



Financial Information
for the Second Quarter 2008
– Condensed, Preliminary and Unaudited –

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CONSOLIDATED INCOME STATEMENT
(U.S. GAAP, Non-GAAP* and Non-GAAP at Constant Currency)**
Preliminary and unaudited

€millions, unless otherwise stated	Three months ended June 30,										
	2008					2007			% change		
	U.S. GAAP	Adj.*	Non-GAAP*	Currency impact**	Non-GAAP constant currency**	U.S. GAAP	Adj.*	Non-GAAP*	U.S. GAAP	Non-GAAP*	Non-GAAP constant currency**
Software revenue	898	0	898	63	961	716	0	716	25	25	34
Support revenue	1,099	52	1,151	69	1,220	944	0	944	16	22	29
Subscription and other software-related service revenue	64	0	64	2	66	44	0	44	45	45	50
Software and software-related service revenue	2,061	52	2,113	134	2,247	1,704	0	1,704	21	24	32
Consulting revenue	628	0	628	39	667	556	0	556	13	13	20
Training revenue	114	0	114	7	121	104	0	104	10	10	16
Other service revenue	26	0	26	2	28	28	0	28	-7	-7	0
Professional services and other service revenue	768	0	768	48	816	688	0	688	12	12	19
Other revenue	29	0	29	2	31	29	0	29	0	0	7
Total revenue	2,858	52	2,910	184	3,094	2,421	0	2,421	18	20	28
Cost of software and software-related services	-418	45	-373			-305	11	-294	37	27	
Cost of professional services and other services	-581	0	-581			-524	0	-524	11	11	
Research and development	-421	1	-420			-353	1	-352	19	19	
Sales and marketing	-681	20	-661			-535	1	-534	27	24	
General and administration	-169	0	-169			-127	0	-127	33	33	
Other operating income/expense, net	5	0	5			4	0	4	25	25	
Total operating expenses	-2,265	66	-2,199	-121	-2,320	-1,840	13	-1,827	23	20	27
Operating income	593	118	711	63	774	581	13	594	2	20	30
Other non-operating income/expense, net	19	0	19			-4	0	-4	-575	-575	
Financial income/expense, net	-13	0	-13			34	0	34	-138	-138	
Income from continuing operations before income taxes	599	118	717			611	13	624	-2	15	
Income taxes	-188	-32	-220			-156	-5	-161	21	37	
Minority interests	0	0	0			-2	0	-2	N/A	N/A	
Income from continuing operations	411	86	497			453	8	461	-9	8	
Loss from discontinued operations, net of tax	-3	0	-3			-4	0	-4	-25	-25	
Net income	408	86	494			449	8	457	-9	8	
Earnings per Share (EPS)											
EPS from continuing operations – basic in €	0,34		0,42			0,37		0,38	-8	11	
EPS from continuing operations – diluted in €	0,34		0,42			0,37		0,38	-8	11	
EPS from net income – basic in €	0,34		0,41			0,37		0,38	-8	8	
EPS from net income – diluted in €	0,34		0,41			0,37		0,38	-8	8	
Weighted average number of shares***	1.191		1.191			1.208		1.208			
Key Ratios											
Operating margin	20,7%		24,4%		25,0%	24,0%		24,5%	-3,3pp	-0,1pp	0,5pp
Effective tax rate from continuing operations	31,4%		30,7%			25,5%		25,8%			

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** constant currency revenue and operating income figures are calculated by translating revenue and operating income of the current period using the average exchange rates from the previous year's respective period instead of the current period. Constant currency period-over-period changes are calculated by comparing the current year's Non-GAAP constant currency numbers with the Non-GAAP number of the previous year's respective period. See Appendix for details

*** in millions, treasury stock excluded



CONSOLIDATED INCOME STATEMENT
(U.S. GAAP, Non-GAAP* and Non-GAAP at Constant Currency)**
Preliminary and unaudited

