

2011 Shareholder Meeting – Speech Jim Hagemann Snabe

UNDER EMBARGO UNTIL 10:30 a.m. on May 25, 2011

Good morning, ladies and gentlemen,

A warm welcome to you all from me as well, to those of you here in the SAP Arena and those of you following the meeting on the Net.

I was hoping my German would be perfect by this year. Sadly, not everything in this world moves as fast as innovation at SAP.

Innovation: The key to our success

As Bill said earlier, SAP's business did really well in 2010. We can thank our innovation strategy for that. Our own innovative drive – and our partners' – are the key to our success. And we buy innovation, if that's what it takes to get into new market segments. Sybase is one very good example.

[SLIDE: Innovations for Our Customers]

If you go for innovation, you have to remain focused. It's no good trying to please everybody. We have clearly defined the pillars of our product strategy. They are on-premise, on-demand, and on-device – harnessing game-changing technologies like in-memory.

On-premise

[SLIDE: Innovations On-Premise]

Let's start with our on-premise solutions – solutions that are installed at the customer's place of business. Examples include the SAP Business One software for small businesses and SAP Business All in One solutions for midsize companies, and of course the SAP Business Suite software for large companies. Other examples are our range of business analytics solutions for companies of all different sizes. We've developed and delivered new editions of all these products in the last 12 months.

Take one example from the SAP Business Suite: The SAP CRM 7.0 software we recently released is a highly successful customer-relationship management system. Let's look together at what one Business Suite customer has to say about deploying the latest edition of SAP CRM.

[CUSTOMER VIDEO: WMF]

On-premise is a strategic market for us, and our innovations have made it a growth market for SAP again.

Over the past 12 months, more than 40,000 customers chose to buy new SAP software – and 15,000 of them are new customers. Our huge pool of experience across all industries is clearly a major factor in that success. A few days ago, one of the leading firms of analysts gave us a glowing report card – better than our competitors' – for just that reason. SAP is **the** place to go for industry solutions, from auto to power and light, to retail, to logistics, across the entire spectrum to public sector, banking, and insurance.

On-demand

[SLIDE: Innovations On-Demand]

We launched a new line of business in 2010 – solutions that customers source on the Net when they need them. "On-demand" solutions mean that customers don't need to run a data center or install any software. Our efforts are focused on SAP Business ByDesign, a suite of on-demand solutions. As you will recall, this new product suffered some delays in the past. So we realigned the team and brought in some new development processes. That greatly increased the pace of innovation – and last year in August we were proud to unveil this excellent new product. It opens up new target markets for us among small businesses and midsize organizations that manage their IT on the Net, on demand. Added to that, SAP Business

ByDesign now offers our partners a platform to really innovate on. They can develop extensions to SAP Business ByDesign.

To date, 500 customers in nine countries have selected SAP Business ByDesign. And that's just the beginning! You may remember when we delivered SAP R/3 in 1992. We made it the all-time most successful product in our industry. Well, in its first three quarters on general release, SAP Business ByDesign's customer base grew twice as fast as SAP R/3's.

Last year, here in the SAP Arena, we showed a movie of a scenario using SAP Business ByDesign on the iPad. Today, let's see one of our many new customers that already uses our on-demand suite:

[CUSTOMER VIDEO: HELIOTRON]

As we promised you last year at this meeting, you can try out SAP Business ByDesign and other innovations for yourself here, today. SAP Business ByDesign is just one example of the new on-demand products SAP is developing. Just last week at SAPPHIRE, we presented SAP Sales OnDemand. It's the first new solution for people in sales, and it's designed to be easy to use. And more applications for other aspects of business will follow.

Now let's move on to on-device, the third pillar of our product strategy alongside on-premise and on-demand.

On-device

[SLIDE: Innovations On-Device]

"On-device" is about offering our customers solutions that run on pretty much any equipment – from the classic desktop back at the office, through to the latest mobile devices. That could be almost anything: an Apple iPad, say, or another make of tablet, or any kind of smart phone.

