468.8	\$520.2	9.7%
Ending Backlog	\$193.3	\$202.2	\$245.5	\$302.0	16.0%
Revenue	\$526.0	\$551.1	\$576.8	\$631.6	6.3%
Gross Profit	\$251.9	\$275.8	\$291.8	\$333.3	9.8%
Gross Margin	47.9%	50.0%	50.6%	52.8%	
Operating EBITDA	\$42.6	\$64.9	\$72.3	\$100.8	33.2%
Operating EBITDA Margin	8.1%	11.8%	12.5%	16.0%	

Notes:

Annual Financial Results exclude one-time restructuring charges and the impact of purchase accounting adjustments directly related to Intergraph's going private transaction in November 2006.

CAGR represents compound annual growth rate for Intergraph's 2003 – 2006 financial results.

Bookings and Ending Backlog figures exclude maintenance revenue and recurring subscription revenue.

Operating EBITDA represents operating earnings before interest, taxes, depreciation, and amortization.

See the Passion. See the Energy. See the Possibility.

Letter To Our Stakeholders	4
Corporate Overview	8
2006 Financial Results	10
Process, Power & Marine (PP&M)	15
Security, Government & Infrastructure (SG&I)	21



Letter to Our Stakeholders

“...an obstacle in the pathway of the weak becomes a **stepping stone**, in the pathway of the strong!”

– Thomas Carlyle

Nearly four years ago, we initiated our multi-year, three-phased “NOW” – “NEXT” – “AFTER NEXT” business transformation mission which remains the blueprint of our Strategic Plan. As I reflect on our past four years, I am proud of the tremendous operational and financial progress we have made – a result of working together under a more focused strategy. Our success has been validated by our customers, partners, and other stakeholders alike and is illustrated by our financial results in which virtually all operating metrics have improved significantly since 2003.

2006 was a very strong year for Intergraph, with numerous, notable customer wins and business successes that highlighted the completion of the “NEXT” phase of our business transformation. Our Company’s 2006 revenue grew nearly 10% to \$631.6 million, while bookings were up 11% and ending backlog increased by 23%. Our 2006 operating earnings before interest, taxes, depreciation, and amortization, or “EBITDA,” of \$100.8 million, or 16% of revenue, was a 15-year record high and represented a compound annual growth rate (CAGR) of approximately 33% from our 2003 results.

Moreover, 2006 marked a new course for achieving greatness within our Company, and more importantly – for our customers. In late November 2006, we completed our privatization process with the backing of Texas Pacific Group, Hellman & Friedman, and JMI Equity. The transaction valued Intergraph at approximately \$1.3 billion and the acquisition price of \$44.00 per share represented a more than 100% return to our public shareholders over the prior three-year period. The decision to go from publicly traded to privately owned better positions us to build a growth-oriented future, extend our history of technical innovation, and accelerate our business transformation. Our new owners acquired Intergraph because they believe in our business, strategy, and people and share our conviction to grow our Company and capitalize on our attractive market opportunities.

The “AFTER NEXT” growth phase of our business transformation will bring new and tremendous opportunities for Intergraph. While no business is without challenge (and ours will not be either), few companies have the opportunity to make such a substantial

“What could have been a road block, what we hoped would be a **stepping stone**, has in fact become a launching pad for innovation, growth, and ultimately – our customers’ satisfaction.”

– R. Halsey Wise

difference in the world as much as we do at Intergraph. Heightened demand for spatial and location-aware technologies, interoperable security networks (state, local, national, and international), and tremendous growth of infrastructure build around the globe are strong macro trends that create enormous opportunity for our Company.

While we acknowledge and are proud of our past successes, we are even more energized about our new chapter as a private company with a growth-oriented future. Working together toward a common mission with clarity of purpose to change the world, we remain steadfast in our commitment to our Strategic Plan and the continued investment in our customers, people, and technology. We will continue to passionately confront the status quo, to embrace change, and to provide new ways to increase our customer’s operational performance. Innovation, adaptability, and our sincere appreciation of the challenges our customers face will be the points of progress along our pathway to shared success.

Finally, I want to salute the people of Intergraph. Each and every day, I hear from our customers that our people distinguish our company from our many competitors. Our customers know that Intergraph’s standard of delivering post-sale value that exceeds our pre-sale commitments is both compelling and unique. Each of us at Intergraph takes great pride in not only what we do, but also how we do it. We seek to earn the respect and trust of our customers through a total commitment to your success, deep industry experience, and a long tradition of technical innovation. As a reminder, below

I share with you Intergraph’s guiding principles – our Core Values:

Customer Satisfaction

Customer satisfaction is paramount to business success, so we strive to exceed customer expectations.