€millions, unless otherwise stated	Six months ended June 30,										
	2008					2007			% change		
	U.S. GAAP	Adj.*	Non-GAAP*	Currency impact**	Non-GAAP constant currency**	U.S. GAAP	Adj.*	Non-GAAP*	U.S. GAAP	Non-GAAP*	Non-GAAP constant currency**
Software revenue	1,520	0	1,520	106	1,626	1,278	0	1,278	19	19	27
Support revenue	2,157	99	2,256	123	2,379	1,858	0	1,858	16	21	28
Subscription and other software-related service revenue	120	0	120	3	123	83	0	83	45	45	48
Software and software-related service revenue	3,797	99	3,896	232	4,128	3,219	0	3,219	18	21	28
Consulting revenue	1,215	0	1,215	71	1,286	1,074	0	1,074	13	13	20
Training revenue	218	0	218	13	231	198	0	198	10	10	17
Other service revenue	51	0	51	4	55	56	0	56	-9	-9	-2
Professional services and other service revenue	1,484	0	1,484	88	1,572	1,328	0	1,328	12	12	18
Other revenue	37	0	37	2	39	36	0	36	3	3	8
Total revenue	5,318	99	5,417	322	5,739	4,583	0	4,583	16	18	25
Cost of software and software-related services	-785	93	-692			-592	21	-571	33	21	
Cost of professional services and other services	-1,148	0	-1,148			-1,029	0	-1,029	12	12	
Research and development	-838	15	-823			-692	1	-691	21	19	
Sales and marketing	-1,278	41	-1,237			-1,013	2	-1,011	26	22	
General and administration	-321	0	-321			-246	0	-246	30	30	
Other operating income/expense, net	4	0	4			6	0	6	-33	-33	
Total operating expenses	-4,366	149	-4,217	-213	-4,430	-3,566	24	-3,542	22	19	25
Operating income	952	248	1,200	109	1,309	1,017	24	1,041	-6	15	26
Other non-operating income/expense, net	18	0	18			-7	0	-7	-357	-357	
Financial income/expense, net	-15	0	-15			70	0	70	-121	-121	
Income from continuing operations before income taxes	955	248	1,203			1,080	24	1,104	-12	9	
Income taxes	-297	-64	-361			-313	-9	-322	-5	12	
Minority interests	0	0	0			-2	0	-2	N/A	N/A	
Income from continuing operations	658	184	842			765	15	780	-14	8	
Loss from discontinued operations, net of tax	-8	0	-8			-6	0	-6	33	33	
Net income	650	184	834			759	15	774	-14	8	
Earnings per Share (EPS)											
EPS from continuing operations – basic in €	0,55		0,71			0,63		0,64	-13	11	
EPS from continuing operations – diluted in €	0,55		0,71			0,63		0,64	-13	11	
EPS from net income – basic in €	0,54		0,70			0,63		0,64	-14	9	
EPS from net income – diluted in €	0,54		0,70			0,63		0,64	-14	9	
Weighted average number of shares***	1,194		1,194			1,211		1,211			
Key Ratios											
Operating margin	17,9%		22,2%		22,8%	22,2%		22,7%	-4,3pp	-0,5pp	0,1pp
Effective tax rate from continuing operations	31,1%		30,0%			29,0%		29,2%			

* adjustments in the revenue line items are for the Business Objects support revenue that Business Objects would have recognized had it remained a stand-alone entity but that SAP is not permitted to recognize as revenue under U.S. GAAP as a result of business combination accounting rules. Adjustments in the operating expense line items are for acquisition-related charges. See Appendix for details
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*** in millions, treasury stock excluded



Revenue in U.S. \$
Preliminary and unaudited

	Three months ended June 30,					
	Software Revenue			Software and Software-Related Service Revenue		
	2008	2007	% change	2008	2007	% change
U.S. GAAP Revenue in €millions	898	716	25%	2,061	1,704	21%
Respective Measure in U.S. \$ millions	1,397	961	45%	3,214	2,293	40%
Adjustment* in U.S. \$ millions	0	0	-	81	0	-
Non-GAAP Revenue in U.S. \$ millions	1,397	961	45%	3,295	2,293	44%

* adjustments in the revenue line items are for the Business Objects support revenue that Business Objects would have recognized had it remained a stand-alone entity but that SAP is not permitted to recognize as revenue under U.S. GAAP as a result of business combination rules.

