

SAP'S REPORT ON SIGNIFICANT DIFFERENCES FROM THE NEW YORK STOCK EXCHANGE CORPORATE GOVERNANCE RULES

(March 2009)

OBJECTIVE AND PURPOSE

SAP is incorporated under the laws of Germany, with securities publicly traded on markets in Germany (Frankfurt Exchange) and the United States (New York Stock Exchange or NYSE).

The NYSE Listed Company Manual (the NYSE Rules) permits foreign private issuers to follow applicable home country corporate governance practices in lieu of the NYSE corporate governance standards, subject to certain exceptions. Foreign private issuers electing to follow home country corporate governance rules are required to disclose the principal differences in their corporate governance practices from those required under the NYSE Rules. This Report summarizes the principal ways in which SAP's corporate governance practices differ from the NYSE Rules applicable to domestic issuers.

LEGAL FRAMEWORK

The primary source of law relating to the corporate governance of a German stock corporation is the German Stock Corporation Act (*Aktiengesetz*). Additionally, the Securities Trading Act (*Wertpapierhandelsgesetz*), the German Securities Purchase and Take Over Act (*Wertpapiererwerbs- und Übernahmegesetz*), the Stock Exchange Admission Regulations, the German Commercial Code (*Handelsgesetzbuch*) and certain other German statutes contain corporate governance rules applicable to SAP. In addition to these mandatory rules, the German Corporate Governance Code ("GCGC") summarizes the mandatory statutory corporate governance principles found in the German Stock Corporation Act and other provisions of German law. Further, the GCGC contains supplemental recommendations and suggestions for standards on responsible corporate governance intended to reflect generally accepted best practices.

The German Stock Corporation Act requires the Executive and the Supervisory Board of exchange-listed companies like SAP to declare annually that the recommendations set forth in the GCGC have been and are being complied with, and to identify any recommendations not being applied. SAP has disclosed deviations from a few recommendations in its Declaration of Compliance on a yearly basis since 2003. These declarations are available on the SAP website (www.sap.com/about/governance/statutes/index.epx).

SIGNIFICANT DIFFERENCES

We believe the following to be the significant differences between German corporate governance practices, as SAP has implemented them, and those applicable to domestic companies under the NYSE Rules.

I. GERMAN STOCK CORPORATIONS ARE REQUIRED TO HAVE A TWO-TIER BOARD SYSTEM

SAP is governed by three separate bodies: (i) the Supervisory Board, which counsels, supervises and controls the Executive Board; (ii) the Executive Board, which is responsible for the day-to-day management of SAP; and (iii) the General Shareholders' Meeting (the AGM). The rules applicable to these governing bodies are defined by German law and by SAP's Articles of Incorporation (*Satzung*).

This corporate structure differs from the unitary board of directors established by the relevant laws of all U.S. states and the NYSE Rules. Under the German Stock Corporation Act, the Supervisory Board and Executive Board are separate and no individual may be a member of both boards. Members of the Executive Board and the Supervisory Board must exercise the standard of care of a prudent and diligent business person when carrying out their duties. In complying with this standard of care, members must not only take into account the interest of shareholders, as would typically be the case with a U.S. board of directors, but also the interest of other constituents, such as the company's employees and creditors, and, to some extent, the public interest. Those who violate their duties may be held jointly and severally liable for any resulting damages, unless their actions were validly approved by resolution at the AGM.

1. Relationship between Supervisory Board and Executive Board

The Supervisory Board appoints and removes the members of the Executive Board and oversees and advises the management of the corporation. The remuneration of the members of the Supervisory Board is determined by the Articles of Incorporation. At regular intervals the Supervisory Board discusses current business as well as business development and planning. The Executive Board manages the corporate business and represents the company in the dealings with third parties. Major decisions of the Executive Board require Supervisory Board approval. The Executive Board reports regularly to the Supervisory Board about SAP operations and business strategies and prepares special reports upon request. In addition, the Executive Board is expected to provide to the Supervisory Board regular, prompt and comprehensive information about all of the essential issues affecting the SAP Group's business progress and its potential business risks. Furthermore, the Executive Board must maintain regular contact with the chairperson of the Supervisory Board and inform him or her promptly about exceptional events that are of significance to SAP's business. The chairperson must inform the Supervisory Board accordingly. The Executive Board must consult with the Supervisory Board concerning the corporate strategy, which is developed by the Executive Board.

