FORM 10-K

Annual report pursuant to section 13 and 15(d)

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AMERICAN SOFTWARE INC
CIK:**713425**| IRS No.: **581098795** | State of Incorp.:**GA** | Fiscal Year End: **0430**
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549
FORM 10-K

(MARK ONE)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED APRIL 30, 1995

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO
COMMISSION FILE NUMBER 0-12456

AMERICAN SOFTWARE, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

GEORGIA	58-1098795
(STATE OR OTHER JURISDICTION OF INCORPORATED OR ORGANIZATION)	(IRS EMPLOYER IDENTIFICATION NO.)
470 EAST PACES FERRY ROAD, N.E. ATLANTA, GEORGIA	30305
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

(404) 261-4381
REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
None	None

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:

CLASS A COMMON SHARES, $.10 PAR VALUE
(TITLE OF CLASS)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

At July 24, 1995, 17,426,197 Class A Common Shares and 4,836,889 Class B Common Shares of the registrant were outstanding. The aggregate market value (based upon the closing price of Class A Common Shares as quoted on the NASDAQ National Market System at July 24, 1995) of the Class A shares held by nonaffiliates was approximately $99 million.

DOCUMENTS INCORPORATED BY REFERENCE; LOCATION IN FORM 10-K

1. Annual Report to Shareholders for the year ended April 30, 1995 into Parts I and II of this Form 10-K.
2. 1995 Proxy Statement into Part III.
3. Form S-1 Registration Statement No. 2-81444 into Part IV.
4. Form S-8 Registration Statement No. 33-55214 into Part IV.
5. Form 10-K's for fiscal years ended April 30, 1984, 1985, and 1990 into Part IV.
6. Form 10-Q's for the quarters ended January 31, 1990 and October 31, 1990 into Part IV.

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PART I

ITEM 1. BUSINESS

A. GENERAL

American Software, through its subsidiaries, develops, markets and supports enterprise wide Supply Chain Management (TM) application software systems to be used in a variety of IBM and IBM plug-compatible mainframe, IBM midframe and Unix open client/server computers. The Company's software enables the customer to perform various business tasks principally in the areas of: (i) Logistics Distribution, (ii) Manufacturing, (iii) Purchasing and Customer Order Processing, and (iv) Financial Control. The Company also provides support for its software products, such as software enhancements, documentation updates, customer education, consulting, systems integration services and maintenance.

The Company markets and supports its Supply Chain Management application software products to a wide range of end users, including manufacturers of building materials, chemicals, consumer goods, electronics, food products, pharmaceuticals, pulp and paper, steel, and textiles, as well as retail, wholesale distributors and financial institutions, the health care industry, petroleum producers, public utilities and the transportation industry. The Company broadly classifies its products as addressing the supply chain management requirements of the world's enterprises.

Computer software consists of coded instructions that control the computer's internal operations. There are two general classes of computer software: system software and application software. System software controls the basic hardware operations. Application software, which is the type developed and licensed by the Company, directs the computer to perform specific tasks or functions and produces reports for use in many diverse applications.

Application software for mainframe, midframe and open systems client server computers is generally available in forms ranging from standard packages to custom-designed programs. The Company primarily offers standard software packages. The Company's management believes there is a significant long-term trend toward the purchase of systems integration services by customers who have acquired the Company's application products.

B. PRODUCTS

The Company's strategy has been to create an integrated line of standard application software operating on three strategic computer platforms: (1) IBM Mainframe or compatible, (2) IBM Midrange--AS/400, and (3) UNIX--IBM RS/6000--HP-9000--Sequent and other unix platforms. These products are designed to be used either singly or in combination to assist customers in forecasting and inventory management, in purchasing and materials control and in order processing and receivables control. The products are written in various standard programming languages utilized for business application software, including ANS COBOL, COBOL II, Micro Focus COBOL, UNIX, AIX and other programming languages, and many have both on-line and batch capabilities. An integral part of this strategy has been to integrate unique characteristics of personal computers as workstations or clients in the products provided by the Company. ES/9000, RS/6000 and AS/400 are registered trademarks of the International Business Machine Corporation. HP-9000 is a registered trademark of Hewlett Packard Corporation. The following is a summary of the Company's main software product groups.

LOGISTICS DISTRIBUTION SOFTWARE

The Company's logistics distribution software consists of an integrated system of five software modules designed to provide the user with accurate sales forecasts in order to minimize investment in inventory and to distribute inventory more effectively. These modules perform primarily the following functions:

1. Demand Forecasting--Analyzes historical demand for products sold or goods and materials used, and projects future demand.

2. Distribution Requirements Planning--Recommends a time-phased replenishment plan for all levels in a distribution network, utilizing sales forecasts, existing inventory information, and inventory control parameters.

3. Inventory Planning--Computes inventory safety stock and ordering quantities on the basis of management-specified customer service levels and inventory turnover objectives.

4. Inventory Deployment--Determines most effective use of available inventory if adequate inventory is not available, and allocates the available quantity such that each warehouse receives an equitable portion.

5. Vehicle Scheduling and Loading--Specifies the actual replenishment quantities that should be shipped from a source location to a receiving location, taking into consideration the capacity and number of available vehicles.

MANUFACTURING SOFTWARE

The Company's manufacturing software is a comprehensive state-of-the-art business application for planning, controlling and executing manufacturing activities. The Company's multi-plant design ensures enterprisewide visibility and consistency. It also accomodates inter-plant dependencies while providing plant by plant flexibility in operations. The modules that make up this application set are:

1. Master Scheduling--Prepares a production plan consistent with existing and anticipated customer orders, available inventory, production capacity, and available resources.

2. Material Requirements Planning--Calculates manufacturing and purchasing requirements at appropriate manufacturing stages.

3. Bill of Material--Maintains information on all component parts for each product.

4. Capacity Planning--Projects work loads at various work centers based upon the master schedule and/or material requirements plan.

5. Production Order Status--Provides inventory quantities and current manufacturing order status and inventory information.

6. Route and Work Center Maintenance--Acts as a storehouse of information that is accessed by other manufacturing systems and establishes production work center routings.

7. Shop Floor Control--Provides current order status for each individual shop operation.

8. CMAT--Provides for standard cost development and comparison of standard versus actual costs.

9. Flow Manufacturing--also most commonly referred to as just-in-time, represents a revolutionary approach to the design, manufacture, and delivery of products by businesses to their markets.

PURCHASING & CUSTOMER ORDER PROCESSING SOFTWARE

The Company's purchasing and customer order processing software consists of an integrated system of six modules which provides information concerning the status of purchasing activities, customer orders, inventory position and internal inventory requisition requirements. Several modules support the general operational functions of most types of businesses and are frequently referred to as cross-industry modules. These modules perform primarily the following functions:

1. Inventory Control and Accounting--Processes inventory activities, provides accurate status updates, and maintains price and cost details.

2. Purchasing--Produces updates, and continuously monitors the status of requisitions and purchase orders for goods and services.

3. Material Request--Communicates material requirements to purchasing functions, resulting in cohesive, centralized procurement activities.

4. Item Information Management System--Converts manufacturer's part numbers into the user's inventory item identification system and provides real time inquiry and reports on the status of user's inventory.

5. Bid (Request for Quotation)--Produces bids from existing data, updates

bids with vendors' responses, selects the desired bid and produces the resulting purchase order in an on-line real-time environment.

6. Customer Order Processing--Performs customer order entry, status inquiry, order processing, and shipping and invoicing functions.

FINANCIAL CONTROL SOFTWARE

The Company's financial control software provides comprehensive financial solutions such as financial reporting, budgeting, asset management, cash management, credit management and receivables management. These systems assist in resolving customers' specific financial control issues faster and more effectively. The specific aplications available are:

1. General Ledger and Budgeting--This system is comprised of five basic sub-systems which provide financial data base, general ledger, transaction processing, management reporting and budget planning functions.

2. Accounts Receivable--Provides the functions and features needed to support cash application for trade receivables and maintains real-time customer account information.

3. Accounts Payable--Processes invoices, creates separate accounts for multiple companies, maintains vendor history, activity and standard terms, prints checks and projects cash flow while processing all types of employee expenses such as travel, entertainment, relocation, tuition refund, etc.; identifies reimbursable and non-reimbursable expenses and processes central billing.

4. Capital Project Accounting--Tracks and accumulates project commitments and expenditures and then compares to budgets.

5. Fixed Asset Accounting--Maintains property and tax records, and prepares depreciation schedules for accounting and tax purposes.

UTILITIES INDUSTRY MODULE

6. Continuing Property Records--Accounts for public utilities property, including both specific and mass property, maintains property and tax records, and prepares depreciation schedules for accounting and tax purposes.

C. CLIENT/SERVER PRODUCTS

The Company developed several products using client server technology as early as 1985. This development activity is expected to continue across the Company's existing portfolio of systems as well as any new systems development in the future. Current products using client server technology include ENSOFT LPW(TM)--a client server version integrating the Company's major Logistics Distribution systems and ENSOFT SCP(TM)--a client server version integrating the Company's major Manufacturing Planning systems with Logistics Distribution. In June of 1994, the Company announced its next generation of software products based on a CASE model driven development concept* The new product line is targeted to the AS/400 and UNIX Open Systems, client server architecture.

D. TRANSPORTATION SOFTWARE SUBSIDIARY

In June 1992, the Company acquired Distribution Sciences, Inc. (DSI) based in Chicago, Illinois. DSI is a leading provider of software solutions addressing the transportation cost component of a customer's product acquisition and distribution costs.

DSI is operated as a wholly-owned subsidiary with its own sales and support organization. DSI and the Company share leads and customer lists to achieve market synergies.

E. INTEGRATED SYSTEM DESIGN

While the Company's software applications can be used individually, they are designed to be combined as integrated systems to meet unique customer requirements. The user may select virtually any combination of modules to form an integrated solution to a particular business problem. The license fee for such a solution could range from $7,000 for a single module to in excess of $4,000,000 for a multi-module, multiple-user solution incorporating the full range of Company products.

The Company markets its products under the Supply Chain Management suite of applications. Supply Chain Management is a business concept which addresses new techniques and processes that are critical to reengineering today's businesses. Within this enterprise application suite several unique combinations of modules are marketed as industry-specific business solutions. Logistics Distribution is marketed to companies involved in product distribution while Manufacturing is targeted to the industrial and product manufacturing industry.

The Company offers customer-unique solutions. In addition to combining modules to form a solution, the user may also include selected applied technology modules or templates to be included with each application. Through an internally-developed computer automated software factory approach, the Company automatically assembles and delivers the combination of modules and options for each user's specific requirements without the need for costly manual programming and customization.

Customers frequently require services beyond those provided by the Company's standard arrangements. To meet those customers' needs, the Company established a separate professional services division which provides specialized business and software implementation consulting, custom programming, on-site installation, system-to-system interfacing and extensive training. These services, frequently referred to as systems integration services, are provided for an additional fee normally under a separate contract, based upon time and materials utilized.

F. MARKETING AND SALES

Typically, the Company's customers are medium-sized companies or divisions of larger companies with substantial data processing budgets. The Company has licensed its application software to approximately 1,650 customers. No single customer accounted for more than ten percent of the Company's revenues in fiscal 1995.

First-time customers may license a single module or a system composed of several modules. These customers often license other modules to expand the range of software available to them, and may also license additional modules or systems similar to those already licensed for use at additional locations.

The Company sells its products directly to the end-user through its sales and presales staff of approximately 105 persons located in seven (7) areas worldwide: Mid America (23), Northeast (18), Southern (31), Western (10), European (10), Canada (4), and Asia Pacific (9). The presales staff provide consultation, advice and assistance to the sales executives and the customer in selecting an appropriate configuration of application software modules to address the user's needs. The Company obtains sales leads from its advertising in trade publications, its participation in computer industry trade shows and exhibitions, Company-conducted seminars and telemarketing activities, and referrals from existing customers.

The Company also has joint marketing arrangements with a number of other software and hardware manufacturers under which each party seeks to market its own product or services in conjunction with products or services of the other party. Those software and hardware manufacturers include Applied Data Research Inc.; Computer Associates, Inc.; Information Builders Inc., now part of Sterling Software Inc.; Intermec Corporation; Interactive Images Inc.; Syntellect, Inc.; Deloitte & Touche LLP, Price Waterhouse LLP, Ernst & Young LLP, IBM International Business Machines Inc.; Electronic Data Systems Corp. (EDS); Software AG of North America, Inc.; Hewlett Packard; Sequent Computer System Inc.; and Sybase, Inc.

In 1995, the Company continued its program, begun in fiscal 1988, to develop a network of sales agents to support its sales internationally. These agents along with a designated American Software employed Country Manager are establishing a national presence for the Company in targeted countries throughout Asia-Pacific and Europe.

G. LICENSES

American Software, like many business application software firms, typically enters into license agreements which grant non-exclusive rights to use its products. The Company's standard license agreements contain provisions designed to prevent disclosure and unauthorized use of the Company's software. These

agreements warrant that the Company's products will function in accordance with the specifications set forth in its product documentation. These licenses are generally granted for a term of ninety-nine years and provide that, for a one-time fee, the customer may use the software to process its data at a single facility for a specified division or divisions. A significant portion of the license fee is generally payable upon the delivery of product documentation, with the balance due upon installation.

