



Speech

by the CEO of SAP AG

Prof. Dr. Henning Kagermann

at the

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Title slide 1

Dear shareholders,

Colleagues,

Ladies and gentlemen,

I am very pleased to be able to welcome you here today in Mannheim for SAP's 2006 General Shareholders' Meeting. We have a lot of positive aspects to report on again this year, because 2005 was another excellent year for SAP.

Slide 2 – SAP in comparison to the market

SAP grew substantially faster than the global software market. While the market as a whole grew just 5%, our total revenue increased 13%.

An important source of revenue, software revenue, increased 18%, although the market saw a 1% decrease.

Our pro-forma operating margin improved to 28.3%, an increase of half a percentage point.

We took additional market share away from our direct competitors in the enterprise software market, gaining one percentage point year-on-year, which takes us to a market share of approximately 21%. We thus sell approximately two and a half times more application software than our nearest competitor.

In the small and midsize enterprises (SME) segment – one of our strategically important markets – we extended our leading position with regard to our main competitors from 31% to 36% market share.

The financial markets responded positively: The SAP share gained 17% over the course of the year. In contrast, the Goldman Sachs Software Index, the yardstick for all major and listed software companies, dropped 5%.

Although consolidation, strong competition, and pressure on prices continued to shape our industry, we gained significantly more market share overall in 2005.

Over the past two years, SAP and its direct competitors have had two different growth strategies. SAP has opted for focused organic growth. In contrast, the competition has decided to grow by acquiring other companies and has already invested U.S.\$19 billion in acquisitions. Nonetheless, it did not manage to improve its position in relation to SAP in the enterprise software market. We invested some U.S.\$500 million in small acquisitions to supplement our product portfolio and we have hired 3,600 new employees – thus gaining market share.

Renowned investment bank Goldman Sachs commented: "SAP's decision to drive growth organically rather than via acquisitions should continue to help increase returns with lower execution risk."

Slide 3 – win win win, including the example of a hospital as a customer



Ladies and gentlemen,

Every company has defined its own model – a maxim – for the way it operates. You can find ours on the first page of the annual report:

When businesses deploy SAP solutions, everyone wins. Our customers win by becoming more productive, adaptable, and agile. Their customers win by gaining better products and services at more competitive prices.

And SAP wins by generating sustained growth in revenues and profits so that it can continue to invest in our future.

I would like to illustrate this principle with an application used in patient care. The Steier hospital in Austria kindly agreed to document how it is deployed in everyday hospital life.

Video: RFID in a hospital

This customer is a clear example of what we call a “win-win-win” situation and shows what we want to achieve with our products: added value for our customers’ customers.

- For administration, this becomes faster and more efficient, thanks to more streamlined, automated processes.
- For the doctors and nurses who gain up-to-date, full information about their patients’ condition and thus any risk factors, thanks to direct access to full patient data. At the same time, doctors and nurses are relieved of paperwork and bureaucracy, because data is saved electronically immediately.

And most importantly:

- For the patients being cared for by the doctors and nurses, who are able to provide them with better, more comprehensive information more quickly and have more time for them.

You see, you too can win indirectly from a successful SAP implementation. As a patient, consumer, saver, or citizen – as the examples in our 2005 annual report show.

And as I said, SAP itself wins – which means you our shareholders win too, as do our employees.

Ladies and gentlemen,

Our chances of being able to further consolidate and extend our leading market position, and thus increase profitability in the long term, are good, because the strategic importance of enterprise software will continue to grow.

One reason for this is increasing globalization. It is causing competition to intensify in all industries. It is forcing companies to form networks with each other – in different geographical markets and with authorities at the national level.



In such circumstances, companies must constantly reinvent themselves to be successful. Our market research, as well as the opinions of notable partners such as IBM, confirms that, in the future, success will depend not so much on the nature of companies' business as on their business models and innovativeness.

Business model innovation itself is not new. It has been a part of economic development for centuries. Different customer behavior, new requirements on the supplier/customer relationship, and technological progress are what drive business model innovation.

