

## Consolidated Income Statements

### SAP-Group 3rd quarter

(unaudited)

(€ millions)

	2006	2005	Δ
Software revenue	691	590	17%
Maintenance revenue	884	802	10%
Product revenue	1.575	1.392	13%
Consulting revenue	562	519	8%
Training revenue	91	84	8%
Service revenue	653	603	8%
Other revenue	17	19	-11%
<b>Total revenue</b>	<b>2.245</b>	<b>2.014</b>	<b>11%</b>
Cost of product	-267	-241	11%
Cost of service	-498	-464	7%
Research and development	-330	-254	30%
Sales and marketing	-452	-430	5%
General and administration	-112	-107	5%
Other income/expense, net	-3	-1	200%
<b>Total operating expenses</b>	<b>-1.662</b>	<b>-1.497</b>	<b>11%</b>
<b>Operating income</b>	<b>583</b>	<b>517</b>	<b>13%</b>
Other non-operating income/ expense, net	-4	-11	-64%
Financial income, net	19	11	73%
<b>Income before income taxes</b>	<b>598</b>	<b>517</b>	<b>16%</b>
Income taxes	-209	-182	15%
Minority interest	-1	-1	0%
<b>Net income</b>	<b>388</b>	<b>334</b>	<b>16%</b>
<b>Basic earnings per share (in €)</b>	<b>1.27</b>	<b>1.08</b>	<b>16%</b>

## Consolidated Income Statements SAP-Group 3rd quarter

(unaudited)

### Additional information (€ millions)

	2006	2005	Δ
<b>Pro-forma operating income reconciliation:</b>			
<b>Operating income</b>	<b>583</b>	<b>517</b>	<b>13%</b>
<i>LTI/STAR/SOP</i>	14	-6	N/A
<i>Settlement of stock-based compensation programs</i>	0	0	N/A
Total stock-based compensation	14	-6	N/A
Acquisition-related charges	9	9	0%
<b>Pro-forma operating income excluding stock-based compensation and acquisition-related charges <sup>1)</sup></b>	<b>606</b>	<b>520</b>	<b>17%</b>
<b>Operating margin</b>	<b>26.0%</b>	<b>25.7%</b>	
<b>Pro-forma operating margin</b>	<b>27.0%</b>	<b>25.8%</b>	

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(unaudited)

#### Additional information (€ millions)

	2006	2005	Δ
<b>Financial income, net</b>	<b>19</b>	<b>11</b>	<b>73%</b>
- thereof impairment-related charges	-1	-1	0%
<b>Income before income taxes</b>	<b>598</b>	<b>517</b>	<b>16%</b>
Income taxes	209	182	15%
<b>Effective tax rate</b>	<b>35%</b>	<b>35%</b>	
<b>Pro-forma net income reconciliation:</b>			
<b>Net income</b>	<b>388</b>	<b>334</b>	<b>16%</b>
Stock-based compensation, net of tax	10	-4	N/A
Acquisition-related charges, net of tax	6	6	0%
Impairment-related charges, net of tax	1	1	0%
<b>Pro-forma net income excluding stock-based compensation, acquisition-related charges, and impairment-related charges <sup>1)</sup></b>	<b>405</b>	<b>337</b>	<b>20%</b>
<b>Pro-forma EPS reconciliation:</b>			
<b>Earnings per share (in €)</b>	<b>1.27</b>	<b>1.08</b>	<b>16%</b>
Stock-based compensation	0.03	-0.01	N/A
Acquisition-related charges	0.02	0.02	0%
Impairment-related charges	0.00	0.00	0%
<b>Pro-forma EPS excluding stock-based compensation, acquisition-related charges and impairment-related charges (in €) <sup>1)</sup></b>	<b>1.32</b>	<b>1.09</b>	<b>20%</b>
Weighted average number of shares (in thousands) treasury stock excluded	305.427	309.792	

## Consolidated Income Statements

### SAP-Group nine months ended September 30

(unaudited)

(€ millions)