	Six months ended June 30,					
	Software Revenue			Software and Software-Related Service Revenue		
	2008	2007	% change	2008	2007	% change
U.S. GAAP Revenue in €millions	1,520	1,278	19%	3,797	3,219	18%
Respective Measure in U.S. \$ millions	2,355	1,704	38%	5,844	4,286	36%
Adjustment* in U.S. \$ millions	0	0	-	154	0	-
Non-GAAP Revenue in U.S. \$ millions	2,355	1,704	38%	5,998	4,286	40%

* adjustments in the revenue line items are for the Business Objects support revenue that Business Objects would have recognized had it remained a stand-alone entity but that SAP is not permitted to recognize as revenue under U.S. GAAP as a result of business combination rules.



CONDENSED CONSOLIDATED BALANCE SHEETS
(U.S. GAAP)

Preliminary and unaudited

€millions	June 30, 2008	December 31, 2007
Assets		
Cash and cash equivalents	1.411	1.608
Restricted cash	3	550
Short-term investments	99	598
Accounts receivable, net	2.874	2.895
Other assets	513	541
Deferred income taxes	148	125
Prepaid expenses/deferred charges	143	76
Assets classified as held for disposal	15	15
Current assets	5.206	6.408
Goodwill	4.911	1.423
Intangible assets, net	1.200	403
Property, plant, and equipment, net	1.359	1.316
Investments	101	89
Accounts receivable, net	2	3
Other assets	646	555
Deferred income taxes	160	146
Prepaid expenses/deferred charges	26	23
Noncurrent assets	8.405	3.958
Total assets	13.611	10.366

€millions	June 30, 2008	December 31, 2007
Liabilities, Minority interests and Shareholders' equity		
Accounts payable	654	715
Income tax obligations	377	341
Other liabilities	1.287	1.456
Provisions	203	154
Deferred income taxes	53	47
Deferred income	1.396	477
Liabilities associated with assets classified as held for disposal	11	9
Current liabilities	3.981	3.199
Accounts payable	5	10
Income tax obligations	98	90
Other liabilities	2.691	79
Provisions	429	369
Deferred income taxes	176	73
Deferred income	37	42
Noncurrent liabilities	3.436	663
Total liabilities	7.417	3.862
Minority interests	2	1
Common stock, no par value	1.246	1.246
Treasury stock	-2.044	-1.734
Additional paid-in capital	342	347
Retained earnings	7.214	7.159
Accumulated other comprehensive loss	-566	-515
Shareholders' equity	6.192	6.503
Total liabilities, Minority interests and Shareholders' equity	13.611	10.366
Days Sales Outstanding	68	66



CONSOLIDATED STATEMENTS OF CASH FLOWS

(U.S. GAAP)