Think of the stores at the end of the 19th century built in central locations to provide both goods and services. In the mid-1950s, the retail situation evolved considerably. Discounters emerged on the cheap land available on the outskirts of cities.

By reducing their range to a few products with a high inventory turnover and drastically cutting overhead costs, they were suddenly able to offer certain articles much more cheaply – to the understandable delight of their customers.

Without advances in technology, this business model innovation would not have been possible: in this case thanks to advances in the automotive industry. The resulting affordable cars made customers mobile.

Slide 4 – IT drives innovation

Today, information technology drives innovation and thus growth both directly and indirectly, because of its enormous influence on progress in all industries. IT, and particularly enterprise software, is already one of the main factors in making companies more competitive and it will continue to do so in the future

– With intelligent business models, business process automation, innovative workstations, and global networks.

Most companies have innovative concepts and ideas. But, their greatest challenge is to transform them quickly. Today's intelligent business concept is only an advantage for a while, because it is not protected and it can be copied quickly.

This results in new challenges for our customers and therefore our industry:

- Increased competitiveness by means of successful differentiation from the competition: That means faster innovation, greater flexibility, and rapid transformation.
- Continued productivity gains: That means even more efficiency as a result of standardization, integration, and automation.

We identified this development early on. That is why we began investing in a new software architecture several years ago. We call it enterprise services architecture, or ESA for short. It is based on the principle of service orientation.



Service orientation is an organizational principle that comes from engineering. In IT, it means that the functions required in different applications – such as pricing – are only realized once. But, they are used by all of the applications that need them – as a “service.”

These services are then put together on a business process platform – as if they were a set of building blocks – with the associated technological tools to form comprehensive applications.

At the end of 2005, SAP was the first software company worldwide to deliver enterprise software with several hundred of these services. They enable applications to be built that possess the characteristics that I have mentioned – and yet are more cost-effective, more powerful, and of higher quality.

From the start, we were convinced that ESA would be the foundations for a new wave of innovation – not just at SAP but throughout our entire partner network. In 2003, we therefore announced that, with SAP NetWeaver, we would be the first and only company to launch an open integration and application platform on the market.

We delivered it in 2004. At the end of 2004, we then launched mySAP ERP based on SAP NetWeaver. mySAP ERP is the successor to SAP R/3, the most successful ERP system worldwide.

The switch to SAP NetWeaver ran smoothly and, as the 2005 figures show, successfully. By the end of this year, SAP NetWeaver will have become the first business process platform generally available worldwide. You can see that, although the name SAP NetWeaver has not changed, the product has evolved significantly year by year – from purely a technology platform to a complete business process platform.

Ladies and gentlemen,

That was a quick overview of the current situation in the enterprise software industry. I hope I gave you a brief insight into our technological offerings and their market opportunities. I am now going to talk about the results of the past year, with reference to our four strategic priorities for 2005.

Slide 5 – 2005 results

Our first priority was the growth of the Company, particularly in terms of software revenue. The U.S. and Asia-Pacific markets were intended as the main drivers of this growth.

In 2005, software revenue rose 18% to €2.8 billion. A strong fourth quarter again played a key role in this. In October, we had still only forecast software revenue growth of 12% to 14%, but then business unexpectedly picked up.

The pro-forma operating margin – the margin excluding share-based compensation and acquisition-related charges – increased half a percentage point to 28.3% as expected. In light of the good business situation, we pushed forward with the investments still needed. That is why the margin remained within the original outlook.

Pro-forma earnings per share rose 14% to approximately €5.



The growth drivers were the United States with a 31% gain in software revenue and the Asia-Pacific region with a 25% increase.

Our growing importance in the American market is demonstrated by the very high levels of customer satisfaction and by the fact that, for the first time, SAP featured on *Fortune* magazine's list of "America's Most Admired Companies." The Company went straight to number three in the computer software category and is thus positioned above Oracle, Microsoft, and IBM in the United States.

