

[Non-binding translation from German]

Joint Report
of the Executive Board of SAP AG and
the Management of SAP Ventures Investment GmbH

pursuant to Section 293a of the German Stock Corporation Act (*Aktiengesetz*; **AktG**) on the Control and Profit and Loss Transfer Agreement between SAP AG and SAP Ventures Investment GmbH dated March 18, 2014

I. General information

The Executive Board of SAP AG and the management of SAP Ventures Investment GmbH hereby submit pursuant to Section 293a AktG the following report on the Control and Profit and Loss Transfer Agreement dated March 18, 2014 ("the **Agreement**") between SAP AG and SAP Ventures Investment GmbH (hereinafter also referred to as the "**Subsidiary**"), which will be presented to the General Meeting of Shareholders of SAP AG for approval.

The Agreement requires both the approval of the General Meeting of Shareholders of SAP AG and the approval of the shareholders' meeting (*Gesellschafterversammlung*) of the Subsidiary in order to take effect. The Executive Board and the Supervisory Board of SAP AG will propose to the 27th annual General Meeting of Shareholders of SAP AG, which has been convened for May 21, 2014, that the conclusion of the Agreement be approved. Conclusion of the Agreement will also be proposed for approval at the shareholders' meeting of the Subsidiary, which is scheduled for March 2014.

Pursuant to Section 294 (2) AktG, the Agreement must also be registered in the commercial register for the Subsidiary's registered office in order to take effect. In respect of the provisions governing the transfer of profits and losses (but not in respect of the control-related terms thereof), the Agreement will apply with retroactive effect for the period from the beginning of the fiscal year of the Subsidiary in which the Agreement takes effect upon registration in the commercial register for the Subsidiary's registered office.

II. Parties to the Control and Profit and Loss Transfer Agreement

1. SAP AG

SAP AG, having its registered office in Walldorf and being registered in the commercial register of the Local Court of Mannheim under HRB 350269, is a listed stock corporation under German law (*Aktiengesellschaft*) and the parent company of the SAP Group. As of December 31, 2013, the SAP Group had 66,572 employees worldwide (full-time equivalents) and generated revenue of around € 16.8 billion in fiscal year 2013.

According to its Articles of Incorporation, the corporate purpose of the Company is direct or indirect activity in the area of development, production, and marketing of products and the provision of services in the field of information technology, and particularly in the following fields:

- developing and marketing integrated product and service solutions for e-commerce;

- developing software for information technology and the licensing of its use to others;
- organization and deployment consulting, as well as user training, for e-commerce and other software solutions;
- selling, leasing, renting, and arranging the procurement and provision of all other forms of use of information technology systems and relevant accessories;
- making capital investments in enterprises active in the field of information technology to promote the opening and advancement of international markets in the field of information technology.

SAP AG is authorized to act in all the business areas listed above and to delegate such activities to affiliated enterprises within the meaning of Sections 15 ff. AktG; in particular the Company is authorized to delegate its business in whole or in parts to such enterprises. The Company is authorized to establish branch offices in Germany and other countries, to found, acquire, and invest in other companies of the same or a related kind and to enter into collaboration and joint venture agreements. The Company is further authorized to invest in enterprises of all kinds principally for the purpose of placing financial resources. SAP AG is authorized to dispose of investments, to consolidate the management of enterprises in which it participates, to enter into affiliation agreements with such enterprises, or to do no more than manage its shareholding. Finally, SAP AG is authorized to take all actions and measures that are consistent with the corporate purpose or that directly or indirectly further the corporate purpose.

2. The Subsidiary

SAP Ventures Investment GmbH, having its registered office in Walldorf and being registered in the commercial register of the Local Court of Mannheim under HRB 714740, is a wholly owned direct subsidiary of SAP AG having the legal form of a limited liability company (*Gesellschaft mit beschränkter Haftung*).

The Subsidiary was established under the name of CARONORD GmbH on execution of the notarized articles of association (role of deeds no. 204/2012 of Henning Karow, notary public in Buxtehude). With effect as of June 27, 2012, SAP AG purchased all shares in CARONORD GmbH, which was renamed SAP Ventures Investment GmbH with effect as of July 25, 2012. The Subsidiary's fiscal year corresponds to the calendar year. It has nominal capital (*Stammkapital*) of € 25,000.

According to its articles of association, the corporate purpose of the Subsidiary is to acquire and manage investments, to take over management functions, to invest in commercial companies as personally liable partner or to acquire investments as limited partner (*Kommanditist*) in limited partnerships (*Kommanditgesellschaft*), as well as to manage its own assets. The Subsidiary may establish, take over and represent other enterprises with the same or a related purpose in Germany and abroad; it may also acquire investments in such enterprises and establish branch offices in Germany and abroad. The Subsidiary may also engage in all transactions that are suitable to promote its own corporate purpose and that of its companies.