2. Specifics of Supervisory board

The Supervisory Board is required to ensure that proposed Supervisory Board candidates are persons with the necessary knowledge, competencies, and applicable experience and that the Supervisory Board includes what it considers an adequate number of independent members. A Supervisory Board member is considered independent under German law if he or she has no business or personal relations with SAP or its Executive Board that could give rise to a conflict of interest.

In particular, the Supervisory Board must ensure it does not select anyone who is:

- A member of the Executive Board, a manager, or an employee of a company that has a member of the SAP Executive Board on its supervisory body;
- A member of the executive board, supervisory board, or an analogous body of a subsidiary of SAP AG;
- Already a member of 10 or more supervisory boards or analogous bodies (for this purpose each membership in a governing body of a stock exchange-listed company or position as the chairperson of a supervisory board counts as two memberships); or
- Likely to encounter conflicts of interest as a result of work on the Supervisory Board.

It must also ensure:

- There are enough members of the Supervisory Board who are not, and have not in the past been, dependent on the Company; and
- The composition of the Supervisory Board takes into account SAP's international activity.

3. Specifics of Executive Board

Pursuant to the Articles of Incorporation, the Executive Board must consist of at least 2 members. Currently SAP's Executive Board is composed of 9 members. Any 2 members of the Executive Board jointly or one member of the Executive Board and the holder of a special power of attorney jointly may legally represent SAP AG. The Supervisory Board appoints each member of the Executive Board for a maximum term of 5 years, with eligibility for re-appointment. Under certain circumstances, a member of the Executive Board may be removed by the Supervisory Board prior to the expiration of that member's term.

The Supervisory Board must approve the annual budget of SAP upon submission by the Executive Board and certain subsequent deviations from the approved budget. Deviations beyond certain thresholds require the prior approval by the Supervisory Board. The Supervisory Board is also responsible for representing SAP AG in transactions between SAP and Executive Board members. Members of the Executive Board must disclose to the Supervisory Board without delay any conflicts of interests arising as a result of their position as a member of the Executive Board.

In response to the requirements of the Sarbanes-Oxley Act, SAP established a Disclosure Committee whose main task is to monitor the quality of all information released to the financial markets. The Disclosure Committee assesses the materiality and accuracy of such information and ensures that all of the relevant information will be released in accordance with legally proceeding periods. For this purpose the Disclosure Committee approves and discusses all material events with regard to ad-hoc-obligations and appropriate announcement measures. The Disclosure Committee meets frequently and always before the announcement of quarterly results, the annual report and the 20-F-report. It meets extraordinarily in case of significant events and in case a member of the Disclosure Committee requires the convening of a meeting. The Current members of the Disclosure Committee are the respective CEO(s) and CFO of SAP, SAP's Compliance Officer, the Corporate Governance Officer, the Chief Accounting Officer, Corporate Controller and the heads of Investor Relations and Global Communications. All members of the Disclosure Committee are obligated to report directly to the Disclosure Committee in case they get notice of an event which might be of interest for the Disclosure Committee.

II. DIRECTOR INDEPENDENCE RULES DIFFER

The NYSE Rules require that a majority of the members of the board of directors of a listed issuer and each member of its nominating, corporate governance, compensation and audit committee be “independent” and stipulate that no director qualifies as “independent” unless the board of directors has made an affirmative determination that the director has no material direct or indirect relationship with the listed company. However, under the NYSE Rules a director may still be deemed independent even if the director or a member of the director's immediate family has received during a 12 month period within the prior three years up to \$120,000 in director compensation. In addition, a director may also be deemed independent even if a member of the director's immediate family works for the company's auditor in a non-partner capacity and not on the company's audit.