Bill has already mentioned our acquisition of Sybase. That can put us in touch with a total of 4.5 billion mobile devices. Sybase has the world's best platform for developing mobile apps for all kinds of device. That makes the Sybase Unwired Platform a strong driver of innovation in our on-device strategy. Last week at SAPPHIRE in Orlando, we presented version 2.0 of the platform plus 11 industry solutions. And of course it is also a platform that our many partners can create their innovations on.

In-memory technology

[SLIDE: Innovations for the Entire Portfolio]

On-premise, on-demand, on-device: In each of these fields, our success builds on game-changing new technologies. SAP NetWeaver is our technology platform, and in 2010 we delivered the new-generation NetWeaver 7.3.

For us, the key innovation is in-memory technology. Today, we can hold enormous amounts of data in the working memory of the device or system, and process it right there. So now we don't have to keep reading items of data from a database. We can analyze large amounts of data much more swiftly. And potentially, in-memory can make classic database systems redundant. At SAP, in-memory is past the vision stage. It is reality now. You have already seen our HANA product at work for a customer. HANA was developed in record time. From conception to delivery took just nine months. In the foreseeable future, in-memory technology will permeate our entire portfolio.

Our technology has the potential to transform the IT industry. That is what one of our industry's leading analysts said last week.

[SLIDE: Innovations Easily Orchestrated]

We are strong at converging the different technologies. We can make processes and data interlock across all applications. It's called orchestration. We offer our customers real value and maximum consistency by combining on-premise, on-demand, on-device, and in-memory.

Innovation streamlined

[SLIDE: Innovations Faster to the Customer]

To see where we're headed, don't just look at **what** we offer now, but also at **how** we drive innovation. A year ago, I told you we were going to be innovating faster. That means getting products to customers faster. And yes, we have greatly accelerated our innovation cycles. We've streamlined our processes across all product lines. We rolled out two new editions of SAP Business ByDesign in the space of six months, and the next version should be ready in August. In mobile apps we can cut innovation cycles down to a matter of weeks, thanks to the new Sybase Unwired Platform. We've also speeded up innovation in our core business with SAP Business Suite. The next enhancement package will ship a month sooner than expected.

At the heart of everything we do are our customers. That doesn't just go for our sales force and support services; it's true for all of our developers as well. We involve customers in all of our innovation processes to make sure what we deliver really is what the market needs and our customers want. Oliver Bussmann, our chief information officer, has made SAP itself one of our best test customers. We put our own new products straight to work – real work at SAP – as early as we possibly can. That way, we get to optimize products more rapidly. And we are better equipped to sell the value of our new solutions.

But we are not just faster and more customer-focused; we've also grown more efficient. We're now working in smaller teams that are more responsible for their own outcomes. Our processes are clearer now; we make decisions faster, and we've raised the pulse of innovation. We are confident that our innovation strategy and our new innovation processes will deliver strong growth rates in the double-digit range.

People at SAP

[SLIDE: People at SAP]

People are of course a crucial element in the success of our Company; that is, the people who work for us. It's our people who drive innovation. It's our people who know and understand our customers, and deliver the real value for them. And it's our people who represent our mission and our brand, the world over.

SAP lives on great people, their expertise, and their commitment. On behalf of the Executive Board, I'd like to thank all of our employees for their work – it's what makes our Company so successful.

But it's not always easy to find and retain the right employees. Think global trends: aging societies, weaknesses in educational systems, shortages of skilled personnel – even here in Germany. A global company like SAP needs a forward-looking people strategy. Because we can only achieve our objectives as a company if we have the right people with the right skills at the right places.

Our new chief human resources officer and labor relations director, Angelika Dammann, is key in developing and implementing our people strategy. Angelika Dammann's appointment has improved diversity at the top of SAP. And we intend to continue driving for diversity throughout the Company. Our creativity and our ability to innovate depend on it.