	2006	2005	Δ
Software revenue	1.840	1.600	15%
Maintenance revenue	2.600	2.320	12%
Product revenue	4.440	3.920	13%
Consulting revenue	1.707	1.534	11%
Training revenue	278	247	13%
Service revenue	1.985	1.781	11%
Other revenue	56	58	-3%
<b>Total revenue</b>	<b>6.481</b>	<b>5.759</b>	<b>13%</b>
Cost of product	-802	-698	15%
Cost of service	-1.516	-1.386	9%
Research and development	-955	-782	22%
Sales and marketing	-1.360	-1.239	10%
General and administration	-331	-308	7%
Other income/expense, net	6	5	20%
<b>Total operating expenses</b>	<b>-4.958</b>	<b>-4.408</b>	<b>12%</b>
<b>Operating income</b>	<b>1.523</b>	<b>1.351</b>	<b>13%</b>
Other non-operating income/ expense, net	-19	0	N/A
Financial income, net	76	3	N/A
<b>Income before income taxes</b>	<b>1.580</b>	<b>1.354</b>	<b>17%</b>
Income taxes	-494	-475	4%
Minority interest	-2	-2	0%
<b>Net income</b>	<b>1.084</b>	<b>877</b>	<b>24%</b>
<b>Basic earnings per share (in €)</b>	<b>3.53</b>	<b>2.83</b>	<b>24%</b>

## Consolidated Income Statements

### SAP-Group nine months ended September 30

(unaudited)

#### Additional information (€ millions)

	2006	2005	Δ
<b>Pro-forma operating income reconciliation:</b>			
<b>Operating income</b>	<b>1.523</b>	<b>1.351</b>	<b>13%</b>
<i>LTI/STAR/SOP</i>	64	23	178%
<i>Settlement of stock-based compensation programs</i>	0	0	N/A
Total stock-based compensation	64	23	178%
Acquisition-related charges	34	23	48%
<b>Pro-forma operating income excluding stock-based compensation and acquisition-related charges <sup>1)</sup></b>	<b>1.621</b>	<b>1.397</b>	<b>16%</b>
<b>Operating margin</b>	<b>23.5%</b>	<b>23.5%</b>	
<b>Pro-forma operating margin</b>	<b>25.0%</b>	<b>24.3%</b>	

## Consolidated Income Statements

### SAP-Group Nine months ended September 30

(unaudited)

#### Additional information (€ millions)

	2006	2005	Δ
<b>Financial income, net</b>	<b>76</b>	<b>3</b>	<b>N/A</b>
- thereof impairment-related charges	-1	-3	-67%
<b>Income before income taxes</b>	<b>1.580</b>	<b>1.354</b>	<b>17%</b>
Income taxes	494	475	4%
<b>Effective tax rate</b>	<b>31%</b>	<b>35%</b>	
<b>Pro-forma net income reconciliation:</b>			
<b>Net income</b>	<b>1.084</b>	<b>877</b>	<b>24%</b>
Stock-based compensation, net of tax	46	16	188%
Acquisition-related charges, net of tax	21	14	50%
Impairment-related charges, net of tax	1	3	-67%
<b>Pro-forma net income excluding stock-based compensation, acquisition-related charges, and impairment-related charges <sup>1)</sup></b>	<b>1.152</b>	<b>910</b>	<b>27%</b>
<b>Pro-forma EPS reconciliation:</b>			
<b>Earnings per share (in €)</b>	<b>3.53</b>	<b>2.83</b>	<b>24%</b>
Stock-based compensation	0.15	0.05	188%
Acquisition-related charges	0.07	0.05	50%
Impairment-related charges	0.00	0.01	-67%
<b>Pro-forma EPS excluding stock-based compensation, acquisition-related charges and impairment-related charges (in €) <sup>1)</sup></b>	<b>3.75</b>	<b>2.94</b>	<b>27%</b>
Weighted average number of shares (in thousands) treasury stock excluded	307.144	309.791	

## Consolidated Balance Sheets

### SAP Group

PRELIMINARY and UNAUDITED

(€ millions)