Preliminary and unaudited

€millions	Six months ended June 30	
	2008	2007
Net income	650	759
Net loss from discontinued operations	8	6
Minority interests	0	2
Income from continuing operations before minority interests	658	767
<i>Adjustments to reconcile income from continuing operations before minority interests to net cash provided by operating activities:</i>		
Depreciation and amortization	271	120
Losses from equity investees	1	1
Losses on disposal of intangible assets and property, plant, and equipment	1	0
Gains on disposal of investments	-9	-2
Writeups/downs of financial assets	0	0
Allowances for doubtful accounts	35	0
Impacts of hedging for cash-settled share-based payment plans	12	13
Stock-based compensation including income tax benefits	14	10
Excess tax benefit from share-based compensation	-8	0
Deferred income taxes	-44	1
Change in accounts receivable	225	153
Change in other assets	-65	-309
Change in accrued and other liabilities	-626	-484
Change in deferred income	906	754
Net cash provided by operating activities from continuing operations	1,371	1,024
Acquisition of minority interests in subsidiaries	0	-48
Business combinations, net of cash and cash equivalents acquired	-3,689	-345
Repayment of acquirees' debt in business combinations	-450	0
Purchase of intangible assets and property, plant, and equipment	-171	-196
Proceeds from disposal of intangible assets and property, plant, and equipment	20	12
Cash transferred to restricted cash	-451	0
Reduction of restricted cash	1,000	0
Purchase of investments	-14	-512
Sales of investments	504	538
Purchase of other financial assets	-7	-7
Sales of other financial assets	7	7
Net cash used in investing activities from continuing operations	-3,251	-551
Dividends paid	-594	-556
Purchase of treasury stock	-383	-506
Proceeds from reissuance of treasury stock	45	42
Proceeds from issuance of common stock (share-based compensation)	8	13
Excess tax benefit from share-based compensation	8	0
Proceeds from short-term and long-term debt	3,859	18
Repayments of short-term and long-term debt	-1,260	-13
Proceeds from the exercise of equity-based derivative instruments (STAR hedge)	66	75
Purchase of equity-based derivative instruments (hedge for cash-settled share-based payment plans)	-55	0
Net cash used in financing activities from continuing operations	1,694	-927
Effect of foreign exchange rates on cash and cash equivalents	-3	-7
Net cash used in operating activities from discontinued operations	-8	-8
Net cash used in investing activities from discontinued operations	0	0
Net cash used in financing activities from discontinued operations	0	0
Net cash used in discontinued operations	-8	-8
Net change in cash and cash equivalents	-197	-469
Cash and cash equivalents at the beginning of the period	1,608	2,399
Cash and cash equivalents at the end of the period	1,411	1,930



REVENUE BY REGION
(U.S. GAAP, Non-GAAP* and Non-GAAP at Constant Currency)**
Preliminary and unaudited

€millions	Three months ended June 30,										
	2008					2007			% change		
	U.S. GAAP	Adj.*	Non-GAAP*	Currency impact**	Non-GAAP constant currency**	U.S. GAAP	Adj.*	Non-GAAP*	U.S. GAAP	Non-GAAP*	Non-GAAP constant currency**
Software revenue by region***											
EMEA	444	0	444	14	458	350	0	350	27	27	31
Americas	306	0	306	38	344	259	0	259	18	18	33
Asia Pacific Japan	148	0	148	11	159	107	0	107	38	38	49
Total	898	0	898	63	961	716	0	716	25	25	34
Software and software-related service revenue by region***											
Germany	353	2	355	0	355	319	0	319	11	11	11
Rest of EMEA	758	20	778	29	807	597	0	597	27	30	35
Total EMEA	1,111	22	1,133	29	1,162	916	0	916	21	24	27
United States	472	24	496	79	575	415	0	415	14	20	39
Rest of Americas	190	2	192	8	200	152	0	152	25	26	32
Total Americas	662	26	688	87	775	567	0	567	17	21	37
Japan	89	1	90	0	90	82	0	82	9	10	10
Rest of Asia Pacific Japan	199	3	202	18	220	139	0	139	43	45	58
Total Asia Pacific Japan	288	4	292	18	310	221	0	221	30	32	40
Total	2,061	52	2,113	134	2,247	1,704	0	1,704	21	24	32
Total revenue by region***											
Germany	524	2	526	0	526	454	0	454	15	16	16
Rest of EMEA	1,009	20	1,029	36	1,065	812	0	812	24	27	31
Total EMEA	1,533	22	1,555	36	1,591	1,266	0	1,266	21	23	26
United States	703	24	727	116	843	643	0	643	9	13	31
Rest of Americas	249	2	251	10	261	208	0	208	20	21	25
Total Americas	952	26	978	126	1,104	851	0	851	12	15	30
Japan	115	1	116	0	116	111	0	111	4	5	5
Rest of Asia Pacific Japan	258	3	261	22	283	193	0	193	34	35	47
Total Asia Pacific Japan	373	4	377	22	399	304	0	304	23	24	31
Total	2,858	52	2,910	184	3,094	2,421	0	2,421	18	20	28

