27th Annual General Meeting of Shareholders – May 21, 2014

Co-CEO Speech – Bill McDermott

UNDER EMBARGO UNTIL 11:00 AM, May 21, 2014

Check against delivery; the spoken word applies

Guten Morgen meine Damen und Herren. Willkommen in der SAP Arena.

(Good morning, ladies and gentlemen. Welcome to the SAP Arena.)

I know my German isn't improving much, but it's been a busy year running SAP.

Thank you for your continued trust and support.

2013 was a strong year of profitable growth for SAP. Today I'm pleased to share the details of our business results, and our ambitious plans for 2014 and beyond.

First, let me thank our more than 66,500 employees for making our success in 2013 possible. Dear shareholders, I'm sure I speak for all of us in thanking our SAP employees for their hard work and dedication.

I would also like to thank our Chairman, Hasso Plattner. SAP was built on his passion for innovation and courage to challenge the status quo. This is the foundation of the SAP culture which continues to inspire us all today.

Dear Supervisory Board members, thank you also for your continued confidence in the Executive Board.

As Hasso Plattner mentioned, we have a number of changes to our Board which I would also like to recognize. Allow me to welcome Bernd Leukert and Rob Enslin to the SAP Executive Board. I also welcome Helen Arnold and Stefan Ries to our Global Managing Board.

I would like to recognize former SAP Executive Board member Vishal Sikka for his role in evolving SAP HANA into a leading technology platform.

The Board has full trust in Bernd Leukert, and the global Development team who built SAP HANA, to continue to drive our technology leadership.

Next, let me also recognize our distinguished colleague, Werner Brandt, for his dedicated service to SAP. For over a decade, he has played a key role in guiding SAP through many changes in the market, while always keeping the company in a very solid financial position. It has been an honor for the entire Board to serve with him.

With Luka Mucic we have found an excellent successor, and are very pleased to welcome him as CFO in July.

And finally, let me recognize my co-CEO, Jim Hagemann Snabe. His vision and leadership have been instrumental in reinventing SAP and making it the company it is today. He has earned an extremely high level of respect not only from our global customers, but also our employees, for his personal integrity, openness and down-to-earth leadership style. On a personal note, without a doubt, it has been the highlight of my professional career to work alongside him as co-CEO. Please join me in recognizing his tremendous service to SAP.

You will be invited to vote on the election of Jim Hagemann Snabe to the Supervisory Board later in today's meeting. It would be highly valuable for SAP to keep him as a close advisor.

I am honored to build on the achievements of my esteemed colleagues, and to have your trust and support in leading SAP as sole CEO.

Leadership changes naturally come with uncertainties that we can only face by looking forward. Just as our market is evolving, we also must evolve. I assure you that the Board is as united and committed to the success of your company as ever.

(Slide: Our strategy accelerates the expansion of SAP's addressable market)

In 2010, we set out to reinvent SAP. We began with our vision that SAP's technology would have a positive impact on the world, and would improve the lives of individual people.

We bet on innovation and growth as our lead strategy. We predicted the world would change. We invested in mobility, which is rapidly transforming the way we work. We also recognized that with data in the world doubling every 18 months, in-memory computing would be a driving force – so we invented SAP HANA to redefine the database market. And we invested in cloud. Where we did not have the assets we needed for the customer, we bought the best ones in the market.

(Slide: Four years of success)

Over the past four years we've grown software and cloud subscription revenue by 93%, SSRS revenue by 71%, increased our operating profit by 88% and nearly doubled our market cap.

In the process, employee engagement has increased by 8 percent points to 77%, one of the highest scores our industry. Finally, we have strengthened our customer relationships and increased customer loyalty.

So, it is clear our strategy was the right one for our customers - and for SAP.

(Slide: We executed well on our strategy)

Looking at our cloud business today, our annual cloud revenue run rate exceeds €1 billion. The acquisitions of SuccessFactors and Ariba, in combination with organic innovations, are paying off. Today more than 36 million people use our cloud solutions and approximately 1.5 million companies trade over half a trillion U.S. dollars of goods and services through our Ariba Network. Key partners, such as Accenture, are investing in Ariba knowledge and skills, and will expand the network even further.

In August 2013, SAP acquired hybris, a leader in commerce software. Technologies such as the internet, mobile phones and social media have radically changed how we behave as consumers. We expect to get the same information and same experience, whether we're in a retail shop, or shopping on a mobile phone. This creates both an opportunity and a technology challenge for our customers. They are turning to SAP. By combining the hybris' e-commerce offering with SAP CRM and SAP HANA, we can offer them a next generation solution for managing customer relationships. Our investment of roughly €1 billion is already paying off. In the first quarter of this year, we delivered triple-digit revenue growth in the hybris platform in combination with SAP Cloud for Sales.