The Subsidiary solely holds stakes in two US investment funds, SAP HANA Real Time Fund, L.P. and SAP Ventures Fund II, L.P.

SAP Ventures Fund II has a volume of US\$ 651 million. It invests in innovative and rapidly expanding IT companies that have already established the success of their business model by presenting products and customer figures with a positive development.

SAP HANA Real Time Fund has a volume of US\$ 406 million. The fund mainly invests 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 ("Big Data").

Both funds have the legal form of a so-called limited partnership under the laws of the US state of Delaware, which is comparable to a limited partnership under German law (*Kommanditgesellschaft*). Their respective so-called general partner (comparable to the personally liable partner (*persönlich haftender Gesellschafter*) of a limited partnership under German law) is solely authorized to manage the funds, including selecting its investments. The respective general partners of the funds are not affiliates of SAP AG within the meaning of Section 15 AktG. The Subsidiary is the sole so-called limited partner for each of the funds, i.e. its liability (similar to a limited partner (*Kommanditist*) under German law) in each case is limited to the amount of its mandatory capital contribution. The mandatory capital contributions of the Subsidiary are US\$ 650 million (SAP Ventures Fund II) and US\$ 405 million (SAP HANA Real Time Fund), whereas the mandatory capital contribution of the respective general partner of each fund is US\$ 1 million. The profits generated by each fund will generally be distributed among their shareholders in proportion to their contributions.

Each fund draws on the contributions as required for financing new investments until the contributions have been made in full. SAP AG has undertaken to provide the Subsidiary with the necessary funds by making shareholder payments into the capital reserves in order to allow the Subsidiary to fulfill its contribution obligations towards the funds.

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

According to the annual financial statements prepared in accordance with the German Commercial Code, the Subsidiary generated annual net losses in the amount of € 53,304.80 in fiscal year 2013, which were exclusively incurred by reason of exchange rate fluctuation (US\$ vs. Euro). The balance sheet as of December 31, 2013 reports total assets of € 59,866,387.80 and equity of € 59,866,387.80. The annual financial statements of the Subsidiary are included in the consolidated financial statements of SAP AG. The Subsidiary does not have any employees as at the date of this report.

III. Legal and economic reasons for the conclusion of the Control and Profit and Loss Transfer Agreement

The conclusion and the effective implementation of a control and profit and loss transfer agreement are (with regard to the control-related terms thereof) best suited to ensure the uniform control of the Subsidiary's management and its integration into the SAP Group. The Control and Profit and Loss Transfer Agreement will in particular enable the Executive Board of SAP AG to issue directions to the Subsidiary's management to a broad extent and in a facilitated manner in the overriding interest of the Group and to ensure that SAP AG and the Subsidiary will conduct their operations in a uniform manner.

Although the Subsidiary's shareholders' meeting may issue directions to the management, there is no legal certainty as to the extent to which the shareholders' meeting (or any other corporate body authorized to do so under the articles of association) may also issue

disadvantageous directions to the management. The Control and Profit and Loss Transfer Agreement provides the necessary legal clarity and allows even disadvantageous directions to be issued to a broad extent. Moreover, a formal resolution is required for each direction issued by the shareholders' meeting. For these reasons, the power granted to the shareholders' meeting to issue directions is not as suited to achieving the intended uniform control of the Subsidiary as a control agreement.

The conclusion of a control and profit and loss transfer agreement allows SAP AG (with regard to the profit and loss transfer terms thereof) to optimize its tax situation. The conclusion of an effective profit and loss transfer agreement and its actual implementation is a requirement for establishing a fiscal unity for both corporate income and trade tax purposes (*körperschafts- und gewerbsteuerliche Organschaft*). The fiscal unity for both corporate income and trade tax purposes has the benefit of allowing the positive and negative results of the companies forming part of the fiscal entity to be set off simultaneously. This allows the group's tax burden and group tax cashflow to be optimized.

The Control and Profit and Loss Transfer Agreement does not have any particular consequences from the perspective of SAP AG's shareholders, other than the obligation to assume losses, in particular because no compensation or settlement payments are due to outside shareholders.

IV. Explanation of the Control and Profit and Loss Transfer Agreement

The key provisions of the Control and Profit and Loss Transfer Agreement between SAP AG and SAP Ventures Investment GmbH are explained below:

1. § 1 Management of the Subsidiary's Business

Pursuant to Clause 1 (1) sentence 1 of the Agreement, the Subsidiary places the management of its company under the control of SAP AG. This is to lay down the transfer of decision-making powers to the controlling company, which is an essential element of a control agreement.