Building as much diversity as we can is nothing new at SAP. We are one of the most international companies in all of Germany. In Walldorf alone, people from more than 75 different countries work for us. But just like in the entire IT industry, at SAP the proportion of women in positions of leadership is not as high as we'd like. So earlier this month, the Executive Board decided to raise the proportion of women in management at SAP from 18%, which is where we are now, to 25% by 2017. And we have a plan that will get us there.

An employer that wants more women in leadership has to begin by ensuring the right conditions are in place. After all, there are still many more men than women on technical training and university programs. So in many countries we are working for better educational opportunities for all young people. Closer to home, we will make even greater conscious efforts to recruit women to SAP. We will give more targeted support and encouragement to women with high potential. Professional development and mentoring programs will have a crucial part to play. And, more than ever before, we will act to retain women who are in leadership positions in our Company. Last but not least, we will make sure **all** of our managers actively support this objective.

That is a very important task for us, as this aspect of diversity is a key driver of our innovation strategy. We made a pledge to the government of Germany that before this year is out we would announce our concrete

plan. We are now redeeming that pledge. We believe we're setting ourselves an ambitious target. But we're also confident we can achieve that target.

Sustainability

[SLIDE: Sustainability]

It makes me truly proud that our employees are committed to our strategy for sustainability. For SAP, sustainability is the key to our contribution to a better world. Over the past 39 years, SAP has always focused on enabling companies to optimize how they use resources. This is where we contribute to making businesses work more profitably and more sustainably. As the global leader in enterprise application software, we have a major role to play in driving this great global change for the better.

In 2010, we won many, many new customers for our sustainability solutions, including household names such as Coca-Cola, Dow Chemical, Barmer GEK, and Continental. We estimate that SAP software is helping cut global carbon emissions by around 2.5 million tonnes every year. For our customers, that translates to energy cost savings in the order of \$470 million U.S. annually.

We cut our own greenhouse gas emissions last year by 6% – even though we also grew our revenue by a huge amount. We are proving that more sustainability and more growth can go hand in hand. All in all, we have cut our greenhouse gas emissions by 25% since 2007. Today, almost half (48%) of the energy we consume comes from renewable sources.

And our efforts deliver a financial reward: Our energy consumption programs and targeted greenhouse gas cuts saved us €170 million in the last three years.

But for us, sustainability means much more than protecting the environment. We see sustainability in a wide context, and are committed to helping provide fair and equal access to economic opportunity worldwide, and we believe in responsible and ethical business practices.

Our Company has roots in Germany, and we owe a special debt of loyalty to Germany as a place of business. What does that imply for us in practice? At one level, of course, we make a contribution to the wellbeing of this country by employing people and paying taxes. But we also take our responsibility to this society seriously in other ways, most notably through our educational initiatives. For instance, we support nurseries for small children as well as practice-oriented programs at the cooperative state universities in our home state of Baden-Württemberg. Software Campus is a new project with a mission to train the next generation of IT leaders in Germany. It is being run by the German government in collaboration with SAP and other partners from the industry.

Versata lawsuit

[SLIDE: Versata]

Patent litigation, unfortunately, has become commonplace in the U.S., particularly in the IT industry. Our competitors face a far larger number of these cases than SAP.

On May 13 of this year SAP received a new verdict in an ongoing patent infringement trial with a company called Versata. This is an old case from 2007 in which a previous verdict was thrown out by the judge and a new trial ordered. In the new trial a jury in Texas found that a certain pricing functionality introduced in 1998 continues to infringe a single patent of Versata. They awarded Versata \$345 million (€241 million) in damages - \$260 million in lost profits and \$85 million as a reasonable royalty.

At this point we have not made a decision on a financial accrual as a result of the verdict. We are in the process of evaluating the situation and must also take into account that the facts may change between now and the end of the quarter when this decision needs to be made. The verdict did not have an effect on our share price and also received almost no media attention in the U.S., as the media there understand the nature of these cases.

