

FOR IMMEDIATE RELEASE

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Democrasoft Announces Management Update

SANTA ROSA, CA., July 5th, 2011: Democrasoft, Inc. (OTC: PINKSHEETS: DEMO) today announced management updates in three areas of interest to the financial community and shareholders:

(1) The last of the legacy patent sales has been completed. U.S. patent #05262875 (also known as the “Mincer” patent) was sold for \$50,000 net to the Company in a post-auction transaction through ICAP/Ocean Tomo, the same auction house that sold the rest of the Company’s legacy patents earlier this year. This concludes the process of monetizing the Company’s legacy patent portfolio and does not affect the pending patent applications related to the Company’s Collaborize® cloud-based social networking platform.

(2) At last week’s Annual Meeting of Shareholders, all of the Company’s Directors were re-elected.

(3) As a result of ongoing marketing activities, including the Company’s previously announced participation at ISTE 2011 education technology conference in Philadelphia last week and the previously announced appearance of CEO Richard Lang on the Dylan Ratigan Show on MSNBC on June 24 (http://www.msnbc.msn.com/id/3096434/ns/msnbc_tv#43529325), new *Collaborize Classroom*™ sites launched last week were the highest weekly total since the Company announced the free online learning platform. The number of launched sites increased from 5,274 on Friday, June 24 to 6,380 at the end of the day on Friday, July 1, 2011 even though schools are generally not in session.

-30-

“We are extremely gratified by the growth of the *Collaborize Classroom* sites launched by teachers,” said Richard Lang, Democrasoft’s Chairman & CEO. “We are very hopeful that, as we launch our global Topic Library and other important new elements of Collaborize Classroom within the education community over the coming weeks, our teacher network will continue to expand to even greater numbers.”

About Democrasoft:

Democrasoft, Inc., headquartered in Santa Rosa, CA, is a 20-year-old public company (OTC: PINKSHEETS: DEMO) with a history of pioneering technology. The Company's flagship product, Collaborize®, is a web-based solution for organizing groups with a common purpose into powerful, decision-making communities. It is designed to empower groups of all sizes - businesses, non-profits, organizations, governments, their members and citizens - to resolve real problems and drive toward actual implementation of collective solutions. Democrasoft is dedicated to facilitating a vision of online “social networking with purpose.” For more information, please visit <http://democrasoft.com>.

This Press Release contains forward-looking statements similar to those covered by the safe harbor provisions under the Private Securities Litigation Reform Act of 1995. We believe that the information regarding the growth of the Collaborize Classroom user base is based on reasonable assumptions by the Company. These forward-looking statements are clearly subject to numerous uncertainties and risks, and actual results and developments could differ materially from our expectations. We do not undertake any responsibility for providing any updates with respect to the information contained in this Management Update.

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