Results-Oriented

We are results-oriented, so we seek continuous improvement through aggressive, attainable goals.

Innovation

We are committed to innovation, so we seek continuous improvement through aggressive, attainable goals.

Teamwork

Great teams build great companies, so we seek to attract, develop, and retain leading talent.

Leadership

We aspire to lead by setting the standards others emulate.

Integrity

We are honest and fair in our dealings with customers, partners, stakeholders, and each other.

I thank all of our customers, partners, and other stakeholders for your trust and tremendous support of our mission. Our relevancy to you and the world will only strengthen in 2007 and beyond. Together, we will embrace the possibilities that lie ahead, setting a higher expectation within our Company and the stage for an exciting future!

President & CEO
Intergraph Corporation





(((dx*dx)+(dy*dy))
(((dx*dx)+(dy*dy))
=0.00277777
MIN
=18978223866

78125.0
0810181046
sqrt(1-ELLIPSOID_R*ELLIPSOID
*mm4x)
*mm4z)
*mm4y)
(0.0)
DC=(1.0/3600.0)
COSM
MK_DEG/x_spacing
MK_DEG/y_spacing
MK_PER_D60)+sin(MK_PER_D60)+
MK_PER_D60)+sin(MK_PER_D60)+
(D1*90*Sample*7.878.8)

0.001
url' Version="1.0' Configuration
*xmlns' xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance"
xmlns="http://www.w3.org/2001/XMLSchema-instance"
FillStroke="4" FillStyle="1"
FontColor="255" TextColor=""
FontHeight="12" FontSize="36"
xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance"
2,211870,571941,205669,358963,311870,377341
Lock="7718770,57794093"
311870,377341" Size="399469,310963779"
Color="0" Distance="0" FontSize="36"
Text="POLICE 警察"
Color="0" Distance="0" FontSize="36"
Text="POLICE 警察"
Color="0" Distance="0" FontSize="36"
Text="POLICE 警察"





Intergraph...

The Power to Provide. The Power to Enable. The Power to Protect.

The Power to See.

We are Intergraph, and we have the vision to bring our complex world into focus with solutions that give vital industries the power to see into every corner of the world.



Corporate Overview

Our world is a complex one... in constant need of innovation, clarity, leadership, and vision. It is ever changing, ever evolving, and ever demanding of bold solutions to the complexities posed. And for nearly 40 years, Intergraph has made its mark on the world, from taking man safely to the moon – to designing, building, and operating the world's most critical infrastructure and protecting its most precious assets.

Our software solutions organize vast amounts of complex data into concise, understandable, visual representations. Visual representations that offer clarity, powering our customers' ability to manage complexity and take confident action within the vital industries we count on every day. This unique POWER TO SEE makes Intergraph a key strategic partner in bringing this complex world into focus, enabling businesses, industries, and even nations to REALIZE THEIR VISION.

Our products and services are cornerstone examples of the passion we put into solving challenges. But it is our people – a worldwide, multicultural workforce – that strive to fulfill the ever expanding vision of the clients we serve.

The energy that powers the efforts of Intergraph resonates throughout our corporate culture and the way we approach our business. By setting a standard others emulate, we're making the world a better and safer place for future generations. Building value for our clients is integral to our way of doing business. No effort is too great or too small to ensure our customers' success.

Our continued ability to execute and deliver is recognized within our worldwide community of customers; and the success of our collective accomplishments only

Our software solutions organize vast amounts of **complex data** into concise, understandable, visual representations. Visual representations that offer clarity, powering our customers' ability to manage complexity and take confident action within the vital industries we count on every day.

fuels our passion and our energy. Our ground-breaking innovation in spatial technology has transformed the way our customers do business. They have helped drive our technology to solve real business problems, making countless decisions with unparalleled confidence and clarity. Our commitment to research & development continues to power our customers' ability to take confi-

dent and correct action across the industries they serve, and in the process, provide endless possibilities to positively impact millions of lives every day.



```
00017777777777777777 AFFINE_TRANSFORM PI=3.14159265358979323846 M117 00000000000000000000  
ELLIPSOID A=6378137.0 ELLIPSOID_E=0/68181861066 n=ELLIPSOID_A/sqrt(1 ELLIPSOID_R*ELLIPSOID_E+sin(PI*720/360)  
ENGINEER OF FREEDOM num_cols=SEC_PER_DAY/x_spacing num_rows=SEC_PER_DAY/y_spacing x_spacing=0.000001  
SEC PER DAY=86400.00000000000000000000000000000000000000000000000000000000000000000000000000000000  
GRID IN LightTable ran-Sharpener VirtualMosaic Multi-Spectral
```