By contrast, the GCGC requires that the Supervisory Board ensure that proposed candidates are persons with the necessary knowledge, competencies and applicable experience, and that the Supervisory Board includes what it considers an adequate number of independent members (see **I.2.**). A Supervisory Board member is considered independent if he or she has no business or personal relations with SAP or its Executive Board that could give rise to a conflict of interest. The members of the Supervisory Board must have enough time to do their work and must carry out their work carefully

and in good faith. For as long as they serve, they must comply with the criteria that are enumerated in relation to the selection of candidates for the Supervisory Board concerning independence, conflict of interest and multiple memberships of management, supervisory and other governing bodies (see **I.2.**). They must be loyal to SAP in their conduct and they must not accept appointment in companies that are in competition with SAP. Supervisory Board members must disclose any planned non-ordinary course business transactions with SAP to the Supervisory Board promptly. The Supervisory Board members cannot carry out such transactions before the Supervisory Board has given its permission. The Supervisory Board may grant its permission for any such transaction only if the transaction is based on terms and conditions that are standard for the type of transaction in question and if the transaction is not contrary to SAP's interest. SAP complies with these GCGC director independence requirements.

German corporate law and the GCGC do not require the Supervisory Board to make an affirmative determination either that individual directors are independent or that a majority of the Supervisory Board members or the members of a specific committee are independent.

The NYSE independence requirements are closely linked with risks specific to unitary boards of directors that are customary for U.S. companies. In contrast, the two-tier board structure requires a strict separation of the Executive Board and Supervisory Board. In addition, the Supervisory Board of large German stock corporations is subject to the principle of employee codetermination as laid down in the German Co-Determination Act of 1976 (*Mitbestimmungsgesetz*). As a result, the Supervisory Board of SAP AG consists of 16 members, of which eight have been elected by SAP AG's shareholders at the AGM and eight members have been elected by employees of SAP AG and its German subsidiaries. Typically, the chairperson of the Supervisory Board is a shareholder representative. In case of a tie vote, the Supervisory Board chairperson may cast the decisive tie-breaking vote. This board structure creates a different system of checks and balances, including employee participation, and cannot be compared directly with a one-tier board system.

III. AUDIT COMMITTEE INDEPENDENCE

As a foreign private issuer, the NYSE Rules require SAP to establish an audit committee that satisfies the requirements of Rule 10A-3 of the Exchange Act with respect to audit committee independence. SAP is in compliance with these requirements. The Chairman of SAP's Audit Committee (*Prüfungsausschuss*) and Mr. Joachim Milberg, recently elected to the Audit Committee, meet the independence requirements of Rule 10A-3 of the Exchange Act. The other two Audit Committee members, Messrs. Thomas Bamberger and Gerhard Maier, are employee representatives who are eligible for the exemption provided by Rule 10 A-3 (b) (1) (iv) (C).

Similar to the Board independence requirements under German corporate law and the GCGC, Supervisory Boards are not required to determine affirmatively that the audit committee is independent. Nonetheless, SAP meets the NYSE Rules on audit committee independence applicable to foreign private issuers.

Based on a recommendation from SAP's Audit Committee the Supervisory Board proposes the public accountant to be elected at the AGM. The AGM elects the public accountant. To ensure the independence of the public accountant the Audit Committee verifies that the public accountant is independent before making its recommendation to the Supervisory Board. The verification process includes obtaining a written statement from the public accountant in which the public accountant attests its independence and declares the extent to which it performed work for SAP over the previous fiscal year in addition to the audit of the financial statements and what work of this kind has been contractually agreed for the following year.

The Supervisory Board must agree with the independent public accountant elected by the AGM that he will inform the Audit Committee and Supervisory Board without delay about:

- any grounds for disqualification or impartiality occurring during the audit unless resolved immediately upon arising;
- all facts and events that are significant to the Supervisory Board tasks that become apparent during the audit; and
- any breach of the GCGC that is identified during the audit.