With the recent acquisition of Fieldglass, we are addressing another customer challenge - finding, on-boarding and managing contingent labor and services. Once we combine the Fieldglass assets with SuccessFactors and the Ariba Network, customers will be able to manage their business needs for permanent employees, flexible workforce and goods and services - all in the SAP Cloud.

SAP HANA is also now a key growth driver. In the three years since its launch, SAP HANA has generated approximately €1.2 billion in software revenue, and more than 3,200 customers worldwide have adopted it, making it one of the fastest growing products in the history of enterprise software. In 2013 alone, SAP HANA generated €664 million in revenue at constant currencies, an increase of 69% year over year. At the beginning of 2012, we put our entire SAP Business Suite on SAP HANA. Since its general availability just one year ago, approximately 1000 customers have chosen this solution, far exceeding our initial predictions.

Mobile and user experience are now at the center of our product design. With "SAP Fiori", we are renewing the SAP Business Suite with an intuitive and beautiful user experience for both mobile and desktop. Today, we have over 200 SAP Fiori applications available. Our ambition is to run all SAP applications with SAP Fiori.

We also have a healthy core business, with software revenue growth of 2% at constant currency in 2013. This is a very important metric which proves we can expand into the cloud AND deliver growth in our core software business. While we recognize there have been concerns that our move into cloud would be at the cost of our traditional business, our results prove otherwise.

In 2013, we continued to invest in attractive growth opportunities for our core business. We strengthened our focus on industries such as Public Services, Financial Services and Retail, and continued our investments in emerging markets, including the BRIC countries, the Middle East and Africa.

In established markets, we are creating new growth opportunities by offering customers the choice of consuming our applications and analytics on premise, in the cloud, or in an integrated model.

I'd like to share a short video about how this is giving one of our local German customers a competitive edge.

[VIDEO: Schaidt Innovations]

With the market position and innovation portfolio we have today, we are a stronger partner to our customers than ever before.

This reinvention of SAP could not have been possible without the support of our shareholders. Thank you for standing behind us and believing in this opportunity.

Turning to 2013 specifically, SAP had a very successful year of profitable growth.

(Slide: FY 2013: Performance vs. guidance)

Looking at how the year unfolded, during the first half, it became clear that the global economy would recover more slowly than predicted. At the same time, the market shift towards cloud computing was accelerating even faster than anticipated, particularly in North America. We predicted that other regions would soon follow, and we were correct. We took action, adjusting our targets and accelerating the execution of our cloud strategy.

I am pleased to report that we achieved or exceeded all dimensions of our guidance. Note that all figures are non-IFRS at constant currencies, unless otherwise indicated.

We achieved our guidance on cloud subscription and support revenue with €786 million, or approximately 130% growth.

We exceeded our guidance on software and software-related service revenue, with 11% growth.

And we delivered on our operating profit in the mid-range of our guidance with €5.9 billion, or 13% growth.

These are solid results that we can be proud of.

Our effective tax rates, both IFRS and non-IFRS, were in range or better than guided.

I would also like to add a comment on currency effects. We faced strong currency headwinds in 2013, with impact on both revenue and profit. We continually monitor the effects of exchange rates on our cash flow and hedge these when necessary.

Finally, I would like to mention our growing network of over 11,500 partners, which contributed more than one third of total revenues in 2013.

(Slide: 2013 regional performance)

Turning to 2013 regional performance, we again demonstrated our strength as one of the most global companies in our industry.

The Americas region delivered a 16% increase in software and cloud subscription revenue, largely driven by a triple-digit increase in cloud subscription revenue in North America and very strong core business in Latin America.

The EMEA region had a very strong year, with 8% growth in software and cloud subscription revenue. We were especially proud to deliver strong growth in our home market, Germany.

In the APJ region, the economic environment proved challenging, but we closed the year with a strong fourth quarter. This helped return us to modest 4% growth in software and cloud subscription revenue for the full year, in comparison to competitors whose growth remained flat or declined.

The emerging economies continue to be important growth markets for SAP. Key markets including China, Russia, and Brazil, achieved strong results.

We remain firmly committed to our growth plan for China. Our investments in the world's second largest economy are paying off. China is now one of our top seven global markets. In 2013 we placed a strong focus on building local partnerships. For example, by partnering with China Telecom, we are the first company to offer a full Human Capital Management system in the cloud in China. With this strategy, we are increasingly gaining the close trust of companies in China.