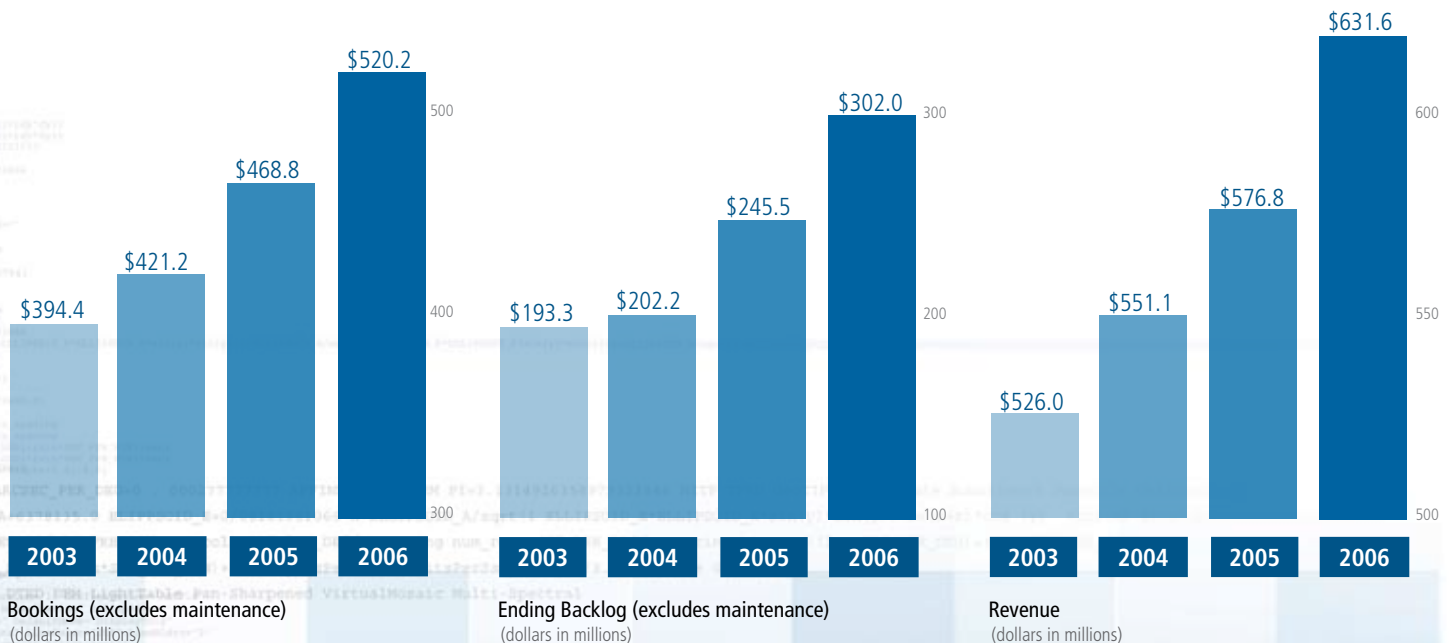
2006 Financial Results

Intergraph's 2006 financial results validate our business transformation mission and illustrate our significant operational progress over the past several years. Based on remarkable individual efforts combined with outstanding team successes, Intergraph achieved many financial milestones in 2006.

Bookings for the year were \$520.2 million, an increase of 11.0% from 2005, while ending backlog grew 23.0% to \$302.0 million. Intergraph 2006 revenue was \$631.6 million, representing growth of 9.5% from the \$576.8 million in 2005. Gross profit for the year was \$333.3 million, or 52.8% of revenue, an increase of 14.2% from the 2005 gross profit of \$291.8 million, or 50.6% of revenue. Operating EBITDA for the year was \$100.8 million, or 16.0% of revenue, an increase of 39.5% from the \$72.3 million, or 12.5% of revenue, in 2005. Intergraph's 2006 operating EBITDA represented a 15-year record high.

Our 2006 financial results were driven by strong operating performance across both our PP&M and SG&I divisions. Within our PP&M division, the plant and ship design markets continue to embrace our SmartPlant Enterprise data-centric business model of leveraging engineering information as a strategic asset to help limit facility downtime and increase design productivity. Our SG&I division is benefiting from our leadership position and unique capability to fuse spatial and security technologies into the global public safety, intelligence, and infrastructure markets.