* adjustments in the revenue line items are for the Business Objects support revenue that Business Objects would have recognized had it remained a stand-alone entity but that SAP is not permitted to recognize as revenue under U.S. GAAP as a result of business combination accounting rules. Adjustments in the operating expense line items are for acquisition-related charges. See Appendix for details

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*** based on customer location



REVENUE BY REGION
(U.S. GAAP, Non-GAAP* and Non-GAAP at Constant Currency)**
Preliminary and unaudited

€millions	Six months ended June 30,										
	2008					2007			% change		
	U.S. GAAP	Adj.*	Non-GAAP*	Currency impact**	Non-GAAP constant currency**	U.S. GAAP	Adj.*	Non-GAAP*	U.S. GAAP	Non-GAAP*	Non-GAAP constant currency**
Software revenue by region***											
EMEA	736	0	736	24	760	587	0	587	25	25	29
Americas	523	0	523	65	588	507	0	507	3	3	16
Asia Pacific Japan	261	0	261	17	278	184	0	184	42	42	51
Total	1,520	0	1,520	106	1,626	1,278	0	1,278	19	19	27
Software and software-related service revenue by region***											
Germany	655	3	658	0	658	590	0	590	11	12	12
Rest of EMEA	1,374	37	1,411	50	1,461	1,077	0	1,077	28	31	36
Total EMEA	2,029	40	2,069	50	2,119	1,667	0	1,667	22	24	27
United States	885	48	933	144	1,077	834	0	834	6	12	29
Rest of Americas	340	4	344	10	354	300	0	300	13	15	18
Total Americas	1,225	52	1,277	154	1,431	1,134	0	1,134	8	13	26
Japan	175	2	177	1	178	144	0	144	22	23	24
Rest of Asia Pacific Japan	368	5	373	27	400	274	0	274	34	36	46
Total Asia Pacific Japan	543	7	550	28	578	418	0	418	30	32	38
Total	3,797	99	3,896	232	4,128	3,219	0	3,219	18	21	28
Total revenue by region***											
Germany	977	3	980	0	980	862	0	862	13	14	14
Rest of EMEA	1,846	37	1,883	63	1,946	1,485	0	1,485	24	27	31
Total EMEA	2,823	40	2,863	63	2,926	2,347	0	2,347	20	22	25
United States	1,338	48	1,386	213	1,599	1,262	0	1,262	6	10	27
Rest of Americas	451	4	455	12	467	404	0	404	12	13	16
Total Americas	1,789	52	1,841	225	2,066	1,666	0	1,666	7	11	24
Japan	227	2	229	1	230	199	0	199	14	15	16
Rest of Asia Pacific Japan	479	5	484	33	517	371	0	371	29	30	39
Total Asia Pacific Japan	706	7	713	34	747	570	0	570	24	25	31
Total	5,318	99	5,417	322	5,739	4,583	0	4,583	16	18	25

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*** based on customer location



SHARE-BASED COMPENSATION
(U.S. GAAP and Non-GAAP)
Preliminary and unaudited

€millions	Six months ended June 30,		
	2008	2007	% change
<i>Share-based compensation per expense line item</i> (both U.S. GAAP and Non-GAAP):			
Cost of software and software-related services	4	4	0%
Cost of professional services and other services	10	11	-9%
Research and development	15	15	0%
Sales and marketing	15	9	67%
General and administration	8	10	-20%
Other operating income/expense, net	0	0	0%
Total Share-Based Compensation	52	49	6%