H. INSTALLATION, MAINTENANCE AND SUPPORT

As additional cost options, the Company provides Implementation Services and customized support. Implementation services and customized support include installation of the Company's software, project planning and management, and training of the customer's user and systems personnel on the use of the software system. The customer receives documentation manuals which describe the system's features and its method of operation. The user is normally entitled to software product enhancements and maintenance for a period of six months at no additional charge. The Company's software products are continually enhanced and improved to accommodate technological changes and other factors which may affect the customer's information requirements. To receive maintenance, which includes enhancements, from the Company after the initial period, customers pay fees which are based on the then-current price of the product.

As a part of its support service, the Company provides experienced application and data processing personnel to answer telephone inquiries on a 24-hours-a-day, seven days-a-week basis, and furnishes consulting support in implementing and maintaining the systems. In addition, training courses and documentation materials are available to train customers' personnel and to update them on new system features.

In fiscal 1992, the Company began to market its professional and data processing resources on an outsourcing basis. Outsourcing is the provision of data processing services, normally under long-term contract, by outside providers. The Company has entered into 25 outsourcing contracts as of July 14, 1995 to provide data processing and support services on terms of up to five years. The Company believes outsourcing represents a significant growth opportunity by providing a basis for predictable long-term recurring revenues.

To complement customer support, the Company and its product users actively participate in its User Group Association. Established in 1980, the User Group exchanges ideas and techniques for use of the Company's products and provides a forum for customers' suggestions for product development and enhancement. User Group meetings include guest speakers who are recognized authorities in their areas of expertise. During fiscal 1995, approximately 1,200 customer representatives representing approximately 500 companies attended these User Group meetings.

I. RESEARCH AND DEVELOPMENT

American Software is committed to the development and acquisition of new products and to the continued enhancement of its existing products. During fiscal 1995, 1994, and 1993, the Company expensed approximately $5,200,000, $4,350,000 and $5,078,000, respectively, for research and development. In addition, the Company capitalized $7,352,301, $7,315,470, and $8,610,918 in software development costs during fiscal years 1995, 1994, and 1993, respectively, in accordance with the Statement of Financial Accounting Standards No. 86. The Company's new internal product development and enhancements of existing products include two categories: research and development expenditures and additions to capitalized computer software development costs. These combined categories totaled $12,552,000, $11,665,000, and $13,689,000 in fiscal years 1995, 1994 and 1993, respectively, and represented 60%, 38%, and 35%, respectively, of total license fee revenues in those years.

The Company believes that a CASE (Model Driven Development) Architecture will be important for its long-term growth and that this will be a multi-year development effort. The Company employs approximately 200 persons in research, development and enhancement activities. A significant portion of these resources will be transitioned to the CASE project as other R&D development obligations and initiatives are completed over the next several years.

J. COMPETITION

The computer application software industry is highly competitive. In the application software market, the Company competes directly with a number of firms, including computer manufacturers, large diversified computer service companies and independent suppliers of software products. Approximately six firms that market mainframe application software products and ten firms that market midrange and client/server application software products are significant competitors for one or more of the Company's products. A number of these competitors have financial, marketing, management and technical resources substantially greater than those of the Company.

The Company's primary market for its software is finished goods distributors and manufacturers, industrial manufacturers, utilities, public transportation and health care providers on IBM mainframe, AS/400, RS/6000, HP-9000, Sequent and other UNIX platforms. The company is transitioning from a primarily IBM mainframe and AS/400 product set to include a more diversified offering of UNIX Open Systems Client/Server applications to its product portfolio. As it makes this transition plans are being put in place to help the current client base transition to this new environment while still supporting their current platforms.

The Company believes that purchasers of software products are principally concerned with the range of product modules available, ease of integration, variety of features, performance, simplicity of use, documentation, technical support and training. The Company further believes that its software products and services are competitive in these areas. Price considerations are a key factor and the Company believes its pricing is competitive in its market. The Company believes the market trend to open systems, allowing software to operate across hardware platforms, will increase the number of competitors and intensity of competition. Management believes that it is necessary for the Company to expend significant development funds annually to maintain its position in the marketplace.

K. TRADEMARKS AND COPYRIGHTS

The Company seeks to protect its proprietary interest in software products and trade secrets. It maintains non-disclosure and confidentiality agreements and other contractual arrangements with customers, consultants, employees, and others. While the strict enforceability of such agreements cannot be assured, the Company believes that they provide a deterrent to the use of information which may be proprietary to the Company, and in the event of any breach of such agreements, the Company intends to take appropriate legal action. It also copyrights its programs and software documentation related to these programs. In addition, certain trademarks of the Company have been registered, and others have registration applications pending. Management believes that the competitive position of the Company depends primarily on the technical competence and creative ability of its personnel and that its business is not materially dependent on copyright protection or trademarks.

L. EMPLOYEES

At April 30, 1995, the Company had 606 full-time employees, including 45 persons in accounting and administration, 253 in product development and technical support, 188 in customer support and professional services, and 120 in marketing, sales and sales support. The Company believes that its continued success will depend in part on its ability to continue to attract and retain highly skilled technical, marketing and management personnel, who are in great demand.

The Company has never had a work stoppage and no employees are represented under collective bargaining arrangements. The Company considers its employee relations to be excellent.

M. INTERNATIONAL SALES

See note 6 of Notes to Consolidated Financial Statements included in the Company's Annual Report for the fiscal year ended April 30, 1995 ("Annual Report") for a discussion of international sales. Such information is incorporated herein by reference.

ITEM 2. PROPERTIES

The Company's corporate headquarters are located in an approximately 100,000 square foot office building owned by the Company at 470 East Paces Ferry Road, N.E., Atlanta, Georgia.

The Company also leases a two-story 17,500 square foot building at 443 East Paces Ferry Road, N.E. Atlanta, Georgia, which is used primarily for financial administration. This building is owned by a limited partnership of which Thomas L. Newberry and James C. Edenfield, the principal shareholders, are the sole partners. The lease is for a term of fifteen (15) years, expiring December 31, 1996, at a current base rental of approximately $16.17 per square foot, subject to increases based upon changes in the Consumer Price Index and periodic adjustments based upon appraised market rates.

In January, 1989, the Company acquired a four-story 42,000 square foot building used for additional office space at 3110 Maple Drive, N.E., Atlanta, Georgia, along with a one-story 1,400 square foot building at 3116 Maple Drive used for recruiting, and a one-story 13,000 square foot building at 3120 Maple Drive which is used for office space.

In January, 1990, the Company entered into a seven-year operating lease for 26,000 square feet of space at 3423 Piedmont Road, Atlanta, Georgia, with the option to obtain additional space in the building as it becomes available. This is currently being used for client education and additional office space.

In May, 1990, the Company acquired a two-story 10,000 square foot building used for additional office space at 480 East Paces Ferry Road, N.E. Atlanta, Georgia, along with a one-story 4,000 square foot building at 490 East Paces Ferry Road which is under lease to a restaurant.

The Company has entered into leases for sales offices located in various cities in the U. S. and overseas. Normally, these leases are for terms of less than five years and average 4,700 square feet of leasable space.

The Company owns a variety of electronic and computer equipment, including seven mid-sized computers, consisting of one IBM 9370, five IBM AS/400s, and one IBM 4381 and leases two IBM AS/400s, two IBM 3090 600Es, one IBM 3090-400J and one IBM 9121 210, all of which are used for program development and testing, outsourcing and product demonstrations.

ITEM 3. LEGAL PROCEEDINGS

On March 3, 1995, the Company and one of its subsidiaries filed an action against a firm which provides services to licensees of the Company's software products alleging copyright infringement, misappropriation of trade secrets, unfair competition and related claims stemming from the defendant's activities as they relate to some of the Company's intellectual property. American

Software, Inc. and American Software USA, Inc. v. The McKinley Group, Inc., et al., United States District Court for the Northern District of Georgia, Atlanta Division. The complaint seeks injunctive relief as well as monetary damages. The defendant has filed an answer to the Company's complaint and asserted defenses to the Company's claims which among other things denies the validity of the copyrights and trade secrets which are the subject of the main action by the Company. The defendant also asserted counterclaims against the Company including antitrust, defamation and other violations on the part of the Company. The counterclaims do not contain a request for specific monetary damages. Management believes that the defendant's defenses and counterclaims are without merit and intends to vigorously pursue both the main action as well as the defense of these counterclaims.

The Company is involved in various claims and other legal actions arising in the ordinary course of business. In the opinion of management, based upon consultation with legal counsel, any liability likely to arise from such actions will not have a material adverse effect on the consolidated financial position or results of operations of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of shareholders during the fourth quarter of the Company's recently completed fiscal year.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

This information is set forth under the caption "Shareholder Information" on page 35 of the Annual Report and such information is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

This information is set forth under the caption "Selected Consolidated Financial Data" on page 31 of the Annual Report, which information is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This information is set forth under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 14 and 15 of the Annual Report and such information is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following consolidated financial statements of the Company and the independent auditors' report thereon appearing on pages 16 through 30 of the Annual Report are incorporated herein by reference.

Consolidated Statements of Operations for each of the years in the three-year period ended April 30, 1995
Consolidated Balance Sheets as of April 30, 1995 and 1994
Consolidated Statements of Shareholders' Equity for each of the years in the three-year period ended April 30, 1995

Consolidated Statements of Cash Flows for each of the years in the three-year period ended April 30, 1995
Notes to Consolidated Financial Statements
Independent Auditors' Report

Also refer to the financial statement schedule on page 17 of this report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The directors and executive officers of the Company are:

NAME	AGE	POSITION
James C. Edenfield	60	President, Chief Executive Officer, Treasurer and Director
Thomas L. Newberry	62	Chairman of the Board of Directors
David H. Gambrell	65	Director
Thomas R. Williams	66	Director
James L. Altman	61	Vice President-Facilities
Paul Di Bono, Jr.	56	Senior Vice President, General Manager-Midrange Division
J. Michael Edenfield	37	Executive Vice President, Chief Operating Officer
Peter W. Pamplin	40	Controller, Acting Chief Financial Officer
James R. McGuone	47	Secretary

All directors hold office until the next annual meeting of the shareholders of the Company. Executive officers of the Company are elected annually and serve at the pleasure of the Board of Directors.

Mr. Edenfield is a co-founder of the Company and has served as Chief Executive Officer since November, 1989, and as Co-Chief Executive Officer for more than five years prior to that time. He has been a Director since 1971. Prior to founding the Company, Mr. Edenfield held several executive positions and was a director of Management Science America, Inc., an applications software development and sales company. He holds a Bachelor of Industrial Engineering degree from the Georgia Institute of Technology.

Dr. Newberry is a co-founder of the Company and has served as its Chairman of the Board since November, 1989, and was Co-Chief Executive Officer prior to that for more than five years. He has been a Director since 1971. Prior to founding the Company, he held executive positions with several companies engaged in computer systems analysis and software development and sales including Management Science America, Inc., where he was also a director. Dr. Newberry holds Bachelor, Master of Science, and Ph.D. degrees in Industrial Engineering from the Georgia Institute of Technology.

Mr. Gambrell has served as a Director of the Company since January 20, 1983. He has been a practicing attorney since 1952, and is a partner of the law firm of Gambrell & Stolz, counsel to the Company. He served as a member of the United States Senate from the State of Georgia in 1971 and 1972. Mr. Gambrell holds a Bachelor of Science degree from Davidson University and a J.D. degree from the Harvard Law School.

Mr. Williams has served as a Director of the Company since April 27, 1989. He is currently the President of the Wales Group, Inc., a closely-held corporation engaged in investments and venture capital, and has held such position since 1987. He is a Former Chairman of the Board of First Wachovia Corporation, First National Bank of Atlanta and First Atlanta Corporation. He holds a Bachelor of Science degree in Industrial Engineering from the Georgia Institute of Technology and a Master of Science degree in Industrial Management from the Massachusetts Institute of Technology. Mr. Williams is a director of BellSouth Corporation; Georgia Power Company; National Life Insurance Company of Vermont; ConAgra, Inc.; and AppleSouth, Inc. He is also a trustee of The Fidelity Group of Mutual Funds.

Mr. Altman joined the Company in June 1972. In December 1977, he became a Vice President responsible for systems development and project management. Mr. Altman holds a Bachelor of Industrial Engineering degree from the Georgia Institute of Technology and is a registered professional engineer with the State of Georgia.

Mr. Di Bono joined the Company in January 1982 and in July 1993 was elected Senior Vice President and General Manager for Midrange Division. Prior to that time, he served as Vice President for Marketing since December 1985. Mr. Di Bono holds a B.S. degree in industrial psychology/business administration from Iowa State University.

Mr. Edenfield joined the Company in September 1981 and has served as Senior Vice President of North American Sales and Marketing of American Software USA, Inc. since July 1993. Prior to holding that position, he served as Senior Vice President of North American Sales from August 1992 to July 1993, as Group Vice President from May 1991 to August 1992 and as Regional Vice President from May 1987 to May 1991. Mr. Edenfield holds a Bachelor of Industrial Management degree from the Georgia Institute of Technology. Mr. Edenfield is the son of James C. Edenfield, Chief Executive Officer of the Company.

Mr. Pamplin joined the Company in February 1985 and became Controller in August 1987. Mr. Pamplin holds a B. S. in Biochemistry and an M. B. A. from Virginia Polytechnic Institute and State University. Mr. Pamplin assumed the responsibilities of Acting Chief Financial Officer in April 1995.

Mr. McGuone was elected the Secretary of the Company in May 1988. He has been a practicing attorney since 1972, and is a partner of the law firm of Gambrell & Stolz, counsel to the Company. Mr. McGuone holds a B. A. degree from Pennsylvania State University and a J. D. degree from Fordham University School of Law.

Compliance with Section 16 of the Exchange Act. Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") requires the Company's officers and directors, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission (the "Commission").