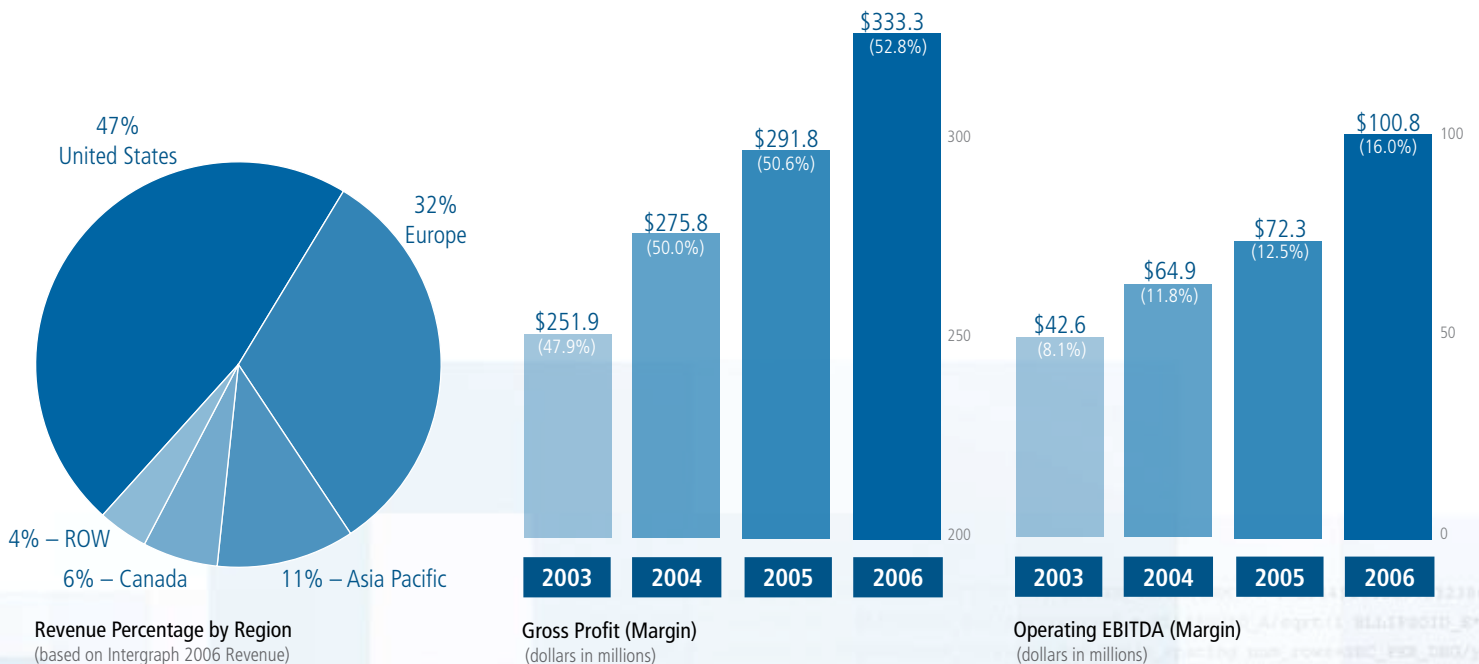
Intergraph introduced our three-phased "NOW" – "NEXT" – "AFTER NEXT" business transformation plan in 2003. The following financial metrics illustrate Intergraph's success and operational progress:



- 2006 Bookings (systems and services) of \$520.2 million represented a CAGR of 9.7% from 2003
- Ending Backlog (systems and services) of \$302.0 million as of December 31, 2006, represented an increase of more than 50% since 2003
- 2006 Revenue of \$631.6 million represented a CAGR of 6.3% from 2003
- 2006 Gross Profit of \$333.3 million (gross margin of 52.8%) represented a CAGR of 9.8% from 2003
- 2006 Operating EBITDA of \$100.8 million (EBITDA margin of 16.0%) represented a CAGR of 33.2% from 2003

Friedman, and JMI Equity for a total transaction value of approximately \$1.3 billion. The acquisition price of \$44.00 per share represented a more than 100% return to our public shareholders for the prior three-year period. Backed by the significant financial and technological resources of our new owners, Intergraph has the additional capital resources, financial freedom, and operating flexibility to expand our business and build a growth-oriented future. From the ability to invest in research & development and deliver innovative technology solutions to making strategic acquisitions and improving our already strong customer service and responsiveness, we are well positioned for continued success in 2007 and beyond.