In the Americas region as a whole – the North and Latin American markets – software revenue passed the symbolic €1 billion threshold. Europe, the Middle East, and Africa – known as the EMEA region – saw 8% growth.

In comparison to our competitors, we are the undisputed market leader in all three regions: Our share of the enterprise software market is 13% in the Americas, 24% in Asia-Pacific, and 36% in EMEA.

Slide 6 – SAP leads with business process platforms

Our second strategic priority was to establish SAP as a leading player in the business process platforms field.

Our work on the SAP NetWeaver platform has enabled us to make significant progress. In 2005, we were the first company worldwide to deliver our entire application portfolio on SAP NetWeaver.

Extensive process structuring and integration options based on open standards make SAP NetWeaver an attractive platform on which to develop and market software solutions – for independent software vendors, too. One hundred and fifty of these supplementary applications are already available. They broaden the SAP product portfolio, thus increasing its attractiveness. About 17% of our software revenue already comes from the SAP NetWeaver platform. That equates to more than €480 million.

Some 1,200 existing customers converted their contracts from SAP R/3 to mySAP ERP in 2005 – many more than we had planned. We therefore expect that most SAP R/3 contracts will have been converted by 2009.

The past year was a good, successful step toward implementing this priority. We will keep to our schedule and, by 2007, will complete the development and shipment of products in accordance with our ESA road map as announced.

Our third strategic priority was to extend our position as a leading provider of solutions for small and midsize enterprises.

Even small enterprises with a few employees often need powerful software solutions – at least for their core business – so that they can hold their own in the market.

I would now like to show you a video about a wine maker with just 10 employees.

Slide 7 – Wein Willy



Video: Wein Willy

What does the company get out of this solution? In short, Wein Willy now has more and better information – from harvesting the grapes to selling the wine – than the competition.

The entire value chain is integrated, covering the supplier, production of the wine, and bottling with batch management and tracing. Wein Willy has visibility into the grapes' journey – from harvesting to bottling. As a result, the wine producer can offer a highly rated wine with a seal of quality and provide all of the documentation required for export to the United States, for example.

Not only can the customer now sell more, it can sell the wine at a higher price – a perfect combination for more profit and more growth. Moreover, the wine producer can give the wine grower specific feedback so that future grape cultivation can support the producer's growth plans.

We are talking about an investment of around €40,000 in hardware, software, and implementation. Software available from the local wholesaler cannot perform such functions.

In 2005, we launched a new and improved version of SAP Business One, our application for small and midsize enterprises. In addition, there are now almost 600 mySAP All-in-One industry solutions for midsize enterprises developed by qualified SAP partners.

Thanks to these, we have strengthened our position as a leading supplier in the market for small and midsize enterprises.

Slide 8 – strengthening our position

I should also say that we have strengthened our position in other markets that are important to our future growth.

These include industries in which we see high growth or where companies are replacing their solutions developed in-house with standard applications.

For example, our software revenue in wholesale and retail – one of these growth industries – increased more than 60%. In 2005, we acquired two companies, Khimetrics and Triversity, whose successful retail solutions will further strengthen our leading position in this market.

Other key industries are financial services and the public sector. Here, we are working closely with customers to expand our product portfolio.

Moreover, our new architecture, based on the SAP NetWeaver platform, meets the need of many customers, particularly in these industries, to integrate their in-house developments with standard software to form a holistic solution.

In the healthcare industry, we have entered into a strategic partnership with Siemens. We will develop software that, thanks to a direct connection to medical equipment, supports hospitals seamlessly – from admitting patients, to treating them, to billing.



Another important market is applications for business users. They need software to support fast and strategic decision making – and relieve them of administrative tasks.

We address business users with the SAP xApp Analytics composite application for analyzing data and information and the new SAP Customer Relationship Management on-demand solutions, which provide employees in sales, marketing, and customer service with rapid access to customer and market information.

However, our most strategic project in this market segment so far was Mendocino, a joint development by Microsoft and SAP. It connects the process functions in SAP applications with Microsoft Office programs. The joint product will be launched on the market from June and will be called “Duet.”