Let me also comment on the situation in Eastern Europe. Our primary concern has been securing the safety of our employees in the region. Overall, we did not experience a significant economic impact on SAP business in the first quarter. Although we see that customers are still investing in software, recent EU sanctions on Russia could lead to longer sales cycles. We are confident that any impact could be counterbalanced by our global sales. We are monitoring the situation closely.

In summary, 2013 was another strong year. We were able to grow our core software business and expand our operating margin, while transitioning to a cloud business model. This combination of achievements is unique in our industry and shows that our strategy for innovation and growth is the right one.

(Slide: Development of total amount of distributed dividends)

We believe our shareholders should benefit from SAP's profitable growth in 2013. Therefore, the Executive Board and the Supervisory Board propose to raise the dividend by 18% to €1.00 per share. This represents a dividend pay-out of approximately €1.2 billion, and a pay-out ratio of 36%.

You will be asked to vote on this later in the meeting.

(Slide: SAP's share price development)

Turning to our stock performance, the market has clearly validated our innovation strategy over the past four years. Since 2010, our share price has increased approximately 85%. SAP is a growth company and a strong investment opportunity.

We realize that as shareholders, you experienced some fluctuations over that past year. After significantly outperforming the major indexes in 2012, SAP stock increased 2.7% in 2013, while the DAX index increased 25.5%. SAP stock declined slightly compared to the benchmark indexes in the first quarter of 2014. The DAX 30 was virtually unchanged, while SAP stock declined 5.7%.

In 2013 we accelerated our move to the cloud, and the market is now digesting what this transition means for SAP.

Our direction could not be clearer. We embrace cloud, because this is what our customers want and expect SAP to do. With cloud, we are building a strong recurring revenue stream and aggressively taking market share in a valuable, fast-growth market.

At the same time, we continue to grow our core business by expanding our leadership in emerging markets, and leveraging our deep expertise in business processes to design solutions for strategic industries. In established markets, we bring our core solutions into the cloud and onto HANA with a beautiful user experience, reinvigorating them and making them accessible to even more customers.

Finally, we are becoming a simpler and more productive company. Our employees and our customers have told us we're complex, and we're listening. We are simplifying our own business processes and focusing our people on the frontline – close to our solutions and our customers.

We are confident this will continue to drive solid business results for your company, both in the short term and in the long term. From this position of strength, the time is right to take our strategy to the next level.

(Slide: Complexity)

Ladies and Gentlemen, Standing here today in Mannheim, I'm reminded of the famous quote by legendary Mannheimer and football manager, Sepp Herberger, who said "Der Ball ist rund". *(The ball is round.)*

The facts are clear. While we have been very successful over the past four years and remain committed to our vision, our market and the expectations of our customers have evolved. The game is changing and we have a clear strategy to stay ahead.

The most significant change by far, is that our customers no longer accept complexity. They clearly tell us that complexity is the greatest challenge to running and growing their companies. Too much of their IT budget goes to hardware and services to manage the complexity of their business processes and their IT landscapes. They are asking SAP to help them run simpler. They need solutions that are easy to consume, that make their employees immediately more productive, and that make it easy for them to grow.

Since 2010, we have successfully added many new innovations to our portfolio. Now we must dramatically simplify, by reducing the time and effort it takes for customers to consume our innovations.

Solving this challenge is our greatest opportunity.

Let me be very clear, dear shareholders, that by "simplify", I do not mean SAP should do simple things. For over 40 years, we have managed highly sophisticated, mission-critical business processes that drive entire industries. This is our foundation. It is what makes us SAP.

By "simplify", I mean we must make it dramatically faster and easier for our customers to adopt and use our solutions. Our traditional on premise model provides ongoing value and growth. But it does not always make it simple for customers to adopt new innovation. Customers need options. And they're looking for a trusted partner in the cloud.

(Slide: Delivering simplicity through the cloud)

Let me give you an analogy to better explain the opportunity.

Imagine a utility, like electricity.

Today we take electricity for granted. But once, businesses, such as industrial factories, had to generate their own power. It was complex. It required costly equipment and special skills, and as their businesses grew, they couldn’t meet the demand. Then electricity became available as a central service through massive power plants. It simplified everything. Factories no longer had to deal with the cost and complexity of generating power. They could simply consume what they needed, when they needed it.

In simple terms, this is what is happening today with cloud computing. In the traditional IT model, every business has to implement and manage its own business applications. At times, it can be costly and complex. Cloud computing changes this for our customers. SAP can now manage this complexity for them. Much like electricity, customers get instant consumption, instant value and radical simplicity. This is why more and more customers are moving to the cloud.

That is why we have clearly set the direction that SAP must be THE Cloud Company powered by SAP HANA.