FREE CASH FLOW
Preliminary and unaudited

€millions	Six months ended June 30,		
	2008	2007	% change
Net cash provided by operating activities from continuing operations	1.371	1.024	34%
Purchase of long-lived assets excluding additions from business combinations	-171	-196	-13%
Free Cash Flow	1.200	828	45%

HEADCOUNT
Preliminary and unaudited

in Full-Time-Equivalents - from continuing operations	June 30, 2008	December 31, 2007	June 30, 2007
Headcount by Region			
Germany	15.303	14.749	14.395
Rest of EMEA	11.235	8.905	8.641
Total EMEA	26.538	23.654	23.036
United States	9.293	7.832	7.594
Rest of Americas	4.491	2.797	2.547
Total Americas	13.784	10.629	10.141
Japan	1.477	1.344	1.267
Rest of Asia Pacific Japan	9.648	8.234	7.292
Total Asia Pacific Japan	11.125	9.578	8.559
Total	51.447	43.861	41.736
Headcount by Functional Area			
Software and software related services	6.517	5.831	5.494
Professional services and other services	14.057	12.785	12.268
Research and development	15.148	12.951	12.330
Sales and marketing	10.794	8.282	7.865
General and administration	3.367	2.797	2.635
Infrastructure	1.564	1.215	1.144
Total	51.447	43.861	41.736



MULTI QUARTER SUMMARY
(U.S. GAAP and Non-GAAP)
Preliminary and unaudited

€millions, unless stated otherwise	Q2/2008	Q1/2008	Q4/2007	Q3/2007	Q2/2007	Q1/2007
Software revenue (U.S. GAAP)	898	622	1.415	714	716	562
Revenue adjustment*	0	0	0	0	0	0
Software revenue (Non-GAAP)	898	622	1.415	714	716	562
Support revenue (U.S. GAAP)	1.099	1.058	1.005	975	944	914
Revenue adjustment*	52	47	0	0	0	0
Support revenue (Non-GAAP)	1.151	1.105	1.005	975	944	914
Subscription and other software-related service revenue (U.S. GAAP)	64	56	53	46	44	39
Revenue adjustment*	0	0	0	0	0	0
Subscription and other software-related service revenue (Non-GAAP)	64	56	53	46	44	39
Software and software-related service revenue (U.S. GAAP)	2.061	1.736	2.473	1.735	1.704	1.515
Revenue adjustment*	52	47	0	0	0	0
Software and software-related service revenue (Non-GAAP)	2.113	1.783	2.473	1.735	1.704	1.515
Total revenue (U.S. GAAP)	2.858	2.460	3.240	2.419	2.421	2.162
Revenue adjustment*	52	47	0	0	0	0
Total revenue (Non-GAAP)	2.910	2.507	3.240	2.419	2.421	2.162
Operating income (U.S. GAAP)	593	359	1.109	606	581	436
Revenue adjustment*	52	47	0	0	0	0
Expense adjustment*	66	83	19	18	13	11
Operating income (Non-GAAP)	711	489	1.128	624	594	447
Operating margin (U.S. GAAP)	20,7%	14,6%	34,2%	25,1%	24,0%	20,2%
Operating margin (Non-GAAP)	24,4%	19,5%	34,8%	25,8%	24,5%	20,7%
Effective tax rate from continuing operations (Non-GAAP)	30,7%	29,0%	33,8%	35,1%	25,8%	33,5%
EPS from continuing operations - basic in €(U.S. GAAP)	0,34	0,21	0,63	0,34	0,37	0,26
EPS from continuing operations - diluted in €(U.S. GAAP)	0,34	0,21	0,63	0,34	0,37	0,26
EPS from continuing operations - basic in €(Non-GAAP)	0,42	0,29	0,64	0,35	0,38	0,26
EPS from continuing operations - diluted in €(Non-GAAP)	0,42	0,29	0,64	0,35	0,38	0,26
Headcount**	51.447	51.274	43.861	42.601	41.736	40.318

