

# Second Quarter & Half Year 2008

## Preliminary Results Release



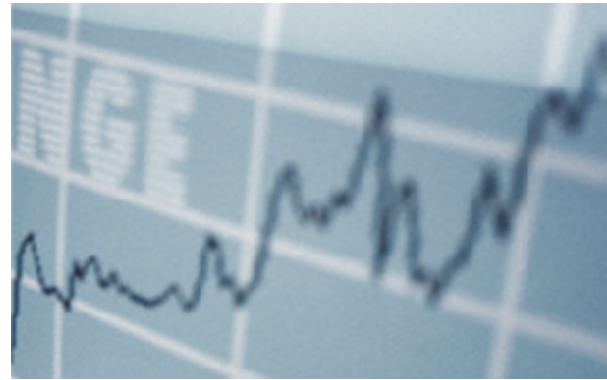
SAP AG

Walldorf, Germany

Tuesday, July 29, 2008

Any statements contained in this document that are not historical facts are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “intend,” “may,” “plan,” “project,” “predict,” “should” and “will” and similar expressions as they relate to SAP are intended to identify such forward-looking statements. SAP undertakes no obligation to publicly update or revise any forward-looking statements. All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. The factors that could affect SAP’s future financial results are discussed more fully in SAP’s filings with the U.S. Securities and Exchange Commission (“SEC”), including SAP’s most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates.

# Agenda



- 1. Second Quarter & Half Year 2008 At a Glance**
2. Income Statement Analysis
3. Revenue Breakdown
4. Market Share Analysis
5. Balance Sheet, Cash Flow & Headcount Analysis
6. Outlook