Clause 1 (1) sentence 2 of the Agreement provides for the controlling company's power to issue directions, which is a characteristic feature of a control agreement. SAP AG is thus entitled to issue directions to the Subsidiary's management with respect to the management of its business. As the Agreement does not contain any provisions to the contrary, directions may also be issued which are disadvantageous to the Subsidiary pursuant to Section 308 (1) sentence 2 AktG, provided that they serve the interests of SAP AG or the SAP Group. SAP AG may thus exercise a comprehensive controlling influence on the management of the Subsidiary's business.

However, Clause 1 (2) of the Agreement provides for an exception insofar as the power to issue directions does not extend to the amendment, maintenance or termination of the Control and Profit and Loss Transfer Agreement itself. The content of this clause is in accordance with the statutory provision laid down in Section 299 AktG and is intended to enable the controlled Subsidiary and its management to freely decide in its own responsibility on the content of the Agreement and its term.

The above provisions are customary for a control agreement.

2. § 2 Transfer of Profits

Clause 2 (1) sentence 1 of the Agreement lays down the obligation to transfer the entire profits to the other contracting party, which is a characteristic feature of a profit

and loss transfer agreement. Under this provision, the Subsidiary is obligated to transfer all of its profits in accordance with all the provisions contained in the latest version of Section 301 AktG to SAP AG during the term of the Agreement.

The reference to the provisions of Section 301 AktG contained in Clause 2 (1) of the Agreement is dynamic, which means that it always refers to the latest version of Section 301 AktG.

The current version of Section 301 sentence 1 AktG provides that, irrespective of any agreements made regarding the calculation of the amount of profit to be transferred, a company may in no event transfer as profit an amount exceeding the annual net profits accruing without such profit transfer, after deducting any loss carried forward from the previous year, the amount to be transferred to the statutory reserves pursuant to Section 300 AktG and the undistributable, restricted amount pursuant to Section 268 (8) of the German Commercial Code (*Handelsgesetzbuch; HGB*).

Pursuant to Clause 2 (2) sentence 1 of the Agreement, the Subsidiary may, subject to the consent of SAP AG, only allocate amounts from the annual net profits to the revenue reserves (*Gewinnrücklagen*) (Section 272 (3) HGB) to the extent this is permissible under applicable commercial law and justified in economic terms on the basis of a reasonable commercial assessment. Pursuant to Clause 2 (2) sentence 2 of the Agreement, the Subsidiary may withdraw the amounts allocated to the other revenue reserves (Section 272 (3) HGB) during the term of the Agreement from the other revenue reserves and transfer them as profits. Clause 2 (2) sentence 3 of the Agreement clarifies that the transfer of amounts resulting from the withdrawal from other revenue reserves which were set up prior to the beginning of the Agreement or from any capital reserves is excluded.

Clause 2 (3) sentence 1 of the Agreement determines that the obligation to transfer profits will apply for the first time for the full fiscal year of the Subsidiary in which the Agreement takes effect. In addition, the Agreement contains specific provisions regarding the constitution and due date of the claim for the transfer of profits: Pursuant to Clause 2 (3) sentence 2 of the Agreement, the claim for transfer of profits will arise and fall due at the end of the Subsidiary's balance sheet date.

The provisions described above are customary for a control and profit and loss transfer agreement.

3. § 3 Assumption of Loss

Clause 3 (1) of the Agreement provides for the obligation of SAP AG to assume any losses in line with the provisions contained in the latest version of Section 302 AktG. SAP AG is thus obligated to compensate any annual net loss that would otherwise, i.e. without such transfer of losses, be generated by the Subsidiary during the term of the Agreement, unless such annual net loss is compensated by withdrawal of any amounts from other revenue reserves to which funds were allocated during the term of the Agreement (latest version of Section 302 (1) AktG). SAP AG thus bears the economic risk for the Subsidiary in this regard. This obligation to assume losses is a mandatory consequence of a control and profit and loss transfer agreement.

The reference to the provisions of Section 302 AktG contained in Section 3 (1) of the Agreement is dynamic, which means that it always refers to the latest version of Section 302 AktG.

As a result of the reference to Section 302 AktG, the following other provisions are of relevance: Pursuant to the current version of Section 302 (3) AktG, the Subsidiary

may waive or settle the claim for compensation (of losses) no earlier than three years from the date on which the registration of the termination of the Agreement in the commercial register was announced pursuant to Section 10 HGB. This does not apply in the event that SAP AG is insolvent or compounds with its creditors to avert insolvency proceedings or if arrangements for compensation are made in an insolvency plan. Pursuant to the current version of Section 302 (4) AktG, the claim for compensation of losses becomes statute-barred after ten years from the date on which the registration of the termination of the Agreement in the commercial register was announced pursuant to Section 10 HGB.

Clause 3 (2) of the Agreement determines that the obligation to assume losses will apply for the first time for the full fiscal year of the Subsidiary in which the Agreement takes effect.

The provisions described above are customary for a control and profit and loss transfer agreement.