Officers, directors and holders of more than 10% of the Common Stock are required by regulations promulgated by the Commission pursuant to the Exchange Act to furnish the Company with copies of all Section 16(a) forms they file. The Company assists officers and directors in complying with the reporting requirements of Section 16(a) of the Exchange Act.

Based upon its review of the copies of such forms received by it, the Company believes that since May 1, 1994 all Section 16(a) filing requirements applicable to its directors, officers and greater than 10% beneficial owners were complied with.

ITEM 11. EXECUTIVE COMPENSATION

This information is set forth under the caption "Certain Information Regarding Executive Officers and Directors" in the Company's 1995 Proxy Statement (the "Proxy Statement"), which information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

This information is set forth under the caption "Voting Securities--Security Ownership" in the Proxy Statement, which information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

This information is set forth under the caption "Certain Information Regarding Executive Officers and Directors--Certain Transactions; Compensation Committee and Relationship to Company" in the Proxy Statement, which information is incorporated herein by reference. Refer also to the Properties Section (Part I, Item 2) of this report on Form 10-K.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Documents filed as part of this report.

1. Financial statements

All financial statements of the Company as described in Item 8 of this report on Form 10-K.

2. Financial statement schedules included in Part IV of this Form:

<TABLE>
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<S>	PAGE ---- <C>
Independent Auditors' Report..	16
Schedule II--Consolidated Valuation Accounts--Allowance for Doubtful Accounts for the three years ended April 30, 1995..................	17

</TABLE>

All other financial statements and schedules not listed above are omitted as the required information is not applicable or the information is presented in the financial statements or related notes.

3. Exhibits

The following exhibits are filed herewith or incorporated herein by reference:

3.1	The Company's Amended and Restated Articles of Incorporation, and amendments thereto, included as Exhibit 3.1 to the Company's Form 10-Q for the quarter ended October 31, 1990, and incorporated herein by this reference.
3.2	The Company's Amended and Restated By-Laws dated November 13, 1989, included as Exhibit 3.1 to the Form 10-Q for the quarter ended January 31, 1990, and incorporated herein by this reference.
10.1	Amended and Restated 1991 Employee Stock Option Plan effective August 23, 1994.
10.2	Amended and Restated Directors and Officers Stock Option Plan effective August 23, 1994.
10.3	Stock Option Agreement between the Company and James C. Edenfield dated May 15, 1990, included as Exhibit 10.5 to the Company's Form 10-K for the fiscal year ended April 30, 1990 and incorporated herein by this reference.
10.4	Stock Option Agreement between the Company and James C. Edenfield dated January 30, 1995.
10.5	American Software, Inc. 401(K)/Profit Sharing Plan and Trust Agreement included as Exhibits 4.1 and 4.2, respectively, to the Registrant's Registration Statement No. 33-55214 on Form S-8 and incorporated herein by this reference.
10.6	Lease Agreement dated December 15, 1981, between Company and Newfield Associates, included as Exhibit 10.6 to the Company's Registration Statement Number 2-81444 on Form S-1 (the "1983 Registration Statement") and incorporated herein by this reference.
10.7	Amendment dated January 14, 1983, to Lease Agreement between the Company and Newfield Associates, included as Exhibit 10.7 to the 1983 Registration Statement and incorporated herein by this reference.
10.8	Joint Venture Agreement between PruTech Research and Development Partnership and American Software, Inc., dated December 29, 1983, included as Exhibit 10.15 to the Company's Form 10-K for the fiscal year 1984 ("1984 Form 10-K") and incorporated herein by this reference.
10.9	Base Technology License Agreement between PruTech Research and Development Partnership and American Software, Inc. dated December 29, 1983, included as Exhibit 10.16 to the 1984 Form 10-K and incorporated herein by this reference.

10.10	First Amendment to Joint Venture between PruTech Research and Development Partnership and American Software, Inc. dated December 29, 1984, included as Exhibit 10.14 to the Company's Form 10-K for the fiscal year 1985 ("1985 Form 10-K") and incorporated herein by

this reference.

10.11 First Amendment to Base Technology License Agreement between PruTech Research and Development Partnership and American Software, Inc., dated December 29, 1984, included as Exhibit 10.15 to the 1985 Form 10-K and incorporated herein by this reference.

10.12 First Amendment to Agreement for License or Sale of Technology between PruTech Research and Development Partnership and American Software, Inc., dated December 29, 1984, included as Exhibit 10.18 to the 1985 Form 10-K and incorporated herein by this reference.

11.1 Statements re: Computation of Per Share Earnings (Loss).

13.1 American Software, Inc.'s 1995 Annual Report to Shareholders, excluding the portions thereof not incorporated by reference in this Form 10-K.

21.1 Subsidiaries.

23.1 Independent Auditors' Consent.

27 Financial Data Schedule.

</TABLE>

(b) Reports on Form 8-K

The Company did not file a report on Form 8-K during the fourth quarter of the recently completed fiscal year.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED.

AMERICAN SOFTWARE, INC.

/s/ James C. Edenfield

By ___________________________________

JAMES C. EDENFIELD, PRESIDENT, CHIEF EXECUTIVE OFFICER, TREASURER AND DIRECTOR

Date: July 28, 1995

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES AND ON THE DATES INDICATED.

SIGNATURE	TITLE	DATE
/s/ James C. Edenfield JAMES C. EDENFIELD	President, Chief Executive Officer, Treasurer and Director	July 28, 1995
/s/ Thomas L. Newberry THOMAS L. NEWBERRY	Chairman of the Board of Directors	July 28, 1995
/s/ David H. Gambrell	Director	July 28, 1995

DAVID H. GAMBRELL

/s/ Thomas R. Williams THOMAS R. WILLIAMS	Director	July 28, 1995
/s/ Peter W. Pamplin PETER W. PAMPLIN	Chief Accounting Officer, Acting Chief Financial Officer	July 28, 1995

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
American Software, Inc.:

Under date of June 9, 1995, we reported on the consolidated balance sheets of American Software, Inc. and subsidiaries as of April 30, 1995 and 1994, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended April 30, 1995, as contained in the 1995 annual report to shareholders. These consolidated financial statements and our report thereon are incorporated by reference in the annual report on Form 10-K for the year 1995. In connection with our audits of the aforementioned consolidated financial statements, we also have audited the related financial statement schedule as listed in the accompanying index. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG PEAT MARWICK LLP

Atlanta, Georgia
June 9, 1995

SCHEDULE II

AMERICAN SOFTWARE, INC. AND SUBSIDIARIES

CONSOLIDATED VALUATION ACCOUNTS--ALLOWANCE FOR DOUBTFUL ACCOUNTS

YEARS ENDED APRIL 30, 1995, 1994, AND 1993

<TABLE>
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YEAR ENDED	BALANCE AT BEGINNING OF YEAR	ADDITIONS CHARGED TO COSTS AND EXPENSES	DEDUCTIONS(1)	BALANCE AT END OF YEAR

April 30, 1993..................	$1,300,000	1,254,759	1,154,759	1,400,000
April 30, 1994..................	1,400,000	6,626,099	4,226,099	3,800,000
April 30, 1995..................	3,800,000	(158,944)	1,734,772	1,906,284

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(1) Write-offs of accounts receivable.

EXHIBIT INDEX

Exhibit Number	Description of Exhibits	Page Number
10.1	Amended and Restated 1991 Employee Stock Option Plan.	
10.2	Amended and Restated Directors and Officers Stock Option Plan.	
10.4	Stock Option Agreement between the Company and James C. Edenfield dated January 30, 1995.	
11.1	Statements re: Computation of Per Share Earnings (Loss).	
13.1	1995 Annual Report to Shareholders.	
21.1	Subsidiaries.	
23.1	Independent Auditors' Consent.	
27	Financial Data Schedule	

EXHIBIT 10.1

AMERICAN SOFTWARE, INC.
1991 EMPLOYEE STOCK OPTION PLAN
(AMENDED AND RESTATED EFFECTIVE AUGUST 23, 1994)

---

1. PURPOSE. This Plan shall be known as the "1991 Employee Stock Option Plan" (hereinafter referred to as "the Plan" or "this Plan"). The purpose of the Plan is to provide certain key employees of American Software,Inc. (the "Company") and its subsidiaries with additional incentive to increase their efforts on the Company's behalf and to remain in the employ of the Company or any of its subsidiaries by granting key employees from time to time options to purchase Class A Common Shares of the Company.

The options granted under this Plan may, but need not, constitute "incentive stock options" (referred to herein as "Incentive" options) within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). An option granted which does not constitute an Incentive option shall for purposes of the Plan constitute a "Non-Qualified" option. The terms "subsidiary" or "subsidiaries" mean and include any corporation or other entity at least a majority of the outstanding voting shares of which is, at the time, directly or indirectly owned by the Company or by one or more subsidiaries.

2. SHARES. The shares to be optioned under the Plan shall be the Company's Class A Common Shares, $0.10 par value (the "Shares"), which Shares may either be authorized but unissued Shares or treasury Shares. The aggregate number of Shares for which options may be granted under the Plan shall (subject to the provisions of paragraph 8) be (i) 1,650,000 Shares (inclusive of the total number of Shares with respect to which no options have been granted under the Company's Incentive Stock Option Plan and Nonqualified Stock Option Plan (collectively the "Prior Plans") on the Effective Date as provided in paragraph 15), plus (ii) the total number of Shares as to which options granted under the Prior Plans or this Plan terminate (including options terminated upon the granting of replacement options or otherwise) or expire without being wholly exercised. New options may be granted under this Plan covering the number of Shares to which such termination or expiration relates.

3. ADMINISTRATION. The Plan shall be administered by the Employee Stock Option Plan Committee (the "Committee") of the Company's Board of Directors (the "Board"). The Committee shall consist of such members (not less than two) of the Board as shall be appointed from time to time by the Board. No member of the Committee while serving as such shall be eligible for participation in the Plan. Subject to the provisions of the Plan, the Committee shall have exclusive power to select the employees to whom options will be granted under the Plan, to determine the number of options to be awarded to each employee selected and to determine the time or times when options will be awarded. The Committee shall have full power and authority to administer and interpret the Plan and to adopt

such rules, regulations, agreements and instruments for implementing the Plan and for the conduct of its business as the Committee deems necessary or advisable. The Committee's interpretation of the Plan, and all determinations

made by the Committee pursuant to the powers vested in it hereunder, shall be conclusive and binding on all persons having any interest in the Plan or in any options granted hereunder.

4. ELIGIBILITY. Participants in the Plan shall be selected by the Committee from among key personnel of the Company or a subsidiary; provided, however, that no director, officer or 10% shareholder (as such terms are defined pursuant to Section 16 of the Securities Exchange Act of 1934, as amended) of the Company shall be eligible to participate in the Plan. Options held by a person who subsequently becomes a director, officer or 10% shareholder shall not be affected by this restriction. Options shall be granted to individuals solely in connection with their employment with the Company or a subsidiary.

5. GRANT OF OPTIONS. The Committee may from time to time grant options to purchase Shares to such of the eligible employees as may be selected by the Committee and for such number or numbers of shares as may be determined by the Committee. Each grant of an option pursuant to this Plan shall be granted within ten years from the date this plan is adopted by the board. Each grant of an option pursuant to this Plan shall be made upon such terms and conditions as may be determined by the Committee at the time of grant, subject to the terms, conditions and limitations set forth in this Plan.

An individual optionee may be granted (i) an Incentive option, (ii) a Non-Qualified option, or (iii) an Incentive option and a Non-Qualified option at the same time.

6. TERMS, CONDITIONS, AND FORM OF OPTIONS. Each option shall be evidenced by a written agreement ("option agreement") in such form as the Board shall from time to time approve, which agreement shall comply with and be subject to the following terms and conditions:

6.1 OPTION EFFECTIVE DATE. Each option agreement shall specify an effective date, which shall be the date on which the option is granted by the Committee.

6.2 OPTION TERM. (a) An option shall in no event be exercisable after the expiration of ten years from the effective date of the option. In addition, and in limitation of the above, the option period of any option shall terminate three months after the termination of the option holder's employment by the Company for any reason except the Retirement (as hereinafter defined), death or disability of the option holder-employee (the "optionee").

(b) (i) The term "Retirement" means the voluntary termination of employment by an option holder whose age and/or years of employment qualify that employee for normal retirement under the policies of the Company in effect from time to time.

(ii) For any option granted on or before August 23, 1994, the Committee may in its discretion amend that option, on an individual basis, to permit the exercise of such option beyond the date of Retirement, through the expiration date of the option.

(iii) The Committee may in its discretion provide in standard option grant agreements that any option granted after August 23, 1994 may be exercised after the date of Retirement, through the expiration date of the option.

(iv) Notwithstanding the foregoing, no option may be exercised after the expiration of ten years from the effective date of the option, nor may an option be exercised beyond the amount which is vested as of the date of Retirement.

(c) In the event of termination of employment due to the death or disability of an optionee, the option period of the option held by him upon the date of such termination shall terminate upon the earlier of (a) twelve months after the date of the optionee's death or termination due to disability, as the case may be, or (b) the date of termination of such option as determined by his option agreement. In the event of termination of an optionee's employment due to the death of the optionee, such optionee's options may be exercised during the 12-month period by his estate or by the person who acquired the right to exercise such options through bequest or inheritance.

As used herein, "disability" shall mean the inability of the employee to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or has lasted or can be expected to last for a continuous period of at least twelve months.

No transfer of an option by an optionee by will or by the laws of descent and distribution shall be effective unless the Company shall have been furnished with written notice thereof and a copy of the will and/or such other evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the successor-in-interest or successors-in-interest of the terms and conditions of the option.