# Financial Highlights

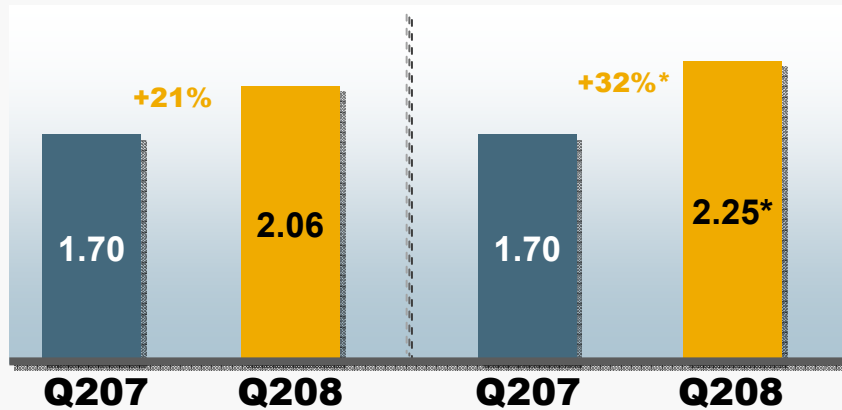
Second Quarter 2008



## SW & SW-Related Serv. Revenue (€ bn)

U.S. GAAP

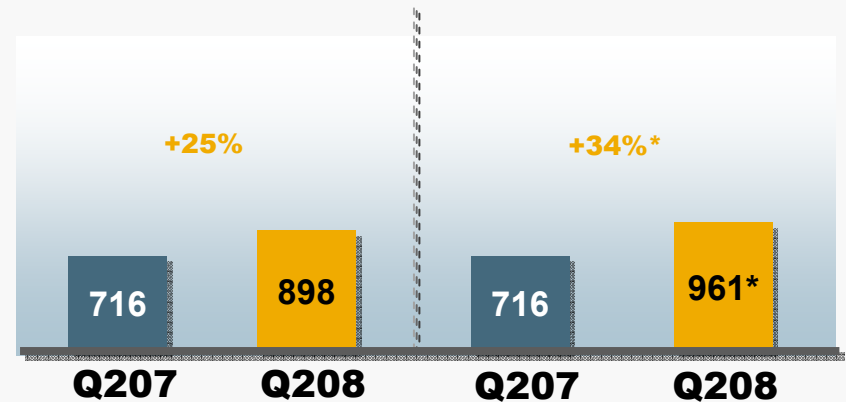
Non-GAAP



## Software Revenue (€ millions)

U.S. GAAP

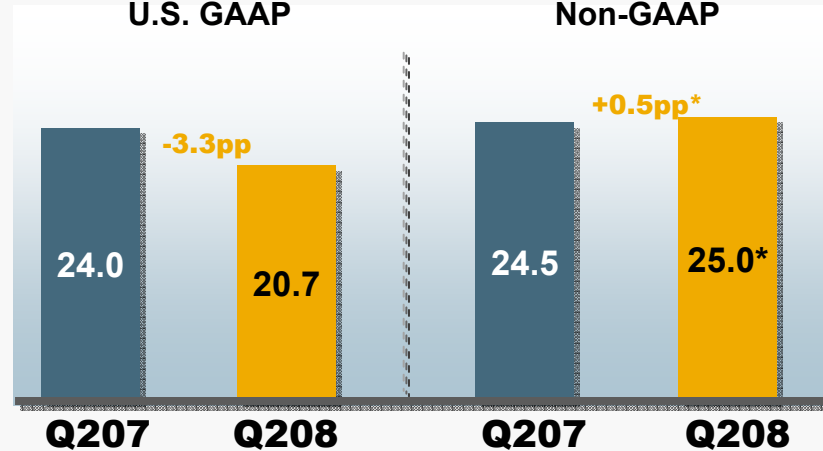
Non-GAAP



## Operating Margin (in %)

U.S. GAAP

Non-GAAP



# Financial Highlights

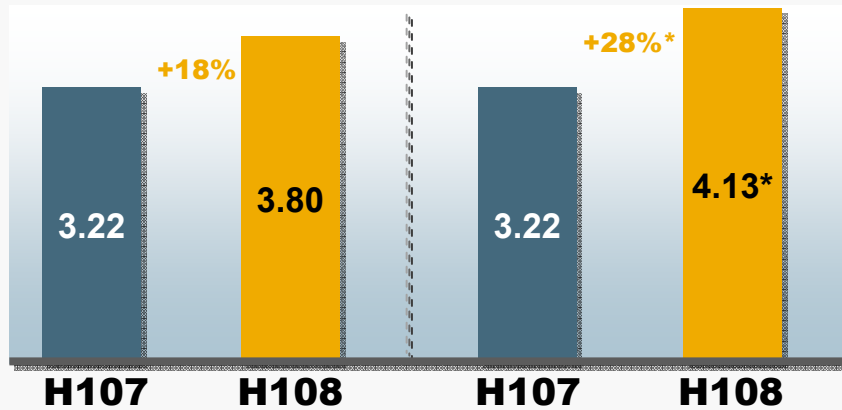
Half Year 2008



## SW & SW-Related Serv. Revenue (€ bn)

U.S. GAAP

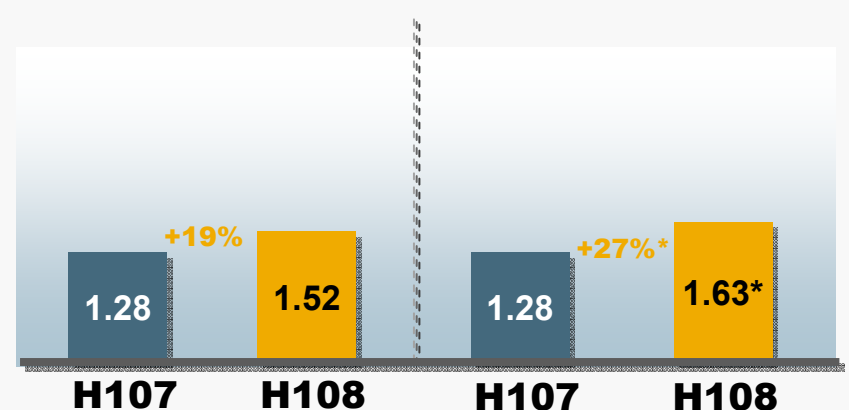
Non-GAAP



## Software Revenue (€ millions)

U.S. GAAP

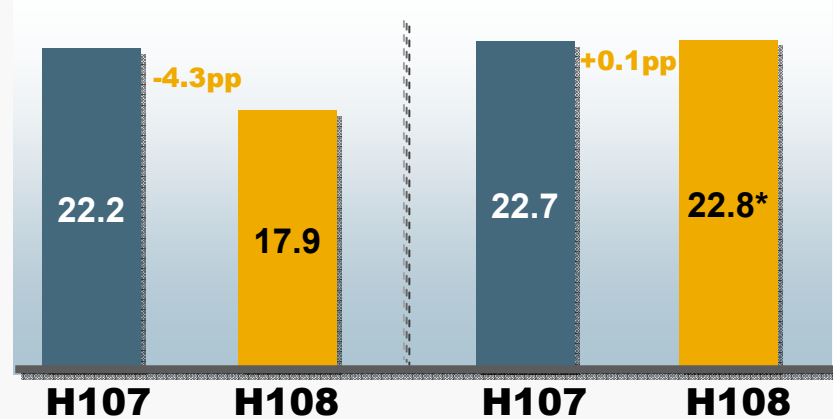
Non-GAAP



## Operating Margin (in %)

U.S. GAAP

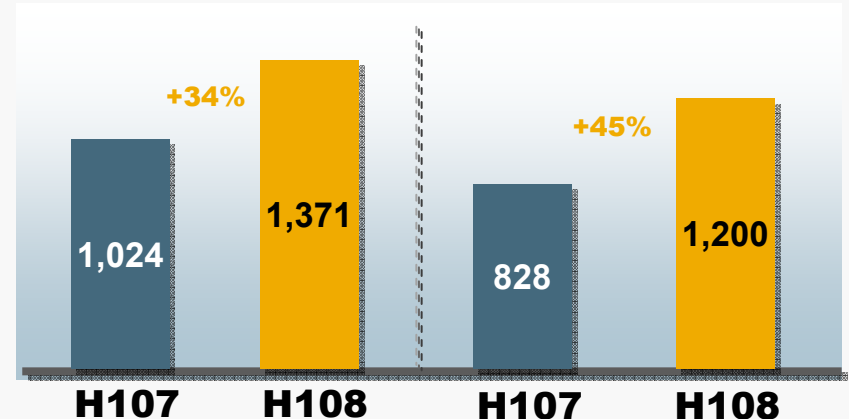
Non-GAAP



## Cash Flow (€ millions)

Operating Cash Flow

Free Cash Flow



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# Income Statement Overview

Second Quarter 2008 (U.S. GAAP)



