



SAP AG
General Meeting of Shareholders
on June 8, 2010
at SAP Arena
in Mannheim, Germany

**Description of the new System for the Remuneration of
Executive Board Members concerning Agenda Item 5**

On 25 March 2010, the Supervisory Board resolved a new system to remunerate the Executive Board Members of SAP AG (SAP), which is described below:

1. Regular remuneration during executive board membership term

1.1 Overview of remuneration components

For serving on the Executive Board, the Executive Board Member will receive

- a fixed annual basic salary;
- a variable remuneration element relating to the financial year (short term incentive, STI);
- a mid term (i.e. relating to the financial year and the two subsequent financial years) variable remuneration element (mid term incentive, MTI); and
- a long term remuneration element based on the share price (long term incentive, LTI)

for each financial year, with the combination of the MTI and the LTI exceeding the STI. The specific proportion between the four remuneration components will be determined by the Supervisory Board before the annual granting of the variable remuneration components, taking into account SAP's current situation. The Service Contract provides for a minimum scale on which the STI and the MTI are to be granted.

It is envisaged for the 2010 financial year that (on the basis of a 100% target realisation rate under the STI and the MTI as well as the fair value of the rights granted under the LTI) the variable remuneration components will account for more than twice the fixed annual basic salary. Of the variable remuneration elements, the STI accounts for approximately 45% and the combined MTI and LTI account for approximately 55%.

1.2 STI details

The STI, which is to be granted on an annual basis, is composed of several components based on the achievement of certain target figures (target-linked components) and one additional component being based on a decision that may be taken by the Supervisory Board *ex post* in its reasonable discretion (discretionary component). When taking this discretionary decision, the Supervisory Board is to take



into account, in addition to the individual performance of the Executive Board Member, the sustainability of SAP with regard to the achieved improvement in market position and the increase in innovative performance, employee satisfaction, customer satisfaction and employer attractiveness.

The individual target-linked components as well as the related target figures and the mechanisms for calculating the disbursement amount will be determined by the Supervisory Board before granting the respective STI, taking into account SAP's current situation. In this connection, the Supervisory Board also determines the target bonus (i.e. the amount to be disbursed provided that target realisation is achieved at a rate of 100% with respect to all components and target figures).

In case of any extraordinary unforeseeable events, the Supervisory Board is entitled to reduce or increase the amount to be disbursed *ex post* in its reasonable discretion, taking into account the best interests of SAP.

This payment will be due after the Annual General Meeting of Shareholders of SAP in which the annual financial statements for the relevant financial year have been adopted.

The Executive Board Member is obliged to purchase and hold for a period of three years SAP shares worth at least 5% of the amount disbursed under the STI (the actual gross bonus). The Executive Board Member must provide evidence to the chairman of the personnel committee to the effect that he has purchased the SAP shares within three months of disbursement of the STI.

With respect to the STI to be granted for the 2010 financial year (STI 2010), the following specific terms are envisaged:

- The key performance indicators (KPI) for the STI 2010 are: SSRS Revenue Growth (i.e. Non-IFRS software and software-related service revenues at constant currency), Operating Margin (Non-IFRS at constant currency) and Cash Conversion Rate (i.e. ratio of Non-IFRS operating cash flow to Non-IFRS profit after tax excluding discontinued operations).
- For each of the three KPIs, the Supervisory Board determines a target figure relating to the 2010 financial year which will warrant a target realisation rate of 100%. If the KPI actually achieved is lower or higher than the figure so determined, the respective KPI value will be converted into pre-determined percentage rates using a target realisation curve.
- The amount to be disbursed is composed of the amount attributable to the three target-linked components and the amount attributable to the discretionary component. For this purpose, each KPI or individual KPIs, as the case may be, will be weighted as follows: SSRS Revenue Growth: 30%, Operating Margin: 30%, Cash Conversion Rate: 15% and discretionary component: 25%.
- To calculate the amount attributable to the three target-linked components, the target realisation rate set for each KPI will be multiplied by the relevant KPI's share in the target bonus corresponding to its above weighting, whereupon the individual amounts so calculated will be added. In this context, however, a target realisation rate exceeding 200% is capped at 200% for the purposes of calculating the individual amounts (KPI cap). Moreover, the amount calculated in accordance with the above provisions for the three target-linked components will only be taken into account for the purposes of the disbursement if (when applying the KPI cap) the average (which is weighted in line with the percentage proportion of the target-linked components) of the target realisation rates set for these components is 60% or more.
- The individual amount attributable to the discretionary component is equal to the target realisation rate, which is determined *ex post* by the Supervisory Board for such purpose, multiplied by 25% of



the target bonus. The individual amount attributable to the discretionary component is capped at 200% of the *pro rata* target bonus.

1.3 MTI details

The MTI, which is to be granted on an annual basis, is composed of several target-linked components and a discretionary component being based on a decision that may be taken by the Supervisory Board *ex post* in its reasonable discretion. When taking this discretionary decision, the Supervisory Board is to take into account, in addition to the individual performance of the Executive Board Member, the sustainability of SAP with regard to the achieved improvement in market position and the increase in innovative performance, employee satisfaction, customer satisfaction and employer attractiveness.