(d) If an optionee is placed on leave of absence status by the Company or any subsidiary, any then exercisable option shall be suspended at such time. If an optionee is placed on lay-off status by the Company or any subsidiary, any then exercisable option may be exercised during the following period of three months and shall be suspended thereafter. In either case, the unexercised portion of the option shall either (i) terminate three months after the optionee's termination of employment with the Company and its subsidiaries or (ii) be reinstated upon such optionee being re-employed from leave of absence or lay-off status by the Company or any subsidiary.

6.3 EXERCISE PRICE. The exercise price of options shall be the price per share fixed by the Committee (the "Exercise Price"); provided, however, that the Exercise Price per Share for Incentive options shall not be less than the fair market value of a Share on the date the option is granted. In the event that the Shares are then listed on an established stock exchange, such fair market value shall be deemed to be the closing price of the Shares on such stock exchange on the day the option is granted or, if no sale of the Shares shall have been made on any stock exchange on that day, the fair market value shall be determined as such price for the

next preceding day upon which a sale shall have occurred. In the event that the Shares are not listed upon an established exchange but are quoted on the National Association of Securities Dealers Automated Quotation System ("NASDAQ"), the fair market value shall be deemed to be closing price for the Shares as quoted on NASDAQ on the day the option is granted. If no sale of the Shares shall have been made on NASDAQ on that day, the fair market value shall be determined by such prices on the next preceding day on which a sale shall have occurred. In the event that the Shares are neither listed on an established stock exchange nor quoted on NASDAQ, the fair market value on the day the option is granted shall be determined by the Committee.

6.4 NONTRANSFERABILITY OF OPTIONS. An option shall not be transferable by the optionee otherwise than by will, by the laws of descent and distribution or by a qualified domestic relations order, and shall be exercised during the lifetime of the optionee only by the optionee or by his guardian or legal representative. No option or interest therein may be transferred, assigned, pledged or hypothecated by the optionee during this lifetime, whether by operation of law or otherwise, or be made subject to execution, attachment or similar process.

7. EXERCISE OF OPTIONS. An option granted pursuant to this Plan shall be exercisable at any time within the option period, subject to the terms and conditions of such option. Exercise of any option shall be made by the delivery, during the period that such option is exercisable, to the Company in person or by mail of (i) written notice from the optionee stating that he is exercising such option and (ii) the payment of the aggregate purchase price of all Shares as to which such option is then exercised. Such aggregate purchase price shall be paid to the Company at the time of exercise. Payment shall normally be made by cash or check; provided, however, that in its sole discretion the Committee may approve of payment in whole or in part by the giving of a note with adequate stated interest or by the surrender of common stock. Upon the exercise of an

option in compliance with the provisions of this paragraph, and upon the receipt by the Company of the payment for said Shares, the Company shall (i) deliver or cause to be delivered to the optionee so exercising his option a certificate or certificates for the number of Shares with respect to which the option is so exercised and payment is so made, and (ii) register or cause such Shares to be registered in the name of the exercising optionee.

8. CHANGES IN CAPITAL STRUCTURE. Appropriate adjustments shall be made to the price of the Shares and the number of Shares subject to outstanding options and the number of Shares issuable under this Plan if there are any changes in the Shares by reason of stock dividends, stock splits, reverse stock splits, mergers, recapitalizations or consolidations.

9. CONTROLLING TERMS. Option agreements pertaining to options granted pursuant hereto may include conditions that are more (but not less) restrictive to the optionee than the conditions contained herein and, in such event, the more restrictive conditions shall apply.

10. TERMINATION OF THE PLAN. This Plan shall terminate upon the close of business of the day preceding the tenth anniversary of the approval of this Plan by the Board unless it shall have been sooner terminated by the Board or by reason of there having been granted and

fully exercised stock options covering all of the Shares subject to this Plan. Upon such termination, no further options may be granted hereunder. If, after termination of this Plan upon the tenth anniversary hereof or by Board action as provided above, there are outstanding options which have not been fully exercised, such options shall remain in effect in accordance with their terms and shall remain subject to the terms of this Plan.

11. AMENDMENT OR DISCONTINUANCE OF PLAN. The Board may amend, suspend or discontinue this Plan at any time without restriction; provided, however, that the Board may not alter, amend, discontinue, revoke or otherwise impair any outstanding options which have been granted pursuant to this Plan and which remain unexercised, except in the event that there is secured the written consent of the holder of the outstanding option proposed to be so altered or amended. Nothing contained in this paragraph, however, shall in any way condition or limit the termination of an option, as hereinabove provided, where reference is made to termination of employment of an optionee, or as provided in an option agreement.

12. LIMITATION OF RIGHTS.

12.1 NO IMPLIED EMPLOYMENT AGREEMENT. Neither this Plan nor the granting of an option nor any other action taken pursuant to this Plan, shall constitute or be evidence of any agreement or understanding, express or implied, that the Company or any subsidiary will retain any person as an employee for any period of time.

12.2 NO RIGHTS AS SHAREHOLDER. An optionee shall have no rights as a shareholder with respect to Shares covered by his option until the date of exercise of the option, and, except as provided in paragraph 8, no adjustment will be made for dividends or other rights for which the record date is before the date of such exercise.

13. LIQUIDATION OF THE COMPANY. In the event of the complete liquidation or dissolution of the Company, other than as an incident to a merger, reorganization or other adjustment referred to in paragraph 8, any options granted pursuant to this Plan and remaining unexercised shall be deemed cancelled without regard to or limitation by any other provisions of this Plan.

14. INTENTION OF CONSTRUCTION. To the extent options granted hereunder are intended to constitute Incentive options and comply with Section 422 of the Code and all provisions of this Plan, all such options and all option agreements relating thereto shall be construed in such a manner as to effectuate that intent.

15. SHAREHOLDER APPROVAL; EFFECTIVE DATE. This Plan shall become effective on the date it is approved by the shareholders of the Company (the "Effective Date").

EXHIBIT 10.2

AMERICAN SOFTWARE, INC.
DIRECTOR AND OFFICER STOCK OPTION PLAN
(Amended and Restated Effective August 23, 1994)

1. PURPOSE. This Plan shall be known as the "Director and Officer Stock Option Plan" (hereinafter referred to as "the Plan" or "this Plan"). The purpose of the Plan is to provide directors and officers of American Software, Inc. (the "Company") and its subsidiaries with additional incentive to increase their efforts on the Company's behalf and to remain in the employ of the Company or any of its subsidiaries or to remain as directors of the Company by granting to such persons from time to time options to purchase Class A Common Shares of the Company.

The options granted under this Plan may, but need not, constitute "incentive stock options" (referred to herein as "Incentive" options) within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). An option granted which does not constitute an Incentive option shall for purposes of the Plan constitute a "Non-Qualified" option. The terms "subsidiary" or "subsidiaries" mean and include any corporation or other entity at least a majority of the outstanding voting shares of which is, at the time, directly or indirectly owned by the Company or by one or more subsidiaries.

2. SHARES. The shares to be optioned under the Plan shall be the Company's Class A Common Shares, $0.10 par value (the "Shares"), which Shares may either be authorized but unissued Shares or treasury Shares. The aggregate number of Shares for which options may be granted under the Plan shall (subject to the provisions of paragraph 8) be 900,000 Shares, plus the total number of Shares as to which options granted under this Plan terminate (including options terminated upon the granting of replacement options or otherwise) or expire without being wholly exercised. New options may be granted under this Plan covering the number of Shares to which such termination or expiration relates.

3. ADMINISTRATION. The Plan shall be administered by the Director and Officer Stock Option Plan Committee (the "Committee") of the Company's Board of Directors (the "Board"). The Committee shall consist of such members (not less than two) of the Board as shall be appointed from time to time by the Board and who shall be "disinterested persons" as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended. No member of the Committee while serving as such shall be eligible for participation in the Plan and no member of the Board may serve on the Committee if he or she received a grant of an option under this Plan or any other stock option plan of the Company within twelve months prior to serving on the Committee or while serving on the Committee, except for options granted pursuant to paragraph 5(b). Subject to the provisions of the Plan, the Committee shall have exclusive power to select the persons to whom options will be granted under the Plan, to determine the number of options

to be awarded to each empoloyee selected and to determine the time or times when options will be awarded. The Committee shall have full power and authority to administer and interpret the Plan and to adopt such rules, regulations, agreements and instruments for implementing the Plan

4787.2

and for the conduct of its business as the Committee deems necessary or advisable. The Committee's interpretation of the Plan, and all determinations made by the Committee pursuant to the powers vested in it hereunder, shall be conclusive and binding on all persons having any interest in the Plan or in any options granted hereunder.

4. ELIGIBILITY. Participants in the Plan shall be selected by the Committee from among the directors and officers of the Company and its subsidiaries.

5. GRANT OF OPTIONS. (a) The Committee may from time to time grant options to purchase Shares to such of the directors and officers of the Company and its subsidiaries as may be selected by the Committee and for such number of numbers of shares as may be determined by the Committee. Each grant of an option pursuant to this Plan shall be granted within ten years from the date this Plan is adopted by the Board. Each grant of an option pursuant to this Plan shall be made upon such terms and conditions as may be determined by the Committee at the time of grant, subject to the terms, conditions and limitations set forth in this Plan.

An individual optionee may be granted (i) an Incentive option, (ii) a Non-Qualified option, or (iii) an Incentive option and a Non-Qualified option at the same time.

(b) (i) Commencing October 31, 1994 and continuing on each April 30 and October 31 thereafter during the term of this Plan, each member of the Board of Directors then in office who is not a full-time employee of the Company, including members of the Committee, shall receive on each such October 31 and April 30 an automatic grant of Non-Qualified options to purchase 5,000 Shares, reduced pro rata to the extent that the director shall have served as a director of the Company for less than six full months prior to such date. This 5000-Share amount shall be adjusted automatically to reflect any stock dividends, stock splits or similar events occurring after August 23, 1994.

(ii) The option price for each such grant shall be equal to the closing market price of the Shares on the date of grant (or the next preceding business day if the date of grant is not a business day).

(iii) The options shall not be exercisable until one year after the date of grant, at which time the options shall be exercisable in full and shall remain exercisable until ten years after the date of grant, regardless of whether the option holder remains a director of the Company. In the event of the death or disability of the option holder, the option may be exercised by his or her heirs or personal representatives for the remaining term of the option.

(iv) The options shall be represented by option grants in substantially the same forms as are used from time to time for other Non-Qualified options granted under this Plan, subject only to the terms set forth above.

6. TERMS, CONDITIONS AND FORM OF OPTIONS. Each option shall be evidenced by a written agreement ("option agreement") in such form as the Board shall from time to time

approve, which agreement shall comply with and be subject to the following terms and conditions:

6.1 OPTION EFFECTIVE DATE. Each option agreement shall specify an effective date, which shall be the date on which the option is granted by the Committee.

6.2 OPTION TERM. (a) An option shall in no event be exercisable after the expiration of ten years from the effective date of the option. In addition, and in limitation of the above, the option period of any option shall terminate three months after the termination of the option holder's employment (or service as a director) with the Company or subsidiary for any reason except the Retirement (as hereinafter defined), death or disability of the option holder (the "optionee").

(b) (i) The term "Retirement" means the voluntary termination of employment by an option holder whose age and/or years of employment qualify that employee for normal retirement under the policies of the Company in effect from time to time.

(ii) For any option granted on or before August 23, 1994; the Committee may in its discretion amend that option, on an individual basis, to permit the exercise of such option beyond the date of Retirement, through the expiration date of the option.

(iii) The Committee may in its discretion provide in standard option grant agreements that any option granted after August 23, 1994 may be exercised after the date of Retirement, through the expiration date of the option.

(iv) Notwithstanding the foregoing, no option may be exercised after the expiration of ten years from the effective date of the option, nor may an option be exercised beyond the amount which vested as of the date of Retirement.

(c) In the event of termination of employment (or service as a director) due to the death or disability of an optionee, the option period of the option held by him upon the date of such termination shall terminate upon the earlier of (i) twelve months after the date of the optionee's death or termination due to disability, as the case may be, or (ii) the date of termination of such option as determined by his option agreement. In the event of termination of an optionee's employment due to the death of the optionee, such optionee's options may be exercised during the 12-month period by his estate or by the person who acquired the right to exercise such options through bequest or inheritance.

As used herein, "disability" shall mean the inability of the employee to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or has lasted or can be expected to last for a continuous period of at least months.

No transfer of an option by an optionee by will or by the laws of descent and distribution shall be effective unless the Company shall have been furnished with written notice thereof and a copy of the will and/or such other evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the successor-in-interest or successors-in-interest of the terms and conditions of the option.

(d) If an optionee is placed on leave of absence status by the Company or any subsidiary, any then exercisable option shall be suspended at such time. If an optionee is placed on lay-off status by the Company or any subsidiary, any then exercisable option may be exercised during the following period of three months and shall be suspended thereafter. In either case, the unexercised portion of the option shall either (i) terminate three months after the optionee's termination of employment with the Company and its subsidiaries or (ii) be reinstated upon such optionee being re-employed from leave of absence or lay-off status by the Company or any subsidiary.