Before appointing the independent public accountant elected by the AGM, the Audit Committee discusses with the public accountant whether additional audit issues should be defined that extend the scope and focus of the audit. When the financial statements are prepared and audited, the chairperson of Supervisory Board must furthermore ensure that every member of the Supervisory Board receives the audit reports in advance of the pertinent Supervisory Board meeting. The independent public accountant is present at the pertinent Supervisory Board meetings and reports on the results of the audit.

IV. RULES ON NON-MANAGEMENT BOARD MEETINGS ARE DIFFERENT

Section 303 A.03 of the NYSE Rules stipulates that the non-management board of each listed issuer must meet at regularly scheduled executive sessions without the management. Under German corporate law and the GCGC the Supervisory Board is entitled but not required to exclude Executive Board members from its meetings. The Supervisory Board exercises this right during its meetings, for example when it discusses or decides Executive Board member affairs like the appointment of new Executive Board members.

V. RULES ON ESTABLISHING COMMITTEES DIFFER

Pursuant to Section 303 A.04 and 303 A.05 of the NYSE Rules listed companies are required to establish a Nominating Committee/Corporate Governance Committee and a

Compensation Committee, each composed entirely of independent directors that have a written charter specifying the committee's purpose and responsibilities. In addition, each committees' performance must be reviewed annually. With one exception, German Corporate Law does not mandate the creation of specific Supervisory Board committees. Required by the German Co-Determination Act of 1976 (*Mitbestimmungsgesetz*), the Mediation Committee (*Vermittlungsausschuss*) convenes only if the 2/3 majority required for appointing/revoking the appointment of Executive Board Members is not attained. This committee has never been convened in SAP's history.

In addition, the GCGC recommends that the Supervisory board establish an Audit Committee and a Nomination Committee. The Supervisory Board may appoint committees from among its members and may, to the extent permitted by law, entrust committees with the authority to make decisions. In practice, most Supervisory boards in Germany have established committees to facilitate their work. Members of the Supervisory Board elected by the employees may serve on any committees established by the Supervisory board, except the Nomination Committee. This is composed entirely of Members of the Supervisory Board elected by the shareholders.

Currently, the Supervisory Board of SAP AG maintains – besides the legally required Mediation Committee - the following committees:

Audit Committee (*Prüfungsausschuss*): the focus of the Audit Committee is the oversight of SAP's external financial reporting (including internal controls over financial reporting) as well as SAP's risk management and compliance matters. Among the tasks of the Audit Committee are the discussion of SAP's quarterly and year end financial reporting prepared under German and U.S. regulations, including SAP's Annual Report on Form 20-F. The Audit Committee proposes the appointment of the external auditor and its compensation to the Supervisory Board, determines focus audit areas, discusses critical accounting policies with and reviews the audit reports issued and audit issues identified by the auditor and monitors the auditor's independence. Both SAP's Internal Audit Department and SAP's Global Compliance Office (GCO) report upon request or at the occurrence of certain findings, but in any case at least once a year, directly to the Audit Committee.

The Audit Committee has established procedures regarding the prior approval of all audit and non-audit services provided by our independent auditor. Furthermore the Audit Committee monitors the efficiency of our internal risk management and other monitoring processes that are or need to be established.

The Audit Committee is currently composed of 4 members: Erhard Schipporeit, Thomas Bamberger, Gerhard Maier and Joachim Milberg. The Supervisory Board has determined Erhard Schipporeit to be an audit committee financial expert as defined by the regulations of the Commission issued under Section 407 of the Sarbanes-Oxley Act.

General Committee (*Präsidialausschuss*): the General Committee coordinates the Supervisory Board agenda and meetings, and deals with corporate governance issues. Furthermore, it was assigned the authority to grant Virtual SAP SOP 2007/Grant 2008

stock options to all recipients with the exception of Executive Board members.

Compensation Committee (Personalaussschuss): the Compensation Committee is responsible for concluding employment contracts with and for the arrangement of the remuneration of Executive Board members. It prepares proposals for the Executive Board compensation system including the main contract elements for approval and regular review by the full Supervisory Board and also grants Virtual SAP SOP 2007/Grant 2008 stock options to Executive Board members.