We have expanded our presence in the rapidly emerging economies. Last year, we concentrated on increasing business in Brazil, Russia, India, and China. SAP achieved 30% revenue growth there.

The Safe Passage program also proved very successful. It is aimed at the customers of software vendors who have been acquired by the competition. We offer these customers access to SAP applications, good-value maintenance, and the integration enabled by the SAP NetWeaver platform. We also support them during the migration. But most importantly, we offer them time and security.

By the end of 2005, more than 200 companies had joined the program and several hundred more had expressed an interest in taking part.

Nevertheless, the outcome of our success in the competition for customers on the open market has not been to lure away competitors' customers but to significantly increase our market share. Our success is the result of our strength, not of the competition's weakness.

Our fourth and final strategic priority was to continue to improve the productivity and efficiency of SAP's internal processes so that it has more freedom to invest.

We continued to further streamline and standardize our internal processes in 2005. The new software architecture calls for modularization, reusability, and thus the division of work and standardization in software development.

By industrializing software development in this way, we have already become considerably more efficient – we have reduced development times while achieving much higher quality in our products and solutions.

One result of this successful development is the improvement in our margin, despite increased investment in new and further development of products and additional hiring.

Ladies and gentlemen,

Ever since it was founded, SAP has always developed solutions to manage companies' most critical resources – originally raw materials and capital, today knowledge, but also virtual goods, such as emission rights. This is our core competence. We believe that social commitment also needs to be



aligned with core competencies, because the particular strengths and capabilities of the company combined with its technical authority and, of course within reason, financial resources, form a unique contribution.

We decided to invest in talent and knowledge and, to put it simply, get involved in the entire value chain of knowledge – from kindergarten to the Nobel Prize winner. One example is the program that we have developed in conjunction with 675 universities worldwide. Some 13,000 students are schooled in the problems of business processes so that, in the future, they will be available to companies as experts in this business-critical field.

The second area in which we are involved is the fight against corruption. Transparency and exemplary corporate governance are values entrenched in our business.

Our applications follow these principles as does our customer focus. For companies to really be “best-run businesses” as our advertising promises, SAP solutions and good corporate governance must concur.

Slide 8 – shareholder structure

Before ending this review, I would like to talk briefly about our shareholder structure. There were only very minor changes during the year. At the end of 2005, the three founders of the Company and their trusts and holding companies held approximately 32% of the shares. Around 2% was in SAP treasury ownership. About 21% was held by U.S. institutions and private investors, followed by institutional investors in Germany (approximately 10%) and institutional investors in the United Kingdom and Ireland (about 7%).

Investors in continental Europe and the rest of the world held some 12%. The remaining 16% was mainly in the hands of private investors. As a result, the shareholder structure reflects SAP’s globality and global presence.

We bought back more shares than in the previous year. Using the authorization granted at last year’s General Shareholders’ Meeting, we repurchased 4.08 million shares by May 5, 2006. This corresponds to some 1.3% of the capital stock. We paid an average of €159.59 per share, a total of €651 million. We used these shares for our stock option programs, because we mainly used treasury shares to satisfy exercised conversion and subscription rights.

Due to the short term of the authorization to buy back shares, we would ask that you renew your authorization.

In light of the Company’s and thus the share’s good progress, the Executive and Supervisory Boards today propose a dividend payout of €1.45 per share.

If the shareholders approve this recommendation, total distributed dividends will be approximately €448 million. This is in line with our planned dividend payout ratio of approximately 30% of net income.



In addition, we propose increasing the subscribed capital using retained earnings. The action would enable the Company to give each shareholder three new shares for each SAP share held. The main aim of this step is to make the share appear more affordable and thus more accessible, particularly to private investors. SAP expects this larger volume of shares to lead to more revenue, even more liquidity, and therefore greater attractiveness.

This item is related to the resolutions in item 8 – the creation of new authorized capital – and item 11 – authorization to issue convertible and/or warrant bonds.