6.3 EXERCISE PRICE. The exercise price of options shall be the price per share fixed by the Committee (the "Exercise Price"); provided, however, that the Exercise Price per Share for Incentive options shall not be less than the fair market value of a Share on the date the option is granted. In the event that the Shares are then listed on an established stock exchange, such fair market value shall be deemed to be the closing price of the Shares on such stock exchange on the day the option is granted or, if no sale of the Shares shall have been made on any stock exchange on that day, the fair market value shall be determined as such price for the next preceding day upon which a sale shall have occurred. In the event that the Shares are not listed upon an established exchange but are quoted on the National Association of Securities Dealers Automated Quotation System ("NASDAQ"), the fair market value shall be deemed to be the closing price for the Shares as quoted on NASDAQ on the day the option is granted. If no sale of the Shares shall have been made on NASDAQ on that day, the fair market value shall be determined by such prices on the next preceding day on which a sale shall have occurred. In the event that the Shares are neither listed on an established stock exchange nor quoted on NASDAQ, the fair market value on the day the option is granted shall be determined by the Committee.

6.4 TEN PERCENT SHAREHOLDER. Notwithstanding the above, in regard to a director or officer who possesses more than 10% of the total combined voting power of all classes of stock of the Company or of its subsidiaries and who receives an Incentive option, the exercise price hereunder shall not be less than 110% of the fair market value of Common Stock on the date the Incentive option is granted and the option by its terms shall not be exercisable after the expiration of 5 years from the date such option is granted.

6.5 NONTRANSFERABILITY OF OPTIONS. An option shall not be transferable by the optionee otherwise than by will, by the laws of descent and distribution or by a qualified domestic relations order, and shall be exercised during the lifetime of the optionee only by the optionee or by his guardian or legal representative. No option or interest therein may be

transferred, assigned, pledged or hypothecated by the optionee during this lifetime, whether by operation of law or otherwise, or be made subject to execution, attachment or similar process.

7. EXERCISE OF OPTIONS. An option granted pursuant to this Plan shall be exercisable at any time within the option period, subject to the terms and conditions of such option. Exercise of any option shall be made by the delivery, during the period that such option is exercisable, to the Company in person or by mail of (i) written notice from the optionee stating that he is exercising such option and (ii) the payment of the aggregate purchase price of all Shares as to which option is then exercised. Such aggregate purchase price shall be paid to the Company at the time of exercise. Payment shall normally be made by cash or check; provided, however, that in its sole discretion the Committee may approve of payment in whole or in part by the giving of a note with adequate stated interest or by the surrender of common stock. Upon the exercise of an option in compliance with the provisions of this paragraph, and upon the receipt by the Company of the payment for said Shares, the Company shall (i) deliver or cause to be delivered to the optionee so exercising his option a certificate or certificates for the number of Shares with respect to which the option is so exercised and payment is so made, and (ii) register or cause such Shares to be registered in the name of the exercising optionee.

8. CHANGES IN CAPITAL STRUCTURE. Appropriate adjustments shall be made to the price of the Shares and the number of Shares subject to outstanding options and the number of Shares issuable under this Plan if there are any changes in the Shares by reason of stock dividends, stock splits, reverse stock splits, mergers, recapitalizations or consolidations.

9. CONTROLLING TERMS. Option agreements pertaining to options granted pursuant hereto may include conditions that are more (but not less) restrictive to the optionee than the conditions contained herein and, in such event, the more restrictive conditions shall apply.

10. TERMINATION OF THE PLAN. This Plan shall terminate upon the close of business of the day preceding the tenth anniversary of the approval of this Plan by the Board unless it shall have been sooner terminated by the Board or by reason of there having been granted and fully exercised stock options covering all of the Shares subject to this Plan. Upon such termination, no further options may be granted hereunder. If, after termination of this Plan upon the tenth anniversary hereof or by Board action as provided above, there are outstanding options which have not been fully exercised, such options shall remain in effect in accordance with their terms and shall remain subject to the terms of this Plan.

11. AMENDMENT OR DISCONTINUANCE OF PLAN. The Board may amend, suspend or discontinue this Plan at any time without restriction; provided, however, that the Board may not alter, amend, discontinue, revoke or otherwise impair any outstanding options which have been granted pursuant to this Plan and which remain unexercised, except in the event that there is secured the written consent of the holder of the outstanding option proposed to be so altered or amended. Nothing contained in this paragraph, however, shall in any way condition or limit the termination of an option, as hereinabove provided, where reference is made to termination of employment of an optionee, or as provided in an option agreement.

12. LIMITATION OF RIGHTS.

12.1 NO IMPLIED EMPLOYMENT AGREEMENT. Neither this Plan nor the granting of an option nor any other action taken pursuant to this Plan, shall constitute or be evidence of any agreement or understanding, express or implied, that the Company or any subsidiary will retain any person as an employee for any period of time.

12.2 NO RIGHTS AS SHAREHOLDER. An optionee shall have no rights as a shareholder with respect to Shares covered by his option until the date of exercise of the option, and, except as provided in paragraph 8, no adjustment will be made for dividends or other rights for which the record date is before the date of such exercise.

13. LIQUIDATION OF THE COMPANY. In the event of the complete liquidation or dissolution of the Company, other than as an incident to a merger, reorganization or other adjustment referred to in paragraph 8, any options granted pursuant to this Plan and remaining unexercised shall be deemed cancelled without regard to or limitation by any other provisions of this Plan.

14. INTENTION OF CONSTRUCTION. To the extent options granted hereunder are intended to constitute Incentive options and comply with Section 422 of the Code and all provisions of this Plan, all such options and all option agreements relating thereto shall be construed in such a manner as to effectuate that intent.

15. SHAREHOLDER APPROVAL; EFFECTIVE DATE. This Plan shall become effective on the date it is approved by the shareholders of the Company (the "Effective Date").

EXHIBIT 10.4

AMERICAN SOFTWARE, INC.
STOCK OPTION AGREEMENT

STOCK OPTION GRANTED PURSUANT TO THE AMERICAN
SOFTWARE, INC. DIRECTOR AND OFFICER STOCK OPTION PLAN

Grantee: James C. Edenfield

Number of Shares: 48,000

Social Security Number: 253 50 7549

Exercise Price Per Share: $3.03

Grant Date: January 30, 1995

Expiration Date: January 30, 2000

Incentive X Nonqualified

[Check One]

AMERICAN SOFTWARE, INC. (which, along with its subsidiaries, is referred to herein as the "Company") hereby grants, as of the date shown above (the "Date of Grant"), to the person named above ("Grantee") the following option (this "Option") to purchase up to the aggregate number of shares set forth above of the Class A Common Stock, par value ten cents ($0.10) per share, of the Company (the "Stock"), at the exercise price set forth above, and subject to acceptance by Grantee of the terms and conditions hereinafter set forth.

(1) THE PLAN. This Option has been granted pursuant to the Company's Director and Officer Stock Option Plan (the "Plan") and shall be governed by the provisions thereof as it may be amended from time to time. To the extent that the provisions of this Option are more restrictive than the provisions contained in the Plan, however, the more restrictive provisions hereof shall apply.

(2) NONTRANSFERABILITY. This Option shall not be transferable by the Grantee, in whole or in part, otherwise than by Will, by the laws of descent and distribution or by a qualified domestic relations order.

(3) EXPIRATION DATE. This Option shall expire with respect to any Stock not covered by valid exercise thereof at the close of business on the fifth anniversary of the Date of Grant (the "Expiration Date").

(4) VESTING. (a) This Option shall become exercisable, from time to time, cumulatively, on the dates hereinafter specified so long as the Grantee is employed by the Company or remains as a director of the Company, for the amount of Stock hereinafter specified. To the extent this Option has become exercisable

and has not terminated, this Option may be exercised thereafter in any amount, and from time to time, until the Expiration Date. The vesting schedule is as follows:

8914.2

CUMULATIVE OPTION

FULL YEARS FROM DATE OF GRANT	SHARES SUBJECT TO EXERCISE
Less than One	-0-
Less than Two	25% of shares subject to this Option
Less than Three	50% of shares subject to this Option
Less than Four	75% of shares subject to this Option
Four or more	100% of shares subject to this Option

(b) Notwithstanding anything else contained in this Option and notwithstanding that the Plan may permit exercise of this Option following termination of employment or status as a director, after termination of Grantee's employment with the Company, the Grantee may exercise this Option only to the extent it was vested as of the date of termination.

SEE ATTACHED SHEET FOR ADDITIONAL TERMS OF THIS OPTION

IN WITNESS WHEREOF, this Stock Option Agreement has been executed by the Company by one of its duly authorized officers as of the Date of Grant.

AMERICAN SOFTWARE, INC.

BY: PETER W. PAMPLIN

AUTHORIZED OFFICER

The undersigned hereby acknowledges receipt of this Option and agrees to the provisions of the Plan and the provisions set forth herein, including the additional terms set forth on the attached sheet.

JAMES C. EDENFIELD

Date: January 30, 1995 SIGNATURE OF GRANTEE

EXHIBIT 11.1

American Software, Inc. And Subsidiaries

Statements Re: Computation of Per Share Earnings (Loss)

<TABLE>
<CAPTION>

	Year ended April 30,		
	1995	1994	1993
<S>	<C>	<C>	<C>
Common shares:			
Weighted average common shares outstanding:			
Class A shares..........................	17,477,410	17,474,604	17,577,766
Class B shares..........................	4,840,489	4,849,654	4,935,558
Subtotals............................	22,317,899	22,324,258	22,513,324
Dilutive effect of outstanding Class A common stock options (as determined by the application of the treasury stock method using the average market price for the period).......................	--	--	195,636
Totals...............................	22,317,899	22,324,258	22,708,960
Net earnings (loss)......................	$(6,689,162)	$(6,588,022)	$ 5,109,741
Net earnings (loss) per common and common equivalent share........................	$ (.30)	$ (.30)	$ .23

</TABLE>

EXHIBIT 13.1

Shareholder Information

TRANSFER AGENT
Wachovia
Corporate Trust Department
Post Office Box 3001
Winston-Salem, North Carolina 27102
(910) 770-4994

Inquiries regarding stock transfers, lost certificates or address changes should be directed to the Corporate Trust Department of Wachovia at the above address.

INDEPENDENT AUDITORS
KPMG Peat Marwick LLP
Atlanta, Georgia

FORM 10-K
American Software's Form 10-K Annual Report to the Securities and Exchange Commission is available without charge to shareholders upon written request to Pat McManus, Investor Relations, 470 East Paces Ferry Road, Atlanta, Georgia 30305.

NASDAQ SYMBOL
The Company's Class A Common Shares are listed on the NASDAQ Stock Market - National Market under the symbol AMSWA and are listed daily in most newspapers under the abbreviation "Am Software".

MARKET MAKERS
The following firms make a market in the common shares of American Software:

Alex Brown & Sons
Bear, Stearns & Co.
Cantor, Fitzgerald & Co.
Dean Witter Reynolds, Inc.
Gruntal & Co., Inc.
Herzog, Heine, Geduld, Inc.
Interstate/Johnson Lane
Merrill Lynch, Pierce, Fenner & Smith, Inc.
Mayer & Schweitzer, Inc.
Morgan, Keegan & Co.
Nash Weiss/Division of Shatkin Inv.
Olde Discount Corporation
Oppenheimer & Co., Inc.
Prudential Securities Inc.
Sherwood Securities Corp.
The Robinson-Humphrey Company, Inc.
Troster Singer

MARKET PRICE INFORMATION
The table below presents the high and low sales prices for American Software, Inc. common stock as reported by NASDAQ, for the Company's last two fiscal years (1994 and 1995).

<TABLE>
<CAPTION>

FISCAL YEAR 1995	HIGH	LOW
<S>	<C>	<C>
First Quarter	$ 5 7/8	$ 4 3/8
Second Quarter	5 1/2	4 3/8
Third Quarter	3 1/8	2 1/2
Fourth Quarter	4 1/4	2 3/4

<CAPTION>

FISCAL YEAR 1994	HIGH	LOW
<S>	<C>	<C>
First Quarter	$ 8 7/8	$ 5 1/2
Second Quarter	8 3/8	6 3/8
Third Quarter	8 1/8	5 1/8
Fourth Quarter	6 3/8	5

</TABLE>

The closing price on July 24, 1995, was 53/4.

<TABLE>
<CAPTION>

CASH DIVIDENDS FISCAL 1995	
<S>	<C>
First Quarter	$ .08
Second Quarter	.08

Third Quarter	--
Fourth Quarter	--

FISCAL 1994

First Quarter	$ .08
Second Quarter	.08
Third Quarter	.08
Fourth Quarter	.08

There were 1,355 shareholders of record of the Company's Class A Common Shares and 2 shareholders of the Company's Class B Common Shares as of July 24, 1995.

ANNUAL MEETING

The annual meeting of shareholders will be held at 4:00 p.m. on Wednesday, September 6, 1995, at the Hotel Nikko Atlanta, 3300 Peachtree Road, N.E., Atlanta, Georgia. All American Software shareholders are encouraged to attend.

American Software, Inc. and Subsidiaries

Selected Consolidated Financial Data (In thousands, except per share amounts)

	1995	1994	1993	1992	1991
For year ended April 30:					
Revenues	$ 79,462	$ 94,222	$ 106,844	$ 113,125	$ 101,854
Total costs and expenses	93,050	108,328	103,558	89,932	79,777
Operating earnings (loss)	(13,588)	(14,106)	3,286	23,193	22,077
Other income	2,246	2,428	3,459	4,686	4,601
Earnings (loss) before income taxes	(11,342)	(11,678)	6,745	27,879	26,678
Income tax expense (benefit)	(4,653)	(5,090)	1,635	9,316	9,196
Net earnings (loss)	$ (6,689)	$ (6,588)	$ 5,110	$18,563	$ 17,482
Net earnings (loss) per common and common equivalent share	$ (.30)	$ (.30)	$ .23	$ .80	$ .75
Cash dividends per share	$.16	$ .32	$ .31	$ .27	$ .23
As of April 30:					
Working capital	$ 36,407	$ 46,328	$ 61,839	$ 73,171	$ 61,063
Total assets	$107,792	$ 117,641	$ 131,540	$ 135,655	$ 122,088
Long-term debt	$ --	$ --	$ --	$ 290	$ 299
Shareholders' equity	$ 74,037	$ 84,268	$ 98,031	$ 105,861	$ 90,453

American Software, Inc. and Subsidiaries

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

As an aid to understanding the Company's operating results for the three years ended April 30, 1995, the following table shows the percentage of certain items included in the consolidated statements of earnings as they relate to revenues.