The Versata lawsuit is based on technology developed in the mid-1990s and there is no proof that any customer ever used it. We believe that this verdict is not appropriate, and it is only one step in a long legal

process. We will file post-trial motions with the judge to overturn the verdict and are also considering all other legal options.

First-quarter results

[SLIDE: First Quarter 2011]

Bill has already reported to you on our 2010 trading results and our successful year. Now I'd like to present our results for the first quarter of 2011. Our growth was in double digits again, and we widened our operating margin again. Non-IFRS revenue from software and software-related services was €2.34 billion. That's an increase of 17% on the same quarter last year, at constant currencies. It was driven by strong growth in software license revenue – a 24% increase at constant currencies.

Revenue growth combined with more efficiency optimization led to a 1 percentage point improvement in our non-IFRS operating margin. This was in the expected range. And we are succeeding in our aim of widening our operating margin each quarter.

Our first-quarter operating cash flow was €1.6 billion. That is the biggest first-quarter operating cash flow SAP has ever achieved, and more than doubles last year's. We owe this happy outcome mainly to strong revenue growth in the fourth quarter of 2010.

I'd just like to mention our stock buy-back program: Since the start of this year we have repurchased 3.6 million shares on the stock exchanges, primarily for use in our employee participation programs. The average price we paid for these shares was €43.48, making a total spend of €158 million.

Asking the shareholders to support the management proposals

[SLIDE: Agenda Topics (abbreviated)]

At item 6 on today's agenda, we are asking you to approve an amendment to the Articles of Incorporation. The purpose of the amendment is to update the Articles so they are in line with our current capital structure, which has changed since the last amendment. That's because of the bonds that have been converted and options that have been exercised by people on SAP stock option plans.

The Company's powers to issue convertible bonds and stock options expire this month, and the proposal at item 7 on the agenda is to renew those powers. We believe it is in the Company's interest for the Executive Board to be able to raise finance this way again in the future. The terms we propose are customary.

Item 8 on the agenda asks for a resolution to approve a control and profit transfer agreement between SAP AG and a wholly-owned subsidiary. For more information about the agreement, please read the joint report by the SAP AG Executive Board and the management of the subsidiary. The report and the other documents for agenda item 8 are available for inspection at the speakers' table. Werner Brandt will go into more detail about this proposal later.

I would ask you, please, to approve these three proposals.

The stock in 2011 and the outlook for 2011

[SLIDE: SAP Stock – In 2011 Again Outperformed the Market]

The first-quarter numbers mean we've achieved double-digit growth in software and software-related service revenue in each of five straight quarters, improving our operating margin each time. It's really true: SAP is back on track for success.

The market was disappointed by our first-quarter numbers, and our stock slipped. That surprised us, because the results were strong. We reason that the market had already priced in higher first-quarter profits after our record performance in the fourth quarter. But we also realize we must communicate our results more precisely in the future, particularly any special effects and how they impact us.

Despite that dip, SAP stock is trending upward again this year. After last year's 15.5% gain, the stock has already climbed again by almost 15% in the current year.

[SLIDE: 2011 Outlook]

The first quarter results renewed our confidence that we will hit our ambitious targets for 2011. In 2011, we expect – as planned – an increase in non-IFRS software and software-related service revenue in the range 10% to 14% at constant currencies. We expect our non-IFRS constant-currency operating margin to widen 50 to 100 basis points. That means we expect to make a non-IFRS constant-currency operating profit of between €4.45 billion and €4.65 billion.

Close

Our motto for our customers is "Run better." It also applies to ourselves: We also want to run better, and even faster. So we have set ourselves some ambitious targets. We have a clear strategy for achieving our objectives together. And as of last year, we've been proving we can successfully realize that strategy and achieve strong, profitable growth. Bill and I, along with the entire Executive Board, are totally committed to driving success at SAP: for our customers, for our partners, for our employees, and most of all for you, our shareholders.

Thank you very much.