Finance and Investment Committee (Finanz- und Investitionsausschuss): the Finance and Investment Committee addresses general financing issues. Furthermore, it regularly discusses venture capital investments and other equity investments with the Executive Board and reports to the Supervisory Board on such investments. It is also responsible for the approval of such investments if the individual investment amount exceeds certain specified limits.

Strategy and Technology Committee (Strategie- und Technologieausschuss): the Strategy and Technology Committee monitors technology transactions and provides the Supervisory Board with in-depth technical advice.

Nomination Committee (Nominierungsausschuss): the Nomination Committee is exclusively composed of shareholder representatives and is responsible for identifying suitable candidates for membership in the Supervisory Board for recommendation to the AGM.

Special Committee (Sonderausschuss): the Special Committee was established on June 3, 2008, and is tasked with coordinating and managing the Supervisory Board's external legal advisors concerned with the investigation and analysis of the facts in connection with the legal action brought by Oracle Corporation.

The duties, procedures and committees of the Supervisory Board reflect the requirements of the German Stock Corporation Act and the GCGC. Major decisions of the Executive Board require Supervisory Board approval.

According to the provisions of the Sarbanes-Oxley Act, SAP does not grant loans to the members of the Executive Board or the Supervisory Board.

VI. RULES ON SHAREHOLDERS' COMPULSORY APPROVAL ARE DIFFERENT

Section 312 of the NYSE Rules requires U.S. companies to seek shareholder approval for all equity-compensation plans, including certain material revisions thereto, issuances of common stock, including convertible stock, if the common stock has, or will have upon issuance, voting power of or in excess of 20% of the then outstanding common stock, and issuances of common stock if they trigger a change of control.

According to the German Stock Corporation Act and other applicable laws, shareholder approval is required for a broad range of matters, such as amendments to the articles of

association, certain significant corporate transactions (including intercompany agreements and material restructurings), the offering of stock options and similar equity compensation to its employees by a way of a conditional capital increase or by using treasury shares (including significant aspects of such an equity compensation plan as well as the exercise thresholds), the issuance of new shares, the authorization to purchase the corporation's own shares, and other material issues, such as the transfer of all or substantially all of the assets of the stock corporation, including shareholdings in subsidiaries. The Executive Board calls the AGM. The AGM must be held within the first eight months of each fiscal year.

VII. NO SPECIFIC PRINCIPLES OF CORPORATE GOVERNANCE

Section 303 A.09 of the NYSE Rules requires listed companies to adopt and disclose corporate governance guidelines. Since October 2007, SAP has applied the recommended corporate governance standards of the GCGC rather than company-specific principles of corporate governance. The GCGC recommendations differ from the NYSE Standards primarily as outlined in this Report.

VII. SPECIFIC CODE OF BUSINESS CONDUCT

Section 303 A.10 of the NYSE Rules requires listed companies to adopt and disclose a code of business conduct and ethics for directors, officers and employees, and to promptly disclose any waivers of the code for directors or executive officers. Although not required under German law, SAP has adopted a Code of Business Conduct, which is equally applicable to all employees, managers and members of the Executive Board. SAP complies with the NYSE requirement to disclose the Code of Business Conduct and any waivers of the code with respect to directors and executive officers.

The Code of Business Conduct addresses the following topics: conflicts of interest, personal gain, bribery and corruption (which covers questions of corporate opportunities), confidentiality, financial concerns, conduct with customers, ventures, competitors and partners and trading in shares (addressing insider trading concerns). In addition, SAP has established a Compliance Office to serve as the point of contact for compliance matters. Employees are asked to contact either their immediate superior, or if they are not comfortable doing so for any reason, they are asked to contact the Compliance Office for an examination of the facts of any potential violation of the Code of Business Conduct. A statement is issued including a recommendation for further action in the matter in question. The Code of Business Conduct also provides for sanctions.

SAP AG

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