I would like to briefly address two important points regarding cloud - security, and the transition of our business model.

One of the key reasons customers choose SAP cloud solutions is because they trust in our security and data protection practices. The availability, security, and data protection of our cloud operations meet the highest standards in our industry. We continue to expand our global network of data centers to give customers a clear choice about where their data resides. In 2013 we saw some of our most conservative customers, who have been unsure about working with smaller cloud companies, turning to SAP as a trusted partner in the cloud. We take their trust extremely seriously.

(Slide: Shift to cloud subscription model)

On the business model - As shareholders, you recognize that our traditional on premise business model is very profitable. Customers buy licenses, implement the solution in their IT landscape, and usually invest in services and support. SAP books the total initial purchase price upfront, and receives on-going maintenance fees.

In the cloud, the revenue pattern is different. When a customer decides on a solution, no implementation in their IT landscape is required. Instead of a license, the customer pays a ratable fee which is fixed over the contract duration.

Initially SAP receives less revenue compared to the traditional model. However, over time when scaling the business we have a more predictable revenue stream with a higher Net Present Value.

If you compare the deals in this example, in the cloud model we break even in revenue after four years and in profit after five years.

(Slide: Impact of the shift to cloud on mid-term outlook)

Looking at our total revenue, we anticipate that in the future our fast-growing cloud business, along with growth in support revenue, will drive a higher proportion of more predictable, recurring revenue. We have moved our 35% operating margin target from 2015 to 2017 to capture this opportunity.

As we demonstrated in 2013, we are managing this transition gradually as we have the advantage of our solid and growing core business.

(Slide: SAP Cloud powered by SAP HANA simplifies everything)

We have talked about simplification and cloud. How will SAP become THE Cloud Company powered by SAP HANA and make businesses run simpler?"

We will simplify our solutions by moving all of our applications and analytics to the SAP HANA platform. SAP HANA simplifies IT landscapes by reducing the amount of data in applications, which reduces the need for hardware.

Further, we simplify how customers consume our solutions, by bringing them into the SAP Cloud. We offer applications for lines of business, such as HR, Sales, Finance or Procurement, in the public cloud where all users connect to the same solution – like in the electricity example. We also offer our solutions in the private cloud, where customers have their own version of the applications and can run their highly customized business processes. We then provide deep integration between all our cloud solutions, and also with customers' on premise applications.

We are confident that with this strategy, we can make businesses run simpler, and drive the next phase of our growth.

(Slide: Making the world run better and improving people's lives.)

Our vision is to "make the world run better and improve people's lives." We take sustainability and social responsibility seriously. While we have many examples of how our solutions are positively impacting the world, I believe this example is one of the most compelling.

Please enjoy this brief video about how SAP HANA is changing healthcare right here in our own region.

[VIDEO: National Center for Tumor Disease]

In 2013, we were ranked the number one software company in the Dow Jones Sustainability Index. In 2014, we continue our efforts with a commitment to power all of our data centers with 100% renewable energy.

(Slide: Valuing people. Valuing diversity.)

Most importantly, we continue to listen closely to our employees. Our employees have told us that they are ready for the next phase of our innovation strategy and are eager to work with the Board to make SAP a simpler company for our customers.

I am pleased that Stefan Ries has rejoined SAP as our Global Head of Human Resources, reporting directly to me.

While we had many programs focused on our employees in 2013, I would like to comment on two in particular.

First, we continue to increase the number of women in leadership roles at SAP. We've already seen an increase from 18.7% in 2010 to 21.2% at the end of 2013. We aim to have 25% of management positions held by women by 2017. The recent appointment of Helen Arnold as

CIO and member of the Global Managing Board is an excellent example of how women at SAP are growing their careers to very senior levels.

Second, we launched a truly unique diversity program in 2013, Autism at Work. Recognizing the valuable abilities that people with autism bring to the workplace, we aim to have 1% of our global workforce represented by people on the autism spectrum by 2020.

We remain deeply committed to developing the unique talents of our people, and believe that a variety of cultures, lifestyles, opinions and interests creates an environment that fosters innovation and happiness.

(Slide: Agenda topics (abbreviated))

Let me now turn to the specific agenda items 6 and 7. More details on these items can be found in the joint reports by the SAP AG Executive Board and the management of the respective subsidiaries, and are also summarized in the invitation for today's meeting.

Regarding agenda item 6, we are asking you to approve two amendment agreements to existing control and profit and loss transfer agreements between SAP AG and two subsidiaries. These agreements have been in place since 2006.