* adjustments in the revenue line items are for the Business Objects support revenue that Business Objects would have recognized had it remained a stand-alone entity but that SAP is not permitted to recognize as revenue under U.S. GAAP as a result of business combination accounting rules. Adjustments in the operating expense line items are for acquisition-related charges. See Appendix for details

** in Full-Time-Equivalents - from continuing operations



APPENDIX

Explanation of Non-GAAP Measures

This document discloses certain financial measures, such as Non-GAAP revenues, Non-GAAP operating income, Non-GAAP operating margin, free cash flow, a constant currency revenue and operating income measures as well as U.S. Dollar based revenue numbers, that are not prepared in accordance with U.S. GAAP and are therefore considered non-GAAP financial measures. Our non-GAAP financial measures may not correspond to non-GAAP financial measures that other companies report. The non-GAAP financial measures that we report should be considered as additional to, and not as substitutes for or superior to, revenue, operating income, cash flows, or other measures of financial performance prepared in accordance with U.S. GAAP. Our non-GAAP financial measures included in this press release are reconciled to the nearest U.S. GAAP measure in the tables on the pages F1 to F9 above.

Non-GAAP Revenues, Non-GAAP Operating Income and Non-GAAP Operating Margin

We believe that it is of interest to investors to receive certain supplemental historical and prospective financial information used by our management in running our business – in addition to financial data prepared in accordance with U.S. GAAP. Beginning in 2008 we use both Non-GAAP revenues and Non-GAAP operating income / Non-GAAP operating margin as defined below consistently in our planning, forecasting, reporting, compensation and external communication.

Non-GAAP revenue: Revenues in this document identified as “Non-GAAP revenue” have been adjusted from the respective U.S. GAAP numbers by including the full amount of Business Objects support revenues that would have been reflected by Business Objects had it remained a stand-alone entity but are not permitted to be reflected as revenues under U.S. GAAP as a result of fair value accounting for Business Objects support contracts in effect at the time of the Business Objects acquisition.

Under U.S. GAAP we record at fair value the Business Objects support contracts in effect at the time of the acquisition of Business Objects. Consequently, our U.S. GAAP support revenues, our U.S. GAAP software and software-related service revenues and our U.S. GAAP total revenues for periods subsequent to the Business Objects acquisition do not reflect the full amount of support revenue that Business Objects would have recorded for these support contracts absent the acquisition by SAP. Adjusting revenue numbers for this one-time revenue impact provides additional insight into our ongoing performance because the support contracts are typically one-year contracts and renewals of these contracts are expected to result in revenues that are not impacted by the business combination-related fair value accounting.

We believe that our Non-GAAP revenue numbers have limitations, particularly as the eliminated amounts may be material to us. We therefore do not evaluate our growth and performance without considering both Non-GAAP revenues and U.S. GAAP revenues. We caution the readers of this document to follow a similar approach by considering our Non-GAAP revenues only in addition to, and not as a substitute for or superior to, revenues or other measures of our financial performance prepared in accordance with U.S. GAAP.

Non-GAAP operating income / Non-GAAP operating margin: Operating income and operating margin in this document identified as “Non-GAAP operating income” or “Non-GAAP operating margin” have been adjusted from the respective operating income and operating margin numbers as recorded under U.S. GAAP by including the full amount of Business Objects support revenues to be included in Non-GAAP revenue, and by excluding acquisition-related charges. Acquisition related charges in this context comprise:

- Amortization expense of intangibles acquired in business combination and standalone acquisitions of intellectual property
- Expense from purchased in-process research and development
- Restructuring expenses as far as incurred in connection with a business combinations and accounted for under SFAS 146 in SAP’s U.S. GAAP financial statements

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. We cannot accurately assess or plan for that unknown component until we have finalized our purchase price allocation. Furthermore acquisition-related charges may include one-time charges that are not reflective of our ongoing operating performance.