**ASSETS**

	09/30/2006	12/31/2005	Δ
Intangible assets	1,273	766	66%
Property, plant, and equipment	1.156	1,095	6%
Financial assets	425	534	20%
<b>FIXED ASSETS</b>	<b>2.854</b>	<b>2.395</b>	19%
Accounts receivable	1.949	2.251	13%
Inventories and other assets	777	655	19%
Liquid assets/Marketable securities	2.795	3.423	18%
<b>CURRENT ASSETS</b>	<b>5.521</b>	<b>6.329</b>	13%
<b>DEFERRED TAXES</b>	<b>232</b>	<b>251</b>	-8%
<b>PREPAID EXPENSES</b>	<b>115</b>	<b>88</b>	31%
<b>TOTAL ASSETS</b>	<b>8.722</b>	<b>9.063</b>	4%

**SHAREHOLDERS' EQUITY AND LIABILITIES**

	09/30/2006	12/31/2005	Δ
<b>SHAREHOLDERS' EQUITY</b>	<b>5.560</b>	<b>5.782</b>	-4%
<b>MINORITY INTEREST</b>	<b>9</b>	<b>8</b>	13%
<b>RESERVES AND ACCRUED LIABILITIES</b>	<b>1.784</b>	<b>2.023</b>	12%
<b>OTHER LIABILITIES</b>	<b>678</b>	<b>846</b>	20%
<b>DEFERRED INCOME</b>	<b>691</b>	<b>404</b>	71%
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>8.722</b>	<b>9.063</b>	4%

Days Sales Outstanding	69	68
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## Consolidated Statements of Cash Flows

### SAP Group nine months ended September 30

(unaudited)

(in € millions)

	2006	2005
<b>Net income</b>	<b>1,084</b>	<b>877</b>
Minority interest	2	2
<b>Income before minority interest</b>	<b>1,086</b>	<b>879</b>
Depreciation and amortization	158	155
Gains on disposal of property, plant, and equipment and equity securities	-3	-4
Write-ups/downs of financial assets, net	-1	3
Impacts of STAR hedging	-62	27
Stock-based compensation including income tax benefits	61	30
Change in accounts receivables and other assets	199	78
Change in reserves and liabilities	-374	-338
Change in deferred taxes	-52	3
Change in other assets	-26	-45
Change in deferred income	281	296
<b>Net cash provided by operating activities</b>	<b>1,267</b>	<b>1,084</b>
Acquisition of minorities in subsidiaries	0	-28
Other acquisitions, net of cash and cash equivalents acquired	-497	-71
Purchase of intangible assets and property, plant, and equipment	-233	-183
Purchase of financial assets	-279	-436
Proceeds from disposal of fixed assets	39	19
Purchase of marketable securities	-47	-126
Change in liquid assets (maturities exceeding 3 months)	944	938
<b>Net cash used in investing activities</b>	<b>-73</b>	<b>113</b>
Dividends paid	-447	-340
Purchase of treasury stock	-971	-376
Proceeds from reissuance of treasury stock	146	153
Proceeds from issuance of common stock (Stock-based compensation)	44	34
Proceeds/repayment of short-term and long-term debt	-1	0
Proceeds from the exercise of equity-based derivatives (STAR hedge)	57	39
Acquisition of equity-based derivatives (STAR hedge)	-53	-47
	-	
<b>Net cash used in financing activities</b>	<b>1,225</b>	<b>-537</b>
Effect of foreign exchange rates on cash	-33	80
<b>Net change in cash and cash equivalents</b>	<b>-64</b>	<b>740</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>2,064</b>	<b>1,506</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2,000</b>	<b>2,246</b>

**Nine Months 2006 Free Cash Flow (in €millions, unaudited)**

SAP Group

	9 Mos 2006	9 Mos 2005	% Change
Operating Cash Flow	1,267	1,084	+17
Capital Expenditure	-233	-183	+27
Free Cash Flow <sup>1</sup>	1,034	901	+15
Free Cash Flow as a % of Revenue	16%	16%	0 PP
Total Revenue	6,481	5,759	+13

**Footnotes****1) Non-GAAP Measures:**

This press release discloses certain financial measures, such as pro-forma operating income, pro-forma operating margin, pro-forma expenses, pro-forma net income, pro-forma earnings per share (EPS), and currency-adjusted year-on-year changes in revenue and operating income, which are not prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and are therefore considered non-GAAP measures. The non-GAAP measures that SAP reports may not correspond to non-GAAP measures that other companies report. The non-GAAP measures that SAP reports should be considered as additional to, and not as a substitute for or superior to, operating income, operating margin, cash flows, or other measure of financial performance prepared in accordance with U.S. GAAP. The non-GAAP measures included in this report are reconciled to the nearest U.S.GAAP measure.