The individual target-linked components as well as the target figures and the mechanisms for calculating the amount to be disbursed will be determined by the Supervisory Board before granting the respective MTI, taking into account SAP's current situation. In this connection, the Supervisory Board also determines the target bonus (i.e. the amount to be disbursed provided that target realisation is achieved at a rate of 100% with respect to all components and target figures).

This payment will be due after the annual general meeting of SAP in which the annual financial statements for the second financial year following the year in respect of which the MTI is granted have been adopted.

With respect to the MTI to be granted for the 2010 financial year (MTI 2010), the following specific terms are envisaged:

- The MTI 2010 consists of the discretionary component relating to the financial years 2010 to 2012 alongside two target-linked components relating to the two KPIs SSRS Revenue Growth and Earnings per Share for such period. The target figures for these two KPIs are defined in a fixed amount in Euro.
- For each of the two KPIs, three intermediate target values are determined by the Supervisory Board by reference to 31 December 2010, 31 December 2011 and 31 December 2012. Each of the intermediate target values warrants an intermediate target realisation rate of 100%. If the (intermediate) values of the KPI actually achieved are lower or higher than the values so determined, intermediate target realisation will be deemed to be lower or higher, as the case may be, in the same proportion.
- The amount to be disbursed is composed of the individual amounts attributable to the three components, which amounts will be calculated separately. For this purpose, each KPI or the individual components, as the case may be, will be equally weighted.
- The individual amounts attributable to the two target-linked components are in each case equivalent to the arithmetic mean of the realisation rate set for the three intermediate targets multiplied by 1/3 of the target bonus. For the purposes of calculating the arithmetic mean of the target realisation rate, however, a rate of intermediate target realisation below 60% will be deemed to be 0% (intermediate target threshold) and a rate of intermediate target realisation above 200% will be capped at 200% (intermediate target cap). Moreover, any individual amount calculated in accordance with the above provisions will be taken into account for disbursement purposes only if (when applying intermediate target caps and thresholds) a three-year total target has been achieved at a rate of at least 60%. In this context, the three-year total target is defined in each case as the sum of the three intermediate target values. To eliminate any extraordinary effects, the



Supervisory Board may, in certain cases, subsequently adjust individual parameters, but only before the due date of the disbursement amount (which would otherwise be higher).

- The individual amount attributable to the discretionary component is equivalent to the target realisation rate, which will be determined for such purpose by the Supervisory Board *ex post*, multiplied by 1/3 of the target bonus. The individual amount attributable to the discretionary component is capped at 200% of the *pro rata* target bonus.

1.4 LTI details

The LTI to be granted annually is a remuneration component linked to the price of the SAP share, under which the Executive Board Member will receive a cash payment that is equal to the difference between the stock exchange price of the SAP share at the time of the exercise and the exercise price. In this context, the LTI may be exercised no earlier than four years after the date of the allotment of the LTI (vesting period).

The Supervisory Board may defer the granting of the LTI for a particular financial year in whole or in part until such time as the Executive Board Member has furnished evidence to the chairman of the personnel committee of the Supervisory Board that the Executive Board Member used the net bonus disbursed under the STI granted in the previous financial year to purchase SAP shares as described (in no. 1.2) above.

With respect to the LTI to be granted for the 2010 financial year (LTI 2010), the following specific terms are envisaged:

- The LTI 2010 has a term of seven years.
- The exercise price is 115% of the share price at the time of allotment (allotment price). This percentage corresponds to the exercise threshold. The allotment price is the average closing price of the SAP share in the XETRA trading system (or any successor system) on the Frankfurt stock exchange between the seventh trading day (inclusive) and the third trading day (inclusive) prior to the date of allotment.
- The stock exchange price of the SAP share at the time of the exercise will not exceed 250% of the exercise price.

The scale of the LTI for each financial year as well as the other terms of the LTI, in particular its term, exercise price and the exercise threshold, will be determined by the Supervisory Board before it grants the respective LTI, taking into account SAP's current situation.

1.5 Limitation of disbursement claims in special cases

In special cases, e.g. if the Executive Board is not discharged and (cumulatively) if there is good cause, the Supervisory Board may opt to either postpone the payment of, or ultimately refrain from paying, any variable remuneration components that were already granted.



2. Other benefits

In addition to the remuneration components described above, each Executive Board Member will receive

- continued remuneration payments, which will be time-limited, in case of illness and death;
- compensation in certain cases where the Service Contract has been terminated early;
- old-age pension and surviving dependents pension commitments;
- a company car for business and private use; and
- reimbursement of any travel costs and expenses as well as any other expenditure incurred in the interest of SAP based on the actual costs incurred.

SAP will also take out D&O insurance for the benefit of each Executive Board Member, providing for a deductible which is to be borne by the respective Executive Board Member and the amount of which corresponds to the minimum amount prescribed from time to time by law.

The new remuneration system is to be implemented by way of corresponding amendments to the Service Agreements of the Executive Board Members to be effected in April/May 2010.

Walldorf, April 2010

SAP AG

The Supervisory Board