	Percentage of Revenues Years Ended April 30, 1995 %	1994 %	1993 %
Revenues:			
License fees	26	33	37
Services	45	44	44
Maintenance	29	23	19
Total revenues	100	100	100
Cost of revenues:			
License fees	30	32	29
Services	28	23	21
Maintenance	5	6	5

Total cost of revenues	63	61	55
Selling, general, and administrative expenses	54	47	41
Provision for doubtful accounts	--	7	1
Operating earnings (loss)	(17)	(15)	3
Other income	3	3	3
Earnings (loss) before income taxes	(14)	(12)	6
Income tax expense (benefit)	(6)	(5)	1
Net earnings (loss)	(8)	(7)	5

</TABLE>

Fiscal 1995 was a year in which the Company's performance improved in the second half of the year as compared to the first half. The first six months of fiscal 1995 yielded a net loss per share of $.26 while the second six months resulted in a net loss of $.04 per share. Two positive factors that affected the improvement in the second half of fiscal 1995 were the increase in software license fee revenues and decrease in total expenses. Software license fee revenues increased from $7.5 million for the first six months to $13.2 million for the last half of the year. Total expenses decreased over the same period from $49.5 million to $43.5 million.

Software license fee revenues decreased to $20.8 million in fiscal 1995 from $31.1 million in fiscal 1994 and $39.4 million in fiscal 1993. Though these revenues have declined for the last three fiscal years, the Company is encouraged by its results in the second half of fiscal 1995, as mentioned above. Due to a more stable and better trained sales force and better product offerings, the Company believes software license fee revenues will continue to grow in fiscal 1996.

Services revenues, which are composed primarily of consulting revenues, custom programming revenues, and outsourcing revenues, decreased to $36.0 million in fiscal 1995 from $41.5 million in fiscal 1994 and $47.5 million in fiscal 1993. Outsourcing revenues, a component of services revenue, increased 54% to $9.2 million in fiscal 1995 from $6.0 in fiscal 1994. Outsourcing consists generally of providing the data processing functions for customers by running their software for them on the Company's equipment. Services revenues apart from outsourcing revenues declined 24% to $26.8 million in fiscal 1995 from $35.5 million in fiscal 1994. Unlike outsourcing, the consulting and custom programming business tends to be driven by software license fees generated six to nine months prior. If historical trends prevail, this segment of the business should benefit in fiscal 1996 from the increased software licenses obtained in the second half of fiscal 1995 and the expected software license growth in fiscal 1996.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS CONTINUED

Maintenance revenues increased 5% to $22.6 million in fiscal 1995 versus $21.6 million in fiscal 1994 and increased 9% from fiscal 1993 to fiscal 1994. The growth in maintenance has slowed from previous years due primarily to the slower rate at which new customers are added to maintenance. The decreasing rate at which new customers were added to maintenance relates directly to the decrease in software license fees over the last three years.

Expenses decreased 14% to $93.0 million in fiscal 1995 from $108.3 million in fiscal 1994 and increased 5% in fiscal 1994 from $103.6 million in fiscal 1993. Expenses for salaries and commissions decreased $5.6 million in fiscal 1995 from fiscal 1994. This was due to a personnel decrease from 905 at the end of the fiscal 1994 to 670 at the end of fiscal 1995. Other significant reductions included employee travel of $2.8 million and marketing expenses of $.4 million. Additionally, factors that caused fiscal 1994 expenses to be higher were a $5.4 million increase to the provision for doubtful accounts and a $1.2 million impairment charge of capitalized software development costs. The impairment charge in fiscal 1994 was for the write-off of principally certain mainframe enhancements.

The cost of revenues for license fees consists primarily of salaries and related employee benefits, royalties and amortization of computer software costs. These costs were $24.3 million in fiscal 1995 versus $32.8 million in fiscal 1994, primarily due to a decrease in salaries and employee benefits related to the decrease in personnel during the year.

Services costs of revenues consist of salaries and related employee benefits, contract programming and related travel and living expenses. Services costs increased 2% to $21.9 million in fiscal 1995 from $21.3 million in fiscal 1994, due to an increase in outsourcing costs of $2.6 million, partially offset by decreases in services salaries of $2.1 million.

Maintenance cost of revenues consists of salaries and related employee benefits. These costs decreased 29% to $4.2 million in fiscal 1995 from $5.9 million in fiscal 1994. The reduction in these costs was directly related to the Company's reduction in its workforce.

The Company's internal new product development and enhancement of existing products include two categories: research and development expenditures and additions to capitalized computer software development costs. These totalled $12.6 million, $11.7 million, and $13.7 million in fiscal years 1995, 1994, and 1993, respectively, and represented 60%, 38% and 35% of license fees in those years.

Selling, general and administrative expenses increased 3% to $42.9 million in fiscal 1995 from $41.8 million in fiscal 1994. The increase was primarily due to an expansion of the Company's selling presence worldwide. The Company also decentralized its sales support functions to form cohesive sales units in the field offices. The Company believes that the sales force in place at the end of fiscal 1995 is sufficient to meet its sales objectives for fiscal 1996.

The provision for (recovery of) doubtful accounts for fiscal 1995 of $(.16 million) was lower than the provision for fiscal 1994 of $6.6 million due primarily to the write-off of two international accounts during fiscal 1994.

Other income is comprised predominantly of interest income. Cash and investments totaled approximately $32,505,000, $40,674,000, and $50,080,000 and comprised 30%, 35%, and 38% of total assets at April 30, 1995, 1994, and 1993, respectively. Interest income has decreased as a result of total dollars invested in fiscal 1993 through 1995.

The income tax benefit in fiscal 1995 was 41% of the pretax loss compared to 44% in fiscal 1994, and 24% in expense in fiscal 1993. Most of the benefit can be carried back against previously paid taxes.

The Company believes that inflation has not materially affected the results of its operations for the past three years.

OPERATING PATTERN

The Company experienced an irregular pattern of quarterly operating results, caused primarily by fluctuations in both the number and size of software license contracts received and delivered from quarter to quarter.

LIQUIDITY AND CAPITAL RESOURCES

Over the past three years, working capital has been provided almost entirely by cash from operations. The Company had no material commitments for capital expenditures as of April 30, 1995.

The Company's operating activities provided cash of $14.0 million in fiscal 1995, $11.8 million in fiscal 1994 and $19.2 million in 1993. With the Company's adoption of SFAS 115 on May 1, 1994, its securities and money market funds are treated as a trading portfolio. The activities of that portfolio are included in operating activities in the consolidated statement of cash flows for fiscal 1995. The decline in accounts receivable for fiscal 1995 compared to fiscal 1994 had a lesser effect than the decline in fiscal 1994 compared to fiscal 1993.

Cash used for investing activities was $11.2 million in fiscal 1995, $3.1 million in fiscal 1994 and $5.6 million in fiscal 1993. The Company acquired a 30% interest in TXbase Systems, Inc. for $.8 million in fiscal 1995; acquired certain licensing rights from CODA for $3.3 million in fiscal 1994; and acquired the assets of Distribution Sciences, Inc. for $4.7 million ($2.5 million in cash) in fiscal 1993.

Cash used for financing activities was $3.7 million in fiscal 1995, $7.7 million in fiscal 1994 and $16.2 million in fiscal 1993. The reduction in cash used for financing activities in fiscal 1995 as compared to fiscal 1994 was due to the suspension of the Company's quarterly dividends after payment of two quarterly dividends. The reduction in fiscal 1994 as compared to fiscal 1993 was due to the reduced amount of stock repurchased and extinguishment of long-term debt.

The Company's consolidated balance sheet remains extremely strong with a current ratio of 2.4 to 1. Liquidity also remains strong, with cash and investments totaling 30% of total assets. The Company expects existing cash and investments, combined with working capital generated from operations, to be sufficient to meet its operational needs in fiscal 1996.

CONSOLIDATED BALANCE SHEETS

April 30, 1995 and 1994

<TABLE>
<CAPTION>

Assets	1995	1994
Current assets:		
Cash	$ 1,228,461	$ 2,172,745
Investments, estimated market value of $38,760,616 in 1994 (note 2)	31,276,773	38,500,941
Trade accounts receivable, less allowance for doubtful accounts of $1,906,284 in 1995 and $3,800,000 in 1994	11,008,273	15,581,382
Unbilled accounts receivable	5,409,390	4,325,913
Current deferred income taxes (note 3)	2,269,548	2,465,206
Refundable income taxes	8,304,601	6,117,848
Prepaid expenses and other current assets	2,474,950	3,177,126
Total current assets	61,971,996	72,341,161
Property and equipment, at cost:		
Buildings and leasehold improvements	19,021,450	17,807,393
Computer equipment	14,167,275	12,752,300
Office furniture and equipment	4,186,816	3,804,575
	37,375,541	34,364,268
Less accumulated depreciation and amortization	19,283,211	16,886,676
Net property and equipment	18,092,330	17,477,592
Capitalized computer software development costs, less accumulated amortization of $28,248,564 in 1995 and $21,532,475 in 1994	20,372,465	20,049,606
Purchased computer software costs, less accumulated amortization of $7,522,237 in 1995 and $5,199,170 in 1994	5,414,553	7,139,495
Total computer software costs	25,787,018	27,189,101
Other assets, net	1,940,209	633,080
	$ 107,791,553	$ 117,640,934

</TABLE>

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

April 30, 1995 and 1994

<TABLE>

Liabilities and Shareholders' Equity	1995	1994
Current liabilities:		
Accounts payable	$ 5,132,774	$ 4,377,914
Accrued compensation and related costs	2,797,422	5,055,926
Accrued royalties	1,161,836	1,114,376
Other current liabilities	3,722,891	2,193,017
Deferred revenue	12,750,156	13,272,252
Total current liabilities	25,565,079	26,013,485
Deferred income taxes (note 3)	8,189,662	7,358,968
Total liabilities	33,754,741	33,372,453
Shareholders' equity (note 5):		
Common stock:		
Class A, $.10 par value. Authorized 50,000,000 shares; issued 18,729,871 shares in 1995 and 18,688,728 shares in 1994	1,872,988	1,868,873
Class B, $.10 par value. Authorized 10,000,000 shares; issued and outstanding 4,840,489 shares in 1995 and 1994; convertible into Class A shares on a one-for-one basis	484,049	484,049
Additional paid-in capital	30,656,333	30,415,118
Retained earnings	52,846,986	63,105,879
	85,860,356	95,873,919
Less Class A treasury stock, 1,306,943 shares in 1995 and 1,239,000 shares in 1994, at cost	11,823,544	11,605,438

Total shareholders' equity	74,036,812	84,268,481
Commitments and contingencies (notes 4, 7 and 8)		
	$ 107,791,553	$ 117,640,934

</TABLE>

American Software, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended April 30, 1995, 1994, and 1993

<TABLE>
<CAPTION>

<S>	1995 <C>	1994 <C>	1993 <C>
Revenues (note 6):			
License fees	$ 20,780,444	$ 31,107,052	$ 39,454,427
Services	36,049,657	41,492,285	47,494,758
Maintenance	22,631,551	21,622,555	19,894,711
Total revenues	79,461,652	94,221,892	106,843,896
Cost of revenues:			
License fees	24,274,510	32,760,937	31,928,453
Services	21,864,138	21,331,001	22,142,464
Maintenance	4,167,879	5,859,773	5,665,424
Total cost of revenues	50,306,527	59,951,711	59,736,341
Selling, general, and administrative expenses	42,901,873	41,750,390	42,567,216
Provision for (recovery of) doubtful accounts	(158,944)	6,626,099	1,254,759
Operating earnings (loss)	(13,587,804)	(14,106,308)	3,285,580
Other income (expense):			
Interest income	2,044,864	2,492,378	2,880,518
Other, net	200,464	(64,092)	578,613
Earnings (loss) before income taxes	(11,342,476)	(11,678,022)	6,744,711
Income tax expense (benefit) - (note 3)	(4,653,314)	(5,090,000)	1,634,970
Net earnings (loss)	$ (6,689,162)	$ (6,588,022)	$ 5,109,741
Net earnings (loss) per common and common equivalent share	$ (.30)	$ (.30)	$ .23
Weighted average number of common and common equivalent shares outstanding	22,317,899	22,324,258	22,708,960

</TABLE>

See accompanying notes to consolidated financial statements.