We believe that our Non-GAAP financial measures described above have limitations, particularly as the eliminated amounts may be material to us. We therefore do not evaluate our growth and performance without considering both Non-GAAP operating income / Non-GAAP operating margin numbers and U.S. GAAP operating income and margin numbers. We caution the readers of this document to follow a similar approach by considering our Non-GAAP operating income / Non-GAAP operating margin numbers only in addition to, and not as a substitute for or superior to, revenues or other measures of our financial performance prepared in accordance with U.S. GAAP.

Free Cash Flow

We believe that free cash flow is a widely accepted supplemental measure of liquidity. Free cash flow measures a company's cash flow remaining after all expenditures required to maintain or expand the business have been paid off. We calculate free cash flow as operating cash flow from continuing operations minus additions to long-lived assets excluding additions from acquisitions. Free cash flow should be considered in addition to, and not as a substitute for 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

We believe it is important for investors to have information that provides insight into our sales. Revenue measures determined under U.S. GAAP provide information that is useful in this regard. However, both sales volume and currency effects impact period-over-period changes in sales revenue. We do not sell standardized units of products and services, so we cannot provide relevant information on sales volume by providing data on the changes in product and service units sold. To provide additional information that may be useful to investors in breaking down and evaluating changes in sales volume, we present information about our revenue and various values and components relating to operating income that are adjusted for foreign currency effects. We calculate constant currency year-over-year changes in revenue and operating income by translating foreign currencies using the average exchange rates from the previous (comparator) year instead of the report year.

We believe that data on constant currency period-over-period changes have limitations, particularly as the currency effects that are eliminated constitute a significant element of our revenues and expenses and may severely impact our performance. We therefore limit our use of constant currency period-over-period changes to the analysis of changes in volume as one element of the full change in a financial measure. We do not evaluate our results and performance without considering both constant currency period-over-period changes on the one hand and changes in revenues, expenses, income, or other measures of financial performance prepared in accordance with U.S. GAAP on the other. We caution the readers of this document to follow a similar approach by considering data on constant currency period-over-period changes only in addition to, and not as a substitute for or superior to, changes in revenues, expenses, income, or other measures of financial performance prepared in accordance with U.S. GAAP.

U.S. Dollar-based Non-GAAP Revenue Measures

Substantially all of our major competitors report their financial performance in U.S. Dollars. Thus changes in exchange rates, particularly in the U.S. Dollar to Euro rates, affect the financial statements of our competitors differently than our Euro-based financial statements. We therefore believe that U.S. Dollar-based revenue numbers for SAP provide investors with useful additional information that enables them to better compare SAP's revenue growth with SAP's competitors' revenue growth irrespective of movements in exchange rates.

Our U.S. Dollar Non-GAAP Revenue numbers are determined as if SAP's reporting currency was the U.S. Dollar. In fact, the reporting currency of our U.S. GAAP and IFRS consolidated financial statements as filed in Germany and in the U.S. with the U.S. Securities and Exchange Commission (SEC) is the Euro. Additionally, our U.S. Dollar Non-GAAP Revenue numbers have been adjusted from the respective U.S. GAAP revenue numbers by the same support revenue fair value adjustment than our Non GAAP Revenue numbers explained above.

SAP's management uses our U.S. Dollar Non-GAAP Revenue numbers to gain a better understanding of SAP's operating results compared to SAP's major competitors.

We believe that our U.S. Dollar Non-GAAP Revenue numbers have limitations, particularly because the impact of currency exchange rate fluctuations and the eliminated amounts may be material to us. We therefore do not evaluate our growth and performance without considering both Non-GAAP revenues and Euro-based U.S. GAAP revenues. We caution the readers of this document to follow a similar approach by considering our U.S. Dollar Non-GAAP Revenue numbers only in addition to, and not as a substitute for or superior to, revenues or other measures of our financial performance prepared in accordance with U.S. GAAP and reported in Euro.