On November 30, 2006, Intergraph was acquired by an investor group led by Texas Pacific Group, Hellman &





Our Customers Do Great Things

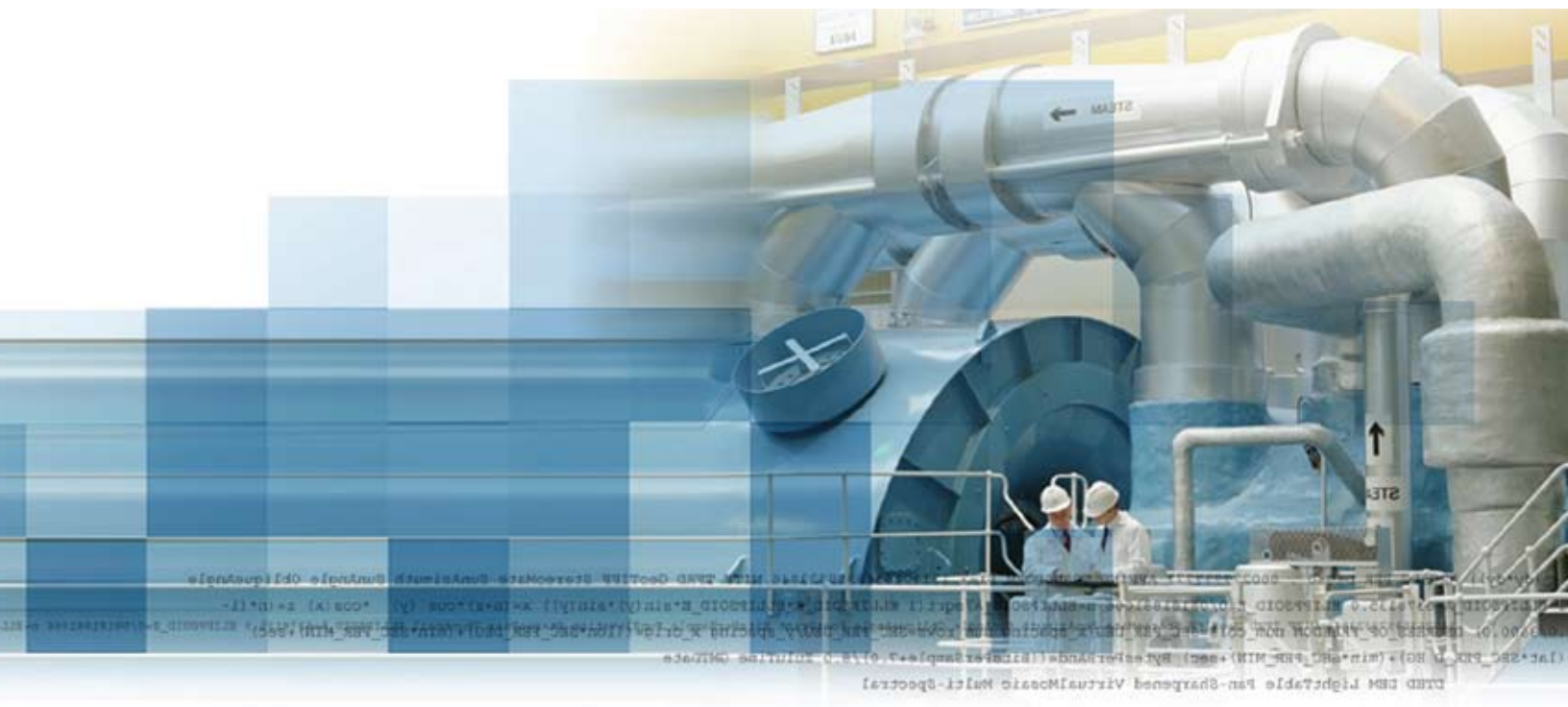
Intergraph's visualization capabilities do more than represent reality, they offer clarity, convey vital information, define progress, and ultimately, help **realize** great accomplishments.





Process, Power & Marine

Our customers leverage the power of the engineering enterprise to better supply the vital products we count on every day – such as energy, fuels, metals, pharmaceuticals, and consumer goods.





Earning a Leadership Position

Intergraph's Process, Power & Marine division develops software solutions that enable the design, construction, and operation of process and power plants, offshore platforms, and ships, and provides the information management capabilities to build and operate those facilities. Our customers use our software to design, build, and operate many of the world's largest and most complex industrial facilities.