American Software, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years ended April 30, 1995, 1994, and 1993

<TABLE>
<CAPTION>

	Common stock				Additional			Total
	Class A		Class B		paid-in	Retained	Treasury	shareholders'
	Shares	Amount	Shares	Amount	capital	earnings	stock	equity
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at April 30, 1992	18,347,241	$ 1,834,724	5,012,869	$ 501,287	$ 28,483,627	$ 78,721,913	$ (3,680,250)	$ 105,861,301
Cash dividends declared - $.31 per share	--	--	--	--	--	(6,989,740)	--	(6,989,740)
Proceeds from stock options exercised at $2.22 to $9.25 per share	97,780	9,778	--	--	439,102	--	--	448,880
Income tax benefit from stock transactions involving options								

(note 3).................	--	--	--	--	140,682	--	--	140,682
Conversion of Class B shares into Class A shares......	153,580	15,358	(153,580)	(15,358)	--	--	--	--
Grants of compensatory stock options..................	--	--	--	--	590,424	--	--	590,424
Repurchase of 709,000 Class A shares...........	--	--	--	--	--	--	(7,130,563)	(7,130,563)
Net earnings................	--	--	--	--	--	5,109,741	--	5,109,741
Balance at April 30, 1993...	18,598,601	1,859,860	4,859,289	485,929	29,653,835	76,841,914	(10,810,813)	98,030,725
Cash dividends declared - $.32 per share...........	--	--	--	--	--	(7,148,013)	--	(7,148,013)
Proceeds from stock options exercised at $2.22 to $6.67 per share.	71,327	7,133	--	--	234,353	--	--	241,486
Conversion of Class B shares into Class A shares...................	18,800	1,880	(18,800)	(1,880)	--	--	--	--
Grants of compensatory stock options............	--	--	--	--	526,930	--	--	526,930
Repurchase of 127,000 Class A shares...........	--	--	--	--	--	--	(794,625)	(794,625)
Net loss....................	--	--	--	--	--	(6,588,022)	--	(6,588,022)
Balance at April 30, 1994...	18,688,728	1,868,873	4,840,489	484,049	30,415,118	63,105,879	(11,605,438)	84,268,481
Cash dividends declared - $.16 per share...........	--	--	--	--	--	(3,569,731)	--	(3,569,731)
Proceeds from stock options exercised at $2.22 to $4.11 per share and other stock option transactions............	41,143	4,115	--	--	46,791	--	--	50,906
Grants of compensatory stock options............	--	--	--	--	194,424	--	--	194,424
Repurchase of 85,000 Class A shares...........	--	--	--	--	--	--	(296,250)	(296,250)
Issuance of 17,057 Class A shares under the Dividend Reinvestment Plan........	--	--	--	--	--	--	78,144	78,144
Net loss....................	--	--	--	--	--	(6,689,162)	--	(6,689,162)
Balance at April 30, 1995...	18,729,871	$ 1,872,988	4,840,489	$ 484,049	$ 30,656,333	$ 52,846,986	$(11,823,544)	$ 74,036,812

</TABLE>

See accompanying notes to consolidated financial statements.

American Software, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended April 30, 1995, 1994, and 1993

<TABLE>
<CAPTION>

	1995	1994	1993
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net earnings (loss)...	$ (6,689,162)	$ (6,588,022)	$ 5,109,741
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation and amortization.................................	11,748,244	12,159,628	8,752,555
Net loss (gain) on investments................................	(609,099)	326,019	(332,407)
Loss on disposal of property..................................	38,376	--	--
Capitalized software impairment charge.........................	--	1,167,496	--
Income tax benefit from stock transactions involving options..	--	--	140,682
Grants of compensatory stock options...........................	194,424	526,930	590,424
Deferred income taxes..	1,026,352	(577,072)	584,252
Changes in operating assets and liabilities:			
Net increase in money market funds..........................	(3,324,796)	--	--
Purchases of trading securities.............................	(4,055,226)	--	--
Proceeds from sale of trading securities....................	8,947,802	--	--
Proceeds from maturities of trading securities..	6,265,487	--	--
Accounts receivable...	3,489,632	9,207,942	2,700,712

Prepaid expenses and other current assets	(375,114)	(1,675,610)	806,721
Accounts payable and other liabilities	73,690	(515,433)	1,740,712
Income taxes	(2,186,753)	(3,274,939)	(282,750)
Deferred revenue	(522,096)	996,838	(650,185)
Net cash provided by operating activities	14,021,761	11,753,777	19,160,457
Cash flows from investing activities:			
Capitalized software development costs	(7,352,301)	(7,315,470)	(8,610,918)
Net decrease in money market funds	--	9,659,922	895,575
Purchases of investments	--	(7,624,256)	(27,579,159)
Proceeds from maturities of investments	--	3,276,226	3,732,312
Proceeds from sales of investments	--	4,681,535	30,563,933
Purchase of assets (note 4)	--	(3,300,000)	(2,500,000)
Purchase of TXbase Systems, Inc. stock (note 4)	(827,164)	--	--
Purchases of property and equipment	(3,049,649)	(2,517,387)	(2,126,280)
Net cash used in investing activities	(11,229,114)	(3,139,430)	(5,624,537)
Cash flows from financing activities:			
Repurchases of common stock	(296,250)	(794,625)	(7,130,563)
Repayment of long-term debt	--	--	(2,490,403)
Proceeds from Dividend Reinvestment Plan (note 5)	78,144	--	--
Proceeds from exercise of stock options	50,906	241,486	448,880
Dividends paid	(3,569,731)	(7,148,013)	(6,989,740)
Net cash used in financing activities	(3,736,931)	(7,701,152)	(16,161,826)
Net change in cash	(944,284)	913,195	(2,625,906)
Cash at beginning of year	2,172,745	1,259,550	3,885,456
Cash at end of year	$ 1,228,461	$ 2,172,745	$ 1,259,550
Supplemental disclosure of cash (received) paid during the year for income taxes	$ (3,492,913)	$ (1,237,989)	$ 1,333,468

</TABLE>

Supplemental disclosure of noncash investing and financing activities:

In 1993, the Company purchased the assets of Distribution Sciences, Inc. for $4,738,360 (see note 4). In conjunction with the purchase, a note payable was issued as follows:

<TABLE>

<S>	<C>
Assets acquired	$ 4,738,360
Cash paid	(2,500,000)
Note payable issued	$ 2,238,360

</TABLE>

Subsequent to the date of acquisition, the Company entered into an agreement to extinguish the note payable.

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 1995, 1994, and 1993

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PRESENTATION

The consolidated financial statements include the accounts of American Software, Inc. and its wholly owned subsidiaries (the Company). All significant intercompany balances and transactions have been eliminated in consolidation.

The Company is engaged in the development, marketing, and support activities of a broad range of computer applications software. The Company's operations are principally in the computer software industry with an emerging computer operations outsourcing business.

(B) REVENUE RECOGNITION

License fees in connection with license agreements for standard proprietary and tailored software are recognized upon delivery of the software providing collection is considered probable and no significant obligations remain outstanding. The percentage-of-completion method of accounting is utilized to recognize revenue on products under development for fixed amounts. Progress under the percentage-of-completion method is measured based on management's best estimate of the cost of work completed in relation to the total cost of work to be performed under the contract. Any estimated losses on products under development for fixed amounts are immediately recognized in the consolidated financial statements. All significant costs associated with maintenance included in the initial license fee are recognized.

Revenue related to custom programming and education is recognized as the related services are performed.

Maintenance revenue is recognized ratably over the term of the maintenance agreements.

Deferred revenue represents advance payments to the Company by customers for services and products.

(C) INVESTMENTS

Investments at April 30, 1995, consist of money market funds, debt securities, and marketable equity securities. The Company adopted the provisions of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115) as of May 1, 1994. Pursuant to the provisions of SFAS 115, the Company has classified its investment portfolio as "trading." "Trading" securities are bought and held principally for the purpose of selling them in the near term and are recorded at fair value. Unrealized gains and losses on trading securities are included in the determination of net earnings (loss). The effect of adopting SFAS 115 was not significant and has been included in other income, net in the accompanying 1995 consolidated statement of operations.

Investments at April 30, 1994 include money market funds, debt securities, and marketable equity securities. Money market funds are stated at market. Debt securities are carried at cost. Marketable equity securities (other marketable securities) are recorded at the lower of aggregate cost or market. The cost of the marketable securities sold is based on the earliest acquisition cost of each security held at the time of sale. Unrealized gains and losses on marketable equity securities are recognized in the determination of net earnings (loss).

(D) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation of buildings, computer equipment, and office furniture and equipment is calculated using the straight-line method based upon estimated useful lives of 30 years, five years, and five years, respectively. Leasehold improvements are amortized using the straight-line method over the estimated useful lives of the assets or the lease term, whichever is shorter.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

(E) CAPITALIZED COMPUTER SOFTWARE DEVELOPMENT COSTS

The Company capitalizes computer software development costs by project, commencing when technological feasibility for the respective product is established and concluding when the product is ready for general release to customers. The Company makes an ongoing assessment of the recoverability of its capitalized software projects by comparing the amount capitalized for each product group to the estimated net realizable value ("NRV") of the product group. If the NRV is less than the amount capitalized, a write-down to NRV is recorded. The Company capitalized computer software development costs totaling $7,352,301, $7,315,470, and $8,610,918 in 1995, 1994, and 1993, respectively. The Company expensed $1,167,496 in 1994 as this amount was deemed unrealizable based on future sales projections. Capitalized computer software development costs are being amortized using the straight-line method over an estimated useful life of three years. Amortization expense was $7,029,442, $7,491,124, and $4,793,398 in 1995, 1994, and 1993, respectively.

The total of research and development costs and additions to capitalized computer software development costs are $12,552,301, $11,665,470, and $13,688,918 in fiscal years 1995, 1994, and 1993, respectively. The Company incurred research and development costs totaling approximately $5,200,000, $4,350,000, and $5,078,000, which were expensed in 1995, 1994, and 1993, respectively.

(F) PURCHASED COMPUTER SOFTWARE COSTS

Purchased computer software costs represent the cost of acquiring computer software. Amortization of purchased computer software costs is calculated using the straight-line method over a period of five years. Amortization expense was $2,322,267, $2,189,516, and $897,487 in 1995, 1994, and 1993, respectively.

(G) INCOME TAXES

The Company accounts for income taxes using the Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109). SFAS 109 requires an asset and liability method of accounting for income taxes. Under the asset and liability method of SFAS 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forward. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(H) EARNINGS (LOSS) PER COMMON AND COMMON EQUIVALENT SHARE

Earnings (loss) per common and common equivalent share are based on the weighted average number of Class A and B shares outstanding, since the Company considers the two classes of common stock as one class for the purposes of the earnings (loss) per share computation, and share equivalents from dilutive stock options outstanding during each year. Share equivalents are excluded from the aforementioned computation during loss periods.

(I) RECLASSIFICATIONS

Certain reclassifications have been made to the 1994 and 1993 consolidated financial statements to conform to the 1995 presentation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

(2) INVESTMENTS

As discussed in note 1, the Company adopted SFAS 115 as of May 1, 1994. The change in method of accounting for investments did not have a significant effect on the 1995 consolidated statement of operations. Prior years' financial statements have not been restated to apply the provisions of SFAS 115.

Investments consist of the following:

<TABLE>
<CAPTION>

April 30,	1995	1994
<S>	<C>	<C>
Money market funds......................................	$ 6,052,123	$ 2,727,331
Debt securities:		
U.S. Treasury securities.........................	1,460,892	2,451,834
Tax-exempt state and municipal bonds............	19,868,293	28,307,423
Total debt securities........................	21,329,185	30,759,257
Other marketable securities.............................	3,895,465	5,014,353
	$31,276,773	$38,500,941

</TABLE>

In 1995, the Company's investment portfolio experienced a net unrealized holding gain of $609,099, which has been included in other income, net in the consolidated statement of operations.

The Company utilizes major investment bankers to maintain custody of its investments. At April 30, 1995, a major investment banker held 37% of the investments and two other major investment bankers combined held 41% of the investments. At April 30, 1995, 99% of the tax-exempt state and municipal bonds related to state and municipal governments and authorities in Georgia.

The cost and estimated market value of investments in debt securities at April 30, 1994, are as follows:

<TABLE>
<CAPTION>

	Gross	Gross	Estimated

	Cost	unrealized gains	unrealized losses	market value
U.S. Treasury securities..............	$ 2,451,834	$ --	$ 59,514	$ 2,392,320
Tax-exempt state and municipal bonds....................	28,307,423	568,558	249,368	28,626,613
	$ 30,759,257	$ 568,558	$ 308,882	$ 31,018,933

</TABLE>

Proceeds from sale of debt securities were $2,321,676 in 1994 and proceeds from maturities of debt securities were $3,276,226 in 1994. Gross gains from sale of debt securities were $85,725 in 1994 and gross losses from sales of debt securities were $7,031 in 1994.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

Proceeds from sale of debt securities were $27,257,248 in 1993 and proceeds from maturities of debt securities were $3,356,000 in 1993. Gross gains from sale of debt securities were $638,694 in 1993 and gross losses from sales of debt securities were $245,029 in 1993.

Other marketable securities were carried at market at April 30, 1994, which was lower than cost. These investments had an aggregate cost of approximately $5,287,000 at April 30, 1994. A valuation allowance to reduce the carrying amount of the portfolio to market in the amounts of approximately $273,000 and $119,000 was recorded at April 30, 1994, and 1993, respectively. Changes in the valuation allowance were included in the determination of net earnings (loss). At April 30, 1994, the gross unrealized gains and losses pertaining to other marketable securities were approximately $435,000 and $708,000, respectively. Net realized gains of $239,540 and $383,238 from the sale of other marketable securities are included in the determination of net earnings (loss) in 1994 and 1993, respectively.