*Pro-forma operating income, pro-forma operating margin, pro-forma expenses, pro-forma net income, pro-forma earnings per share (pro-forma EPS)*

SAP believes that pro-forma operating income, pro-forma operating margin, pro-forma net income, and pro-forma EPS, all based on pro-forma expenses, provide supplemental meaningful information that can help investors assess the financial performance of the Company using the same measures that SAP uses in its internal management reporting.

The following expenses are eliminated from pro-forma expenses, pro-forma operating income, pro-forma operating margin, pro-forma net income, pro-forma EPS, and other pro-forma measures:

- Stock-based compensation, including expenses for stock-based compensation as defined under U.S. GAAP, as well as expenses related to the settlement of stock-based compensation plans in the context of mergers and acquisitions. SAP excludes stock-based compensation expenses because it has no direct influence over the actual expense of these awards once it has entered into stock-based compensation commitments.
- Acquisition-related charges, including amortization of identifiable intangible assets acquired in acquisitions of businesses or intellectual property. Although acquisition-related charges include recurring items from past acquisitions, such as amortization of acquired intangible assets, they also include an unknown component relating to current year acquisitions for

which the Company has not yet finalized its purchase price allocation and therefore, cannot accurately assess the impact of the acquisition related charges.

- Impairment-related charges include other-than-temporary impairment charges on minority equity investments. These charges are excluded because they are outside the control of the Company's management.

The pro-forma measures disclosed are the same measures that SAP uses in its internal management reporting. Pro-forma operating income is one of the criteria, alongside the software revenue increase, for performance-related elements of management compensation.

In addition, SAP gives full year and long term guidance based on non-GAAP financial measures. The guidance is provided on pro-forma operating performance excluding stock-based compensation expenses and acquisition-related charges to focus on components that reflect the operational performance that management can directly influence and reasonably forecast for the periods covered by the guidance.

### ***Free Cash Flow***

Management believes that free cash flow is a widely accepted supplemental measure of liquidity among companies. Free cash flow measures a company's cash flow remaining after all expenditures required to maintain or expand the business have been paid off. SAP calculates free cash flow as operating cash flow minus capital expenditures. Free cash flow should be considered in addition to, and not as a substitute, or superior to, cash flow, or other measures of liquidity and financial performance prepared in accordance with U.S. GAAP.

### ***Constant-Currency Period over Period Changes***

SAP believes it is important for investors to have information that provides insight into its sales growth. Revenue amounts determined under U.S. GAAP provide information that is useful in this regard. Period-over-period changes in such revenue amounts are impacted by both growth in sales volume as well as currency effects. Under its business model SAP does not sell standardized units of products and services. Therefore SAP cannot provide relevant information on sales volume growth by providing data on the growth in product and service units sold. In order to provide additional information that is useful to investors in evaluating sales volume growth SAP presents information about its revenue and income growth adjusted for foreign currency effects. SAP calculates constant-currency period over period changes in revenue and income by translating foreign currencies using the average exchange rates from 2005 instead of 2006. Constant-currency period over period changes should be considered in addition to, and not as a substitute, or superior to, changes in revenues, expenses, income or other measures of financial performance prepared in accordance with U.S. GAAP.

## **2) Core Enterprise Applications Vendor Share**

In previous quarters, worldwide peer group share was provided based on a peer group of Microsoft Corp. (business solutions segment only), Oracle Corp. (business applications only) and Siebel Systems, Inc. The Company believes that after the large amount of consolidation that has occurred among the larger companies in the software industry, the peer group has become too small to provide an adequate metric for the purpose of measuring growth of sales share. Therefore, the Company will now be providing share data based on the vendors of Core

Enterprise Applications solutions, which account for approximately \$16 billion in software revenues as defined by the Company based on industry analyst research. For 2006, industry analysts project approximately 4% year-on-year growth for core Enterprise Applications vendors. For its quarterly share calculation, SAP assumes that this approximate 4% growth will not be linear throughout the year. Instead, quarterly adjustments are made based on the financial performance of a sub set (approximately 30) of Core Enterprise Application vendors.