Since offering our first solution for plant design in 1978, Intergraph has focused on developing the premier plant design software – an application suite that would enable clients to use integrated software to execute projects and run plants more effectively and efficiently.

Today, we are the acknowledged global leader in the plant computer-aided design market according to Daratech Inc., a research and technology assessment firm. We offer a full suite of solutions for engineering firms and owner/operators that supports global workflows, allowing users to create logical and physical definitions of the plant model, and access and reuse critical data throughout the plant lifecycle.

Alcoa, the world's largest producer of alumina, is standardizing on Intergraph's SmartPlant® Foundation solution to manage the availability, integrity, and accuracy of global refinery plant engineering information. SmartPlant Foundation will enable work sharing and collaboration among Alcoa's nine refineries around the world. Standardizing global refinery plant engineering information will enable Alcoa to integrate numerous applications used to create, capture, and maintain information and best practices throughout their refineries' lifecycles – regardless of changes in plants and resources.

Rosneft, Russia's leading provider in the fuel and energy sector, is standardizing on Intergraph's SmartPlant Enterprise portfolio in its subsidiaries across the Russian Federation. SmartPlant Enterprise will allow Rosneft to integrate numerous applications used to create, capture, and maintain information and institutional knowledge throughout the plant's lifecycle – regardless of changes in the plants and staff.

Every day, around the globe, we are enabling customers to leverage the power of the engineering enterprise and ultimately – realize their vision.

Our leadership position is backed by a proven track record of high-quality product development, a global customer base of industry leaders, and a worldwide sales and support network.

We are focused on driving innovations in engineering technology, with a primary goal of providing customers with technology that improves their business. We have a strong history of developing innovative solutions that enable customers to attain a competitive advantage.

As the largest engineering software vendor in the world, Intergraph Process, Power & Marine outspends all competitors in research & development, reinvesting more than \$110 million or approximately 20 percent of

revenue into software development throughout the past three years. This translates into faster productivity improvements for our customers.

Pebble Bed Modular Reactor Company, PBMR (Pty) Ltd., is utilizing Intergraph's SmartPlant Enterprise plant design and engineering solution for the development of South Africa's first pebble bed modular nuclear reactor. The 3D models for the plant are being developed using SmartPlant 3D, which integrates with electrical, process, and instrumentation diagrams and all of the other engineering disciplines to control and produce the production drawings and specifications.





Advancing the Engineering Enterprise Vision

Air Liquide, a world leader in producing industrial and medical gas – supplying oxygen, nitrogen, hydrogen, and other gases in more than 70 countries – is utilizing Intergraph’s SmartPlant Enterprise solution to run its global engineering operations. SmartPlant Enterprise improves productivity initially, and later in the lifecycle reduces operations and maintenance costs by making change management engineering information readily available to operations and maintenance plant personnel.

The mission of Intergraph is to bring its customers’ best-in-class engineering and information management solutions from plant concept to operations to decommissioning. Focused specifically on the needs of the marine, offshore, power, and process industry segments, Intergraph offers a breadth and depth of applications that span ship design, plant design and visualization,

materials procurement and management, plant operation, project controls, and engineering information management. Intergraph’s unique SmartPlant Enterprise solution suite – designed for the efficient creation, capture, and management of plant information – improves productivity in capital projects.

Dung Quat Refinery, Vietnam’s first petroleum refinery, is using Intergraph’s SmartPlant Enterprise as its standard software for management of plant design, maintenance, and operations of the plant. The facility is designed to have an annual processing capacity of 6.5 million tons of crude oil – or 130,000 barrels per day – and encompasses a refinery, product tank farm, marine loading facilities, single-point mooring, and seawater intake and outfall facilities.

Intergraph technology is chosen by the leading *Fortune*
Global 500 chemical, petroleum, and pharmaceutical companies.

Techint, the leading engineering, procurement, and construction firm in Argentina, is standardizing on Intergraph's SmartPlant Enterprise as its core engineering, construction, and customer delivery solution. Techint will streamline its project execution by standardizing on the SmartPlant portfolio of integrated, intelligent engineering applications.

These are only a few of the many ways Intergraph software is impacting millions of lives every day, enabling customers to leverage the power of the engineering enterprise to better supply the vital products we count on every day – such as energy, fuels, metals, pharmaceuticals, and consumer goods.



Security, Government & Infrastructure

Our solutions create an operational picture that enables our customers to capture, manage, analyze, integrate, and then act on unorganized and complex data.