With regard to item 12 on the agenda, it is proposed to approve the two domination and profit and loss transfer agreements between SAP AG and two of its subsidiaries, namely SAP Erste Beteiligungs- und Vermögensverwaltungs GmbH and SAP Zweite Beteiligungs- und Vermögensverwaltungs GmbH. The initialed drafts of the two agreements are available here in the hall. You will also find the wording of the content in the invitation you received. For more details, please read the joint reports by the SAP AG Executive Board and the boards of management of the subsidiaries involved. Like the initialed drafts of the two agreements and the other documents for item 12, these reports are available here in the hall. I would now like to briefly explain the two agreements, which have identical content.

Under the domination and profit and loss transfer agreements, SAP AG would take charge of managing both subsidiaries.

SAP AG would then be entitled to issue instructions to each subsidiary's board of management. This would ensure that the subsidiaries are managed in the same way and can be integrated in the SAP Group. Moreover, the subsidiaries would be required to transfer their entire profit to SAP AG during the term of the agreement. However, SAP AG would have to make up the net losses of the year during the term of the agreement. With regard to their profit and loss transfer element, the agreements are a requirement for establishing a fiscal entity for both corporate income and trade tax purposes. The fiscal entity for both corporate income and trade tax purposes has the benefit of allowing the positive and negative results of the companies forming part of the fiscal entity to be set off simultaneously.

Each domination and profit and loss transfer agreement will come into effect once the subsidiary concerned is entered in the commercial register. It is also subject to approval by the SAP AG General Shareholders' Meeting and the shareholders' meeting of the subsidiary concerned. Both agreements need to be concluded for a minimum term of five full years, because this is required to establish a fiscal entity for corporate income tax purposes. The domination and profit and loss transfer agreements do not allow for compensation payments or consideration for outside shareholders of the subsidiaries, because there are no outside shareholders. This also means the agreements do not need to be examined by auditors.

The two subsidiaries were formed this year and have not yet begun operations.

Currently, there are no specific plans as to their use, either. By concluding domination and profit and loss transfer agreements, SAP AG would be in a position to respond quickly and flexibly to new



business opportunities and use the subsidiaries to attain tax-optimized integration in the SAP Group in the short term if, for example, it acquires other companies or carries out restructuring within the Group. I would therefore ask that you approve the two domination and profit and loss transfer agreements.

Ladies and gentlemen,

Let us look to the future of our business:

Slide 9 – growth strategy

Our growth strategy has three elements: organic growth, co-innovation, and acquisition of companies specifically to supplement our portfolio with their products. We will continue to pursue this proven strategy in 2006:

First, organic growth:

This means investing in product development and in talent.

We have extended our product planning for 2006, because more than 300 customers are already taking part in our introductory program for enterprise services architecture.

We will be focusing on SAP NetWeaver's evolution into a business process platform that will enable the creation of the flexible IT environment that is required to map business models of the future.

We will strengthen our partnerships with independent software vendors and IT vendors that will provide new applications based on enterprise services architecture to complement and enhance solutions.

We develop new products in various locations around the world. Alongside the four large research and development centers in Walldorf, Bangalore, Palo Alto, and Ra'anana, other SAP Labs all over the world focus on development in specific topic areas. To support its R&D activities, SAP also maintains close relationships with universities and other research organizations around the globe.

In 2006, we also plan to add around 3,500 full-time equivalents (FTEs) to the total headcount. Of these, we plan to hire 10% to 20% in Germany. Germany remains a key location for SAP.

At the international level, employee growth in sales will be aligned with revenue growth in the individual countries and regions – as it was last year.

Ladies and gentlemen,

Knowledge and innovation are the only raw materials and capital on which SAP's financial performance depends. It is critical to us how well and quickly the organizational intelligence of a company can be integrated into software with expert knowledge and then how quickly this software can be made available to customers worldwide. We therefore need the right mix of talent.

We need employees who have the skill to combine technological and business expertise with the right amount of creativity and innovativeness and a feel for what is feasible.