(3) INCOME TAXES

Total income tax expense (benefit) for the years ended April 30, 1995, 1994, and 1993 was allocated as follows:

<TABLE>
<CAPTION>

	1995	1994	1993
Earnings (loss) before income taxes..........	$ (4,653,314)	$ (5,090,000)	$ 1,634,970
Shareholder's equity, for compensation expense for tax purposes in excess of amounts recognized for financial reporting purposes........................	--	--	(140,682)
	$ (4,653,314)	$ (5,090,000)	$ 1,494,288

</TABLE>

Income tax expense (benefit) consists of the following:

<TABLE>
<CAPTION>

	Years ended April 30, 1995	1994	1993
Current:			
Federal...............................	$ (5,372,185)	$ (3,699,670)	$ 51,412
State.................................	(696,280)	(433,456)	24,422
	(6,068,465)	(4,133,126)	75,834
Deferred:			
Federal...............................	1,191,589	(805,708)	1,349,744
State.................................	223,562	(151,166)	209,392
	1,415,151	(956,874)	1,559,136
	$ (4,653,314)	$ (5,090,000)	$ 1,634,970

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

The Company's effective income tax rate of 41%, 44%, and 24% for the years ended April 30, 1995, 1994, and 1993, respectively, differs from the "expected" income tax expense (benefit) for those years calculated by applying the Federal statutory rate of 34% to earnings (loss) before income taxes as follows:

	1995	1994	1993
Computed "expected" income tax expense (benefit)	$ (3,856,442)	$ (3,970,527)	$ 2,293,202
Increase (decrease) in income taxes resulting from:			
State income taxes, net of Federal income tax effect	(311,994)	(369,221)	154,317
Foreign taxes paid	571,812	661,651	627,799
Foreign tax credits	(571,812)	(661,651)	(627,799)
Tax-exempt interest income	(639,752)	(751,444)	(710,143)
Reduction in state tax rate applicable to deferred income taxes	--	--	(187,259)
Cancellation of compensatory stock options	226,530	--	--
Other, net	(71,656)	1,192	84,853
	$ (4,653,314)	$ (5,090,000)	$ 1,634,970

The significant components of deferred income tax expense attributable to earnings (loss) before income taxes for the years ended April 30, 1995, 1994, and 1993 are as follows:

	1995	1994	1993
Deferred tax expense (benefit)	$ 1,188,621	$ (956,874)	$ 1,746,395
Cancellation of compensatory stock options	226,530	--	--
Reduction in state tax rate applicable to deferred income	--	--	(187,259)
	$ 1,415,151	$ (956,874)	$ 1,559,136

The Company recognized an income tax benefit of $-0- in 1995 and 1994 and $140,682 in 1993 related to its employees' sale and disqualification of stock from qualified stock options and exercise of nonqualified stock options. The income tax benefit in 1993 has been excluded from the determination of income tax expense (benefit) and included directly in additional paid-in capital.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at April 30, 1995, and April 30, 1994, are presented as follows:

	1995	1994
Deferred tax assets:		
Compensated absences and other expenses, due to accrual for financial reporting purposes	$ 1,107,994	$ 1,107,944
Accounts receivable, due to allowance for doubtful accounts	724,007	1,063,440
Compensation expense related to grants of nonqualified stock options	189,063	442,110

Deferred gain on sale of real estate option	169,214	265,908
Other, net	79,270	293,822
Total gross deferred tax assets	2,269,548	3,173,224
Deferred tax liabilities:		
Capitalized computer software development costs	(7,730,382)	(7,614,841)
Property and equipment, primarily due to differences in depreciation	(459,280)	(452,145)
Total gross deferred tax liabilities	(8,189,662)	(8,066,986)
Net deferred tax liability	$ (5,920,114)	$ (4,893,762)

</TABLE>

Refundable income taxes arose primarily from the 1995 and 1994 taxable losses that were carried back to earlier profitable years to recover income taxes previously paid.

(4) ACQUISITIONS

In 1995, the Company acquired a 30% interest in TXbase Systems, Inc., a client/server-based software company, for $827,164. This investment is being accounted for under the equity method. The excess investment over the underlying equity in net assets is being amortized using the straight-line method over a period of five years. In conjunction with the purchase, the Company extended TXbase Systems, Inc. a line of credit in the amount of $800,000 providing certain financial and other requirements are met. Any outstanding advance balance is convertible into additional equity ownership at the discretion of the Company. No advances on this line of credit were outstanding as of April 30, 1995.

In July 1993, the Company purchased from Coda Corporation the proprietary rights to certain computer software for $3,300,000.

In June 1992, the Company acquired the assets and assumed certain liabilities of Distribution Sciences, Inc., a transportation software company, for approximately $4,738,000. The acquisition has been accounted for under the purchase method of accounting. The results of operations have been included since the date of acquisition. The pro forma results are not significant to the accompanying consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

In connection with the acquisition of Distribution Sciences, Inc., the seller provided a noninterest-bearing note payable, which had a discounted value of $2,238,360 using an interest rate of 6.5%. Subsequent to the date of acquisition, the Company entered into an agreement to extinguish the note payable at a gain. Such gain was not significant.

(5) SHAREHOLDERS' EQUITY

In 1992, the Company discontinued issuing options under its Incentive Stock Option Plan and its Nonqualified Stock Option Plan. There are 62,026 options outstanding under these plans at April 30, 1995. These plans were replaced with the 1991 Employee Stock Option Plan ("1991 Plan") and the Director and Officer Stock Option Plan ("D and O Plan"). Under the 1991 Plan, the Board of Directors is authorized to grant key employees options to purchase up to 1,650,000 shares of Class A common stock, plus any shares granted under the terminated plans that terminate or expire without being wholly exercised. These options are exercisable in four equal annual installments commencing one year from the effective date of grant. All options must be exercised within ten years of the effective date of grant, but will expire sooner if the optionee's employment terminates. Under the D and O Plan, the Board of Directors is authorized to grant directors and officers options to purchase up to 900,000 shares of Class A common stock. These options are exercisable based upon the terms of such options up to 10 years after the date of grant, but will expire sooner if the optionee's employment terminates. Additionally, both the 1991 Plan and D and O Plan can issue either incentive stock options or nonqualified stock options. Both the 1991 Plan and D and O Plan will terminate on May 13, 2001.

Summarized option data for the incentive options and the nonqualified options as of April 30, 1995, is as follows:

<TABLE>
<CAPTION>

	Shares under option	Range of price per share

<S> <C> <C>

Options outstanding at April 30, 1994	1,611,148	$ 2.22-16.88
Options granted	2,639,524	2.75-5.75
Options exercised	(41,143)	2.22-4.11
Options canceled	(1,996,479)	2.75-16.88
Options outstanding at April 30, 1995	2,213,050	$ 2.22-15.00

</TABLE>

Incentive and nonqualified options exercisable at April 30, 1995, are 21,938 and 67,088 shares, respectively. Options available for grant at April 30, 1995, for the 1991 Plan and D and O Plan are 421,052 and 453,063 shares, respectively.

Except for the election or removal of Directors and class votes as required by law or the Articles of Incorporation, holders of both classes of common stock vote as a single class on all matters with each share of Class A common stock entitled to cast one-tenth vote per share and each share of Class B common stock entitled to cast one vote per share. Neither has cumulative voting rights. Holders of Class A common stock, as a class, are entitled to elect 25% of the Board of Directors (rounded up to the nearest whole number of Directors) if the number of outstanding shares of Class A common stock is at least 10% of the number of outstanding shares of both classes of common stock. No cash or property dividend may be paid to holders of shares of Class B common stock during any fiscal year of the Company unless a dividend of $.05 per share has been paid in such year on each outstanding share of Class A common stock. This $.05 per share annual dividend preference is noncumulative.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

Dividends per share of Class B common stock during any fiscal year may not exceed dividends paid per share of Class A common stock during each year. Each share of Class B common stock is convertible at any time into one share of Class A common stock at the option of the shareholder. Class A and B shares are considered as one class for purposes of the earnings (loss) per share computation.

In 1995, the Company adopted a Dividend Reinvestment Plan retroactive to February 25, 1994. Under the Plan, 500,000 shares of the Company's Class A common stock are reserved for the use of the Dividend Reinvestment Plan. The shares are to be utilized from treasury stock to the extent available, with any additional shares to be utilized from authorized but unissued shares of Class A common stock. In 1995, 17,057 shares were issued pursuant to this plan.

(6) INTERNATIONAL REVENUES

International revenues approximated $10,321,000 or 13%, $16,442,000 or 17%, and $17,216,000 or 16%, of consolidated revenues for the years ended April 30, 1995, 1994, and 1993, respectively, and were primarily from customers in Canada, Europe, Australia, and Asia.

(7) COMMITMENTS

The Company leases an office facility from a partnership controlled by the two Class B shareholders, under an operating lease expiring in December 1996, with annual adjustments for inflation. Amounts expensed under this lease for the years ended April 30, 1995, 1994, and 1993 approximated $291,000, $285,000, and $278,000, respectively.

The Company leases other office facilities, certain office equipment, and computer equipment under various operating leases expiring through 1997. Rental expense for these operating leases approximated $5,866,000, $3,586,000, and $3,570,000 for the years ended April 30, 1995, 1994, and 1993, respectively.

Approximate aggregate minimum annual rentals under all long-term, noncancellable, operating leases are as follows:

<TABLE>
<CAPTION>
Years ending April 30,
<S> <C>

Years ending April 30,	
1996	$ 4,887,038
1997	3,187,949
1998	1,555,737
1999	1,384,241

2000	266,699
	$ 11,281,664

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

The Company has a profit sharing plan covering all employees with at least 12 months of service. The Company's contribution to the plan is determined by the Board of Directors, and is limited to a maximum of fifteen percent (15%) of the compensation (as defined) of the participating employees during the Company's fiscal year, and is payable only out of the annual net earnings or accumulated earnings of the Company. Participants in the plan are entitled, but not required, to contribute a maximum of ten percent (10%) of their annual compensation to the plan. The Company did not make contributions for 1995, 1994, or 1993.

(8) CONTINGENCIES

The Company has been named as a defendant in legal actions arising from their normal business activities in which certain damages have been claimed. Although the amount of any ultimate liability with respect to such matters cannot be determined, in the opinion of management, based upon consultation with legal counsel, any such liability will not have a material adverse effect on the consolidated financial position or results of operations of the Company.

(9) QUARTERLY FINANCIAL DATA (UNAUDITED)

Unaudited quarterly financial data is as follows:

<TABLE>
<CAPTION>

	Fiscal quarters			
	First	Second	Third	Fourth
<S>	<C>	<C>	<C>	<C>
1995:				
Revenues	$ 18,257,025	$ 20,257,247	$ 20,593,907	$ 20,353,473
Gross profit	5,296,361	7,232,929	8,002,484	8,623,351
Operating loss	(5,809,381)	(5,179,983)	(1,951,495)	(646,945)
Net earnings (loss)	(2,967,007)	(2,891,634)	(992,181)	161,660
Earnings (loss) per common and common equivalent share	$ (.13)	$ (.13)	$ (.04)	$ .01
1994:				
Revenues	$ 25,164,057	$ 22,440,061	$ 24,333,028	$ 22,284,746
Gross profit	10,749,576	7,670,909	9,206,290	6,643,406
Operating earnings (loss)	898,552	(5,749,716)	(652,077)	(8,603,067)
Net earnings (loss)	1,033,620	(2,903,831)	216,521	(4,934,332)
Earnings (loss) per common and common equivalent share	$ .05	$ (.13)	$ .01	$ (.22)

</TABLE>

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
American Software, Inc.:

We have audited the accompanying consolidated balance sheets of American Software, Inc. and subsidiaries as of April 30, 1995 and 1994, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended April 30, 1995. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Software, Inc. and subsidiaries as of April 30, 1995 and 1994, and the results of their operations and their cash flows for each of the years in the three-year period ended April 30, 1995, in conformity with generally accepted accounting principles.

KPMG Peat Marwick LLP

Atlanta, Georgia
June 9, 1995

EXHIBIT 21.1

LIST OF SUBSIDIARIES

Unless otherwise indicated, each of the following subsidiaries does business under its corporate name.

1. American Software Research and Development Corp. incorporated under the laws of the State of Georgia.

2. American Software FSC, Inc. incorporated under the laws of the United States Virgin Islands.

3. American Software USA, Inc. incorporated under the laws of the State of Georgia.

4. ASI Properties, Inc. incorporated under the laws of the State of Georgia.

5. American Software (UK) Ltd. incorporated under the laws of the United Kingdom.

6. American Software (Thailand), Ltd. incorporated under the laws of Thailand.

7. American Software (Australia) Pty. Ltd. incorporated under the laws of Australia.

8. American Software (Japan) KK incorporated under the laws of Japan.

9. American Software France, SA incorporated under the laws of France.

10. Distribution Sciences, Inc. incorporated under the laws of the State of Georgia.

11. American Software Asia Pacific (s) Pte. Ltd. incorporated under the laws of Singapore.

12. Amedia, Inc. incorporated under the laws of the State of Georgia.

13. The Proven Method, Inc. incorporated under the laws of the State of Georgia.

EXHIBIT 23.1

Consent of Independent Auditors'

The Board of Directors
American Software, Inc.:

We consent to incorporation by reference in Registration Statement Numbers 33-55214 and 33-83396 on Form S-8 and Registration Statement Number 33-79640 on Form S-3 of American Software, Inc. of our reports dated June 9, 1995 relating to the consolidated balance sheets of American Software, Inc. and subsidiaries as of April 30, 1995 and 1994, and the related consolidated statements of operations, shareholders' equity, and cash flows and related schedule for each of the years in the three-year period ended April 30, 1995, which reports appear in the April 30, 1995 annual report on Form 10-K of American Software, Inc.

KPMG PEAT MARWICK LLP

Atlanta, Georgia
July 28, 1995

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM AMERICAN SOFTWARE, INC. CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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