Fostering Safer Cities and Communities Around the World

For nearly 40 years, Intergraph customers have benefited from our thought leadership, strong customer relationships, and innovative, customer-driven solutions. Our geospatially enabled and location-aware solutions have helped to solve the complex business and operational challenges of our customer base. A global customer base spanning across the public safety and security, military & intelligence, transportation, photogrammetry, and utilities & communications industries as well as all levels of government – from state & local agencies to national and international entities.

Intergraph customers safeguard assets and mitigate security threats for the world's most precious assets and critical infrastructure. They prepare for disasters before they occur and respond quickly in the event of misfortune, bringing emergency relief and protecting public health and safety through the restoration of vital service delivery networks.

Governments and law enforcers work tirelessly to prevent and respond to incidents, utilizing many different information systems for detection, assessment, and response. Intergraph's security solutions do more than provide information – they provide automation, intelli-

gence, and interoperability, maximizing the protection of people and property.

Intergraph software was used in support of the security operations at the President's 2006 State of the Union Address in Washington, D.C., providing a map-based command & control interface and enabling real-time tracking and better visibility and management of deployed mobile resources throughout the course of the event.

Istituto Geografico Militare Italiano (IGMI) used Intergraph software to aid in the security operations at the 2006 Olympic Winter Games in Torino, Italy. Intergraph software assisted IGMI in collecting, validating, and integrating mapping data to create valuable location-specific information for use by security personnel in the prevention and response to critical incidents.

For police, fire, emergency, and security agencies, Intergraph has developed proven solutions for readiness planning, response management, incident investigation and resolution, and video enhancement and analysis. In 14 languages and 24 countries, Intergraph's computer-aided dispatch and incident response solutions provide



Intergraph software protects more than a half billion of the world's population.

first responders interactive, real-time map displays of the location and layout of incident scenes, along with all the information needed to make effective decisions to prevent and respond to critical events. Responders are able to share important information for post-incident intelligence and multi-agency coordination.

The Unified Communications Center (UCC), Washington, D.C., utilizes Intergraph's public safety solutions to promote efficient response in dealing with emergencies and non-emergencies in the D.C. metropolitan area. The UCC expanded Intergraph's role in its new state-of-the-art incident command & control and emergency response center that consolidates public communications functions of the D.C. Police, Fire, and Emergency Medical Services, Emergency Management Agency, and Public Services.

Military & intelligence personnel rely on Intergraph for immediate access to all types of information para-

mount to the defense and security of local communities and entire nations. With Intergraph, they have the ability to create and exploit detailed maps of the world to detect changes, extract intelligence, support the command process, and make sound, informed decisions at a moment's notice.

Intergraph significantly expanded our long-standing relationship with the National Geospatial-Intelligence Agency (NGA), signing an Enterprise Site License Agreement to assist the agency in providing timely, relevant, and accurate geospatial intelligence in support of national security objectives. Intergraph provides our geospatial intelligence technology to enhance the agency's flexibility and enterprise control, assist end users, deploy new technology, and provide NGA with an even greater ability to meet its mission of supporting national security.





Managing Infrastructure to Serve Millions Worldwide

Intergraph customers manage the infrastructure for land, water, wastewater, and roads... and vast networks of pipes, wires, cable, and fiber. Government agencies at all levels rely on Intergraph to manage land information, man-made assets, and natural resources. Our solutions provide for the efficient creation, maintenance, and analysis of accurate geospatial information, and the distribution of this information within the enterprise to other government agencies and to the general public.

Leading utility & communications companies rely on Intergraph to keep the lights on, the water and gas flowing, and the lines of communication open. Intergraph helps make these services reliable and well maintained for everyday use and more easily repaired and restored under critical conditions. Intergraph's solutions allow these providers to use digital models and diagrams of their facilities and infrastructure – pipes, wires, cables, and fiber – to maintain their service delivery network; prevent, detect, and respond to

outages; and effectively manage mobile workforces in the field.

Transportation lines and hubs – by road, rail, air, or water – require diligent maintenance and surveillance to support the demand for moving people and goods. Intergraph's technology gathers real-time data from sensors, video, and probe vehicles to prevent interruptions and delays in service, and enable fast response. Enterprise transportation solutions aid in planning and maintenance, and keep traffic flowing with automated routing analysis, real-time Web-based traffic maps, digital message signs, automated cell phone messages, and other instant information.