Our employees have these skills, which shows that we are an attractive employer and can successfully appeal to the best people around the world. We endeavor to retain these talented employees on a long-term basis by offering attractive working conditions and competitive programs for sharing in the Company's profits and share performance. That is why some 2,000 employees were awarded almost three million stock options in 2005. Twenty-one thousand employees received just fewer than five million stock appreciation rights (STARs).

The 300,000 applications for positions with SAP worldwide in 2005 also indicate how attractive we are as an employer. This is underscored by the praise that others accorded the Company. For example, the German Federal Ministry of Labor, in conjunction with *Capital* magazine, again named us Germany's best employer.

We were also judged top in Europe for fairness in the way we deal with our employees. We give high priority to treating our employees fairly and openly and safeguarding their interests. That is why we tried to help the 91% of our employees in Germany who voted against setting up a works council – within the legal possibilities of course. However, this was not possible in the end.

I assume though that our relationship with the future works council will be successful and based on trust – just like our partnership with our employee representatives and employees has been in the past.

The excellent efforts of our employees worldwide deserve special mention.

They have designed and developed products and solutions with the level of quality that customers need and want. Employees, on behalf of everyone on the Executive and Supervisory Boards, I would like to thank you for your commitment and loyalty to our customers and SAP. Again and again, you are the ones who succeed in exceeding expectations when SAP exceeds expectations.

Second: Co-innovation – cooperation with partners and customers to enhance our products and solutions – is another element of our growth strategy.

SAP has a long tradition of maintaining close, trusting relationships with sales partners and independent software vendors (ISVs). We will uphold this tradition.

With our SAP NetWeaver platform, we will open up new opportunities for them to develop and enhance solutions without impairing the quality and robustness of SAP's applications. They are able to enhance SAP solutions individually.

More than 1,000 ISVs are now certified SAP NetWeaver partners. Three hundred "powered by SAP NetWeaver" solutions are available as a result. The first ISVs have access to enterprise services.

Third, we will acquire small companies with the specific aim of expanding our solution portfolio.



We will concentrate on vendors of special technology or solutions that optimally supplement our portfolio. Moreover, we must be able to acquire them at a price that is justifiable compared to the cost of developing the same solutions ourselves.

Last year, we acquired six such companies. At the start of this year, we started the process to buy the U.S. company Virsa. Its solutions supplement our offering and they are a key factor in being the leading provider of solutions for risk management and compliance.

Slide 10 – strategic priorities

As in 2005, we want to grow more than the IT market as a whole does in 2006. We have therefore defined the following priorities for 2006:

- Increase SAP's share of the market, especially in the SME segment
- Focus on increasing profitability by improving productivity in all areas
- Better serve business users with new products in the field of analytical applications, for example Duet and the CRM on-demand solution
- Help customers transition to and gain benefits from enterprise services architecture

Slide 11 – outlook

In January, we published the following guidance for 2006:

- Our goal is for product revenue to increase in a range of 13% to 15% in 2006. Within this, we expect software revenue to grow between 15% and 17%. We think consulting and training revenue will grow more slowly than product revenue.
- As in 2005, growth is expected to be driven by the Americas and Asia. Low single-digit revenue growth in Germany is likely, while high single-digit growth is expected for the rest of the EMEA region.
- We expect the 2006 pro-forma operating margin, which excludes stock-based compensation and acquisition-related charges, to increase in a range of 0.5 to 1.0 percentage points compared to 2005.
- Pro-forma earnings per share are likely to be in a range of €5.80 to €6.00 per share.

Taking this into account, the outlook for pro-forma earnings per share is based on 307 million shares.

Ladies and gentlemen,

This forecast was regarded as ambitious, but was borne out by the good first quarter results. I would now like to present a brief overview of the first quarter, the figures for which we published on April 20.

Slide 12 – Q1 2006 results



Here are the figures in detail:

Software revenues were €528 million for the first quarter of 2006, representing an increase of 22% compared to the same period in 2005. Total revenue rose 18% to €2.04 billion.