4. § 4 Effectiveness and Term

Pursuant to Clause 4 (1) sentence 1 of the Agreement, the Agreement will take effect upon its registration in the commercial register for the Subsidiary. The requirement of registration at the place of the Subsidiary's registered office for the effectiveness of the Agreement also ensues from Section 294 (2) AktG. However, the Agreement, only with regard to its Clause 1 (i.e. in respect of the control-related terms thereof), will only become effective upon the registration of the Agreement in the commercial register for the Subsidiary (Clause 4 (1) sentence 2 of the Agreement). In all other respects, i.e. with regard to the provisions on the transfer of profits and assumption of losses, the Agreement applies with retroactive effect from the beginning of the fiscal year of the Subsidiary during which this Agreement is registered in the commercial register for the Subsidiary (Clause 4 (1) sentence 3 of the Agreement).

Clause 4 (2) and (3) of the Agreement contains provisions concerning the term and termination of the Agreement. Clause 4 (2) sentence 1 of the Agreement provides that the Agreement will be concluded for a fixed term of five full years (*Zeitjahre*). The period for the calculation of such minimum contractual term commences at the beginning of the Subsidiary's fiscal year during which the Agreement becomes effective upon registration in the commercial register for the Subsidiary. Current legislation (Section 14 (1) sentence 1 no. 3 KStG in conjunction with Section 17 KStG) requires a minimum contractual term of five full years for the establishment of a fiscal unity for income tax purposes (*ertragsteuerliche Organschaft*).

The provision in Clause 4 (2) sentence 2 of the Agreement is also intended to ensure the minimum contractual term of five full years required for the recognition of a fiscal unity for income tax purposes. Under this provision, in the event that the five full years end during a current fiscal year of the Subsidiary, the minimum contractual term is extended to the end of that fiscal year pursuant to Clause 4 (2) sentence 1.

Pursuant to Clause 4 (2) sentence 3 of the Agreement, the Agreement shall continue for an indefinite period after expiration of the minimum contractual term, unless it is terminated in writing giving three months' notice to the end of the calendar year, taking into account the minimum contractual term.

Moreover, Clause 4 (3) sentence 1 of the Agreement clarifies that the Agreement may be terminated in writing for cause (*aus wichtigem Grund*) without observing any notice period. Pursuant to Clause 4 (3) sentence 2 of the Agreement, SAP AG is entitled to terminate the Agreement for cause in particular in the event that SAP AG

ceases to hold the majority of the voting rights in the Subsidiary, disposes of or contributes the shares in the Subsidiary, or SAP AG or the Subsidiary are merged, split or liquidated or an outside shareholder acquires shares in the Subsidiary for the first time within the meaning of Section 307 AktG.

5. § 5 Final provisions

The so-called severability clause contained in Clause 5 (1) of the Agreement ensures the validity and practicability of the Agreement in the event that individual or several provisions are invalid or impracticable at the time of its conclusion or become invalid or impracticable at a later date, e.g. by a change in legislation or court practice, as well as in the event that the Agreement contains one or several gaps. In the first event, the invalid or impracticable provision, pursuant to Clause 5 (1) sentence 2 of the Agreement, is to be replaced by a provision that comes as close as legally permissible to the economic result of the invalid or impracticable provision. In the second event, pursuant to Clause 5 (1) sentence 3 of the Agreement, instead of the gap a provision shall apply that would have been agreed by the parties with regard to their economic intention if they had been aware of the gap.

Clause 5 (2) sentence 1 of the Agreement establishes a rule for the construction of the Agreement, providing that the provisions contained in the latest version of Sections 14 and 17 of the German Corporate Income Tax Act (*Körperschaftsteuergesetz*; **KStG**) or any relevant successor provisions must be observed in construing the Agreement.

Finally, Clause 5 (2) sentence 2 of the Agreement provides that the provision on the assumption of losses in Clause 3 (1) of the Agreement shall prevail over the other provisions of the Agreement in the event of a conflict.

V. Determinations pursuant to Sections 304, 305 AktG / Audit of the Control and Profit and Loss Transfer Agreement

It is not necessary to include a provision governing compensation or settlement payments for outside shareholders of the Subsidiary in the Control and Profit and Loss Transfer Agreement, since the Subsidiary does not have any outside shareholders; SAP AG is the sole shareholder of the Subsidiary, directly holding 100% of its shares. It is therefore not necessary to have the companies involved officially valued in order to determine adequate compensation or settlement payments. Since SAP AG directly holds all shares in the Subsidiary, it is not necessary for the Agreement to be examined by qualified auditors (contract auditors (*Vertragsprüfer*)) pursuant to Section 293 b (1) AktG.

Walldorf, March 18, 2014

SAP AG

The Executive Board

Walldorf, March 18, 2014

SAP Ventures Investment GmbH

The Management