Our customers also rely on Intergraph technology to record and study the earth. They turn earth images into powerful reveals across a wide range of industries and applications – enabling defense leaders to command & control wide geographic regions;

Government agencies in more than **80 percent** of the world's most populated countries rely on Intergraph's solutions.

departments of natural resources to study land use; departments of transportation and utilities to plan and manage routes for roads and lines; and commercial mapping companies to generate maps for virtually every use.

The Gas Company, Hawaii, is using Intergraph technology to manage its geofacilities data network. Intergraph's software will manage The Gas Company's planning, design, construction, operation, and maintenance functions. Intergraph software is now being used by the entire state of Hawaii for all utilities, including electric (Hawaiian Electric Company); communications (Hawaiian Telcom); and gas service (The Gas Company).

The Italian government has partnered with Intergraph to help safeguard the Venice lagoon from the rising tides of the Adriatic Sea, which threaten to erode the city in the next 50 to 100 years. The government agency charged with safeguarding and managing the Venetian waters has employed Intergraph's suite of geospatial and commercial photogrammetry products for the protection, management, and infrastructure maintenance of the Venice lagoon.

These are only a few of the many ways Intergraph software is impacting millions of lives every day, playing a vital role in our customer's ability to manage and understand the complex data behind the systems they operate.





Intergraph Executive Officers

R. Halsey Wise

Chairman, President & CEO

R. Reid French, Jr.

EVP & Chief Operating Officer

Anthony Colaluca

EVP & Chief Financial Officer

Gerhard Sallinger

President, Process, Power & Marine

Warren Fletcher

Interim President, Security, Government & Infrastructure

Scott Moore

EVP & Chief Financial Officer, PP&M Division

Bryan Urquhart

EVP & Chief Financial Officer, SG&I Division

David Lucas

SVP & General Counsel

Ian Hoffman

SVP, Marketing

Ed Porter

VP, Human Resources

Ryan Hobbs

VP, Corporate Development

Steven Cost

VP & Chief Accounting Officer

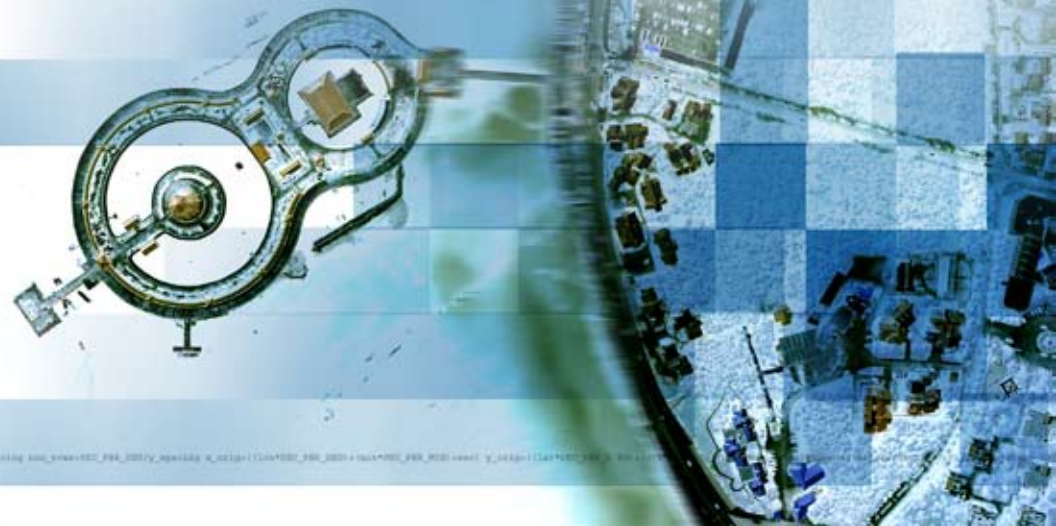


Realize Your Vision

Intergraph software and services play a vital role in managing and understanding the vast amounts of complex data behind the systems our customers operate. Our spatial technology offers certainty, transforming complex data into clear and compelling, actionable information – often through visual components such as maps or 3D drawings. This certainty powers our customer's ability to manage complexity, make bold decisions, and take confident action within the vital industries we count on every day.

Actions that can provide lifesaving information to police, fire, emergency, military, and security forces around the world. Actions that can improve operational excellence and safety in the manufacturing, power generation, oil & gas, and commercial shipbuilding markets. Actions that can enable transportation, communications, and utilities companies to keep the world moving and connected, the lights on, and the water flowing.

Intergraph is realizing its vision. We'd be honored to be working with you to realize yours.



Faint, illegible text is visible in the bottom left corner of the page, appearing as a light blue watermark or bleed-through from another document.