Our share of the market for enterprise software was 21.4% at the end of the first quarter of 2006.

Net income was €282 million or €0.91 per share, representing an increase of 11% compared to the same period in 2005. In the same period, pro-forma net income was €315 million or €1.02 per share, an increase of 22%.

In the first quarter of 2006, SAP bought back 2.53 million shares at an average price of €167.29 (total amount: €423 million).

As of March 31, 2006, treasury stock stood at 8.34 million shares. Given the Company's strong free cash flow generation, SAP plans to further evaluate opportunities to buy back shares in the future to increase buy-back activities in 2006.

The first quarter results show that we already progressing well with implementing our strategic priorities for 2006. In the first quarter, the share price rose just under 17% from the price at the end of 2005 to approximately €179. As a result, SAP AG's market capitalization at the end of March was around €57 billion.

Ladies and gentlemen,

Since it was founded, SAP has proven itself as a provider of applications and solutions for managing changing critical business processes.

We have reliably advised our customers on implementing and transforming their IT architectures, have worked with them to redefine business processes, and have offered solutions with a level of quality that reassures customers that they will be to grow with us in the future and look to us to transfer their business models.

For a long-term customer relationship to work, our customers must be able to rely on our having a long-term, sustained strategy – and on our providing them with technology that is evolutionary and enables them to safely plan their IT investments in the long term. We defined such a strategy with “Business 2010.”

Slide 12 – Business 2010 – two alternative slides

Under “Business 2010,” we intend to generate 50% of our software revenue from the sale of newly developed solutions and products and from new business models. This is not a new idea: Today, we earn over 50% of our software revenue from solutions we developed five years ago.

We are channeling our strengths into four areas: making existing solutions available as services, establishing a partner network around our SAP NetWeaver business process platform based on ESA,



reaching out to small and midsize enterprises, and developing and selling industry-specific solutions and solutions designed for business users.

This will breathe innovation into our own business model, for example in the sale of SME solutions.

These focal areas will provide us with opportunities to grow faster. We are growing in existing markets. At the same time, we are tapping into new markets in which we will establish ourselves. We will not, and cannot, be number one in all areas from the start, but we have every reason to aim to achieve that in the future.

That is why we are increasing our opportunities to grow faster in our existing markets and, at the same time, more than double our addressable market from U.S. \$30 billion to U.S. \$70 billion by 2010. This is a unique situation that we want to use, but we will also need to deploy particular measures to tap into this potential.

When we presented this vision, the market rated it as very ambitious. We think it is realistic. In implementing it, we will aim to strike the right balance between investment in research and development for the further development of our existing portfolio and development of new products and solutions. We will make the best possible use of our flexibility so that we can generate additional profitable revenue flows. This will require dedication from each one of our employees. I am confident that we will reach our goals.

Ladies and gentlemen,

Slide 13 – analysts' opinions

Financial analysts rate our share as very good. "The SAP strategy and its implementation continue to impress us," confirmed Charlie Di Bona of Bernstein Research, for example.

We believe that this good rating results from a convincing strategy combined with reliable execution. Moreover, the financial markets have confidence in our growth potential and in our opportunities and ability to use this. Another significant contributor to this rating is our open, transparent, and timely communication with the financial markets.

John Segrich, analyst at JP Morgan, wrote: "We assume that globally-oriented software investors will not pass SAP by." We want to retain this proof of quality.

In closing, let me say a few personal words. I have known this Company for more than two decades and have experienced all of the major waves up close. Each of these successful phases was followed by the question of how long we could continue in this way.

I cannot answer this question today, either. But, in light of what I have experienced so far, I can say that we again have the opportunity to start the next big wave ourselves. The timing is right. If we all give our all, this Company can move up into the very top league of global companies. That is a big incentive for my team – but a huge task, too.



It requires a continued significant financial investment – as always when tapping into additional new markets. At the same time, our employees will have to invest greater effort and maintain the same high quality levels.

And, not to forget, our customers and investors must continue to place their trust in us.

I would like to thank you now for that trust.