The primary rationale of the agreements was to establish a fiscal unity between SAP AG and the two subsidiaries for both corporate income and trade tax purposes, in order to optimize the SAP Group's tax burden and Group tax cash flow. Furthermore, the agreements also aimed to ensure uniform control of the subsidiaries' managements and their integration into the SAP Group. Due to a recent change in German tax law which took effect in 2013, these agreements need to be amended. The amendments are intended to clarify that the references to the statutory loss transfer provisions pursuant to section 302 of the German Stock Corporation Act already contained in the agreements, always relate to the latest version of this provision.

German law requires that in order for the amendments to become effective, they must be approved by the respective shareholders' meetings of the subsidiaries as well as of SAP AG as the controlling entity with a majority of at least 75% of the votes cast. The amendments will only become effective upon registration in the commercial register of the respective subsidiary.

Regarding agenda item 7, you are requested to approve a new control and profit and loss transfer agreement between SAP AG and one of its subsidiaries which was concluded in March 2014. The conclusion of this agreement also primarily serves to establish a fiscal unity between SAP AG and the subsidiary for both corporate income and trade tax purposes, and it is also aimed to ensure uniform control of the subsidiary's management and its integration into the SAP Group.

The agreement will only become effective upon approval by the general shareholders' meeting of both SAP AG and the subsidiary and subsequent registration in the commercial register of the subsidiary. The agreement is concluded for a minimum term of five full years which is required for the establishment of a fiscal unity.

The subsidiary is a wholly-owned direct subsidiary of SAP AG with the legal form of a German limited liability company. Its activities are limited to holding partnership interests in two US investment funds. The first is SAP Ventures Fund II, L.P. which has a volume of US$ 651 million investing in innovative and rapidly expanding IT companies that have already established the success of their business model. The second is SAP HANA Real Time Fund which has a volume of US$ 406 million, mainly investing in international venture capital funds at the beginning of their respective terms, as well as in newly founded companies that focus on the development of IT, cloud solutions and real-time technology in order to make use of the economic potential of controlling large amounts of data.

The funds have a remaining term of around nine years for the SAP Ventures Fund II and 15 years for the SAP HANA Real Time Fund.

Having said this, I would like to ask you to approve these agenda items.

Let me also briefly address agenda item 8, the intended conversion SAP AG to an SE. Complete documentation can be found on our website. We are proposing the change of the legal form of SAP AG from a German stock corporation into a European Company, or ‘SE’. This requires the consent of the Annual General Meeting of Shareholders, and you are therefore requested to vote on this under agenda item 8 a) and b).

The conversion has several advantages for SAP AG.

First, this change emphasizes that SAP is a truly international company with European roots, reflecting the importance of our European and international operations.

Even more importantly, this allows us to develop a model for the involvement of the European employees that is tailored to our unique needs. The framework of this model is defined in the Employee Involvement Agreement, which we negotiated with the representatives of our European workforce.

According to this agreement, we would limit the size of the Supervisory Board to 18 members, with the opportunity to further reduce its size to only 12 members from 2018 onwards. This allows us to optimize both the corporate governance structure of SAP and the work of its corporate bodies. Without the change of legal form to the SE, a larger Supervisory Board of 20 members would be inevitable due to the development of the number of German employees, affecting the efficiency of the Supervisory Board.

With the agreement with our European employees, I am confident we have found a very balanced solution that assures the contribution of all employees to the success of SAP.

What does this mean for you as shareholders? The SE conversion will have no implications on our shareholders, our shares or our stock exchange listings. You will simply become shareholders of SAP SE upon the conversion. You will retain the same number of shares that you held in SAP AG immediately prior to the effective date of conversion, and the shares will carry the same rights. The trading of SAP shares will not be affected by the conversion either. Only the quotation will have to be adjusted to “SE” due to the change of name.

For these reasons, I ask you for your approval for this significant step in SAP’s history.

(Slide: We continue to focus on ambitious growth)

Ladies and Gentlemen, in summary, our strategy has never been clearer. We are transitioning SAP to the Cloud – to be THE Cloud Company powered by SAP HANA, helping our customers to simplify, and to grow.

We are confident in our core business, and will continue to focus on profitable growth. You can see this in the ambitious goals we set for 2014, and for 2017.

We have spoken a lot about success today. I'm confident in the success of SAP, and I'm also confident that in a few weeks the German national football team will be equally successful in Brazil. I wish them all the best in playing with Team USA in the first stage…

I'd like to share a short video from a good friend of SAP who knows the importance of finding a competitive edge.

[VIDEO: Oliver Bierhoff]

In closing, on behalf of the entire Board, thank you for your continued trust. We're all looking forward to a successful year and a great future for SAP.

Vielen Dank. *(Thank you).*

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