## U.S. GAAP

	<b>Q2 2008</b> € millions	<b>Q2 2007</b> € millions	$\Delta$ %
Software revenue	898	716	25
Software and software-related service revenue	2,061	1,704	21
Total revenue	2,858	2,421	18
Total operating expenses	-2,265	-1,840	23
Operating income	593	581	2
Operating margin (in %)	20.7	24.0	-3.3pp
Financial income/expense, net	-13	34	n/a
Income from continuing operations before income taxes	599	611	-2
Income taxes	-188	-156	21
Income from continuing operations	411	453	-9
Net income	408	449	-9
EPS from continuing operations (basic, in €)	0.34	0.37	-8
EPS from discontinued operations (basic, in €)	0.00	0.00	

# Income Statement Overview

Half Year 2008 (U.S. GAAP)



## U.S. GAAP

	<b>H1 2008</b> € millions	<b>H1 2007</b> € millions	$\Delta$ %
Software revenue	1,520	1,278	19
Software and software-related service revenue	3,797	3,219	18
Total revenue	5,318	4,583	16
Total operating expenses	-4,366	-3,566	22
Operating income	952	1,017	-6
Operating margin (in %)	17.9	22.2	-4.3pp
Financial income/expense, net	-15	70	n/a
Income from continuing operations before income taxes	955	1,080	-12
Income taxes	-297	-313	-5
Income from continuing operations	658	765	-14
Net income	650	759	-14
EPS from continuing operations (basic, in €)	0.55	0.63	-13
EPS from discontinued operations (basic, in €)	-0.01	0.00	



# Income Statement Overview

Second Quarter 2008 (Non-GAAP)



## Non-GAAP

	<b>Q2 2008</b> € millions	<b>Q2 2008*</b> € millions	<b>Q2 2007</b> € millions	$\Delta$ % Non-GAAP	Non-GAAP constant currency
Software revenue	898	961	716	25	34
Software & software-related service revenue	2,113	2,247	1,704	24	32
Total revenue	2,910	3,094	2,421	20	28
Total operating expenses	-2,199	-2,320	-1,827	20	27
Operating income	711	774	594	20	30
Operating margin (in %)	24.4	25.0	24.5	-0.1pp	0.5pp
Financial income/expense, net	-13		34	n/a	
Income from continuing operations before income taxes	717		624	15	
Income taxes	-220		-161	37	
Income from continuing operations	497		461	8	
Net income	494		457	8	
EPS from continuing operations (basic, in €)	0.42		0.38	11	
EPS from discontinued operations (basic, in €)	-0.01		0.00	n/a	

\* % currency adjusted – actuals 2008 converted with the exchange rates of 2007

# Income Statement Overview

Half Year 2008 (Non-GAAP)



## Non-GAAP

	<b>H1 2008</b> € millions	<b>H1 2008*</b> € millions	<b>H1 2007</b> € millions	$\Delta$ % Non-GAAP	Non-GAAP constant currency
Software revenue	1,520	1,626	1,278	19	27
Software & software-related service revenue	3,896	4,128	3,219	21	28
Total revenue	5,417	5,739	4,583	18	25
Total operating expenses	-4,217	-4,430	-3,542	19	25
Operating income	1,200	1,309	1,041	15	26
Operating margin (in %)	22.2	22.8	22.7	-0.5pp	0.1pp
Financial income/expense, net	-15		70	n/a	
Income from continuing operations before income taxes	1,203		1,104	9	
Income taxes	-361		-322	12	
Income from continuing operations	842		780	8	
Net income	834		774	8	
EPS from continuing operations (basic, in €)	0.71		0.64	11	
EPS from discontinued operations (basic, in €)	-0.01		0.00	n/a	

\* % currency adjusted – actuals 2008 converted with the exchange rates of 2007

# Group Sales by Revenue Type

Second Quarter 2008 (U.S. GAAP)



## U.S. GAAP

	<b>Q2 2008</b> € millions	<b>Q2 2007</b> € millions	<b>△</b> %
Software	898	716	25
Support	1,099	944	16
Subscriptions and other softw. rel. serv.	64	44	45
SW & SW-rel. serv. rev.	2,061	1,704	21
Consulting	628	556	13
Training	114	104	10
Other services	26	28	-7
Professional services	768	688	12
Other revenue	29	29	0
Total revenue	2,858	2,421	18

# Group Sales by Revenue Type

Half Year 2008 (U.S. GAAP)



## U.S. GAAP

	<b>H1 2008</b> € millions	<b>H1 2007</b> € millions	<b>Δ</b> %
Software	1,520	1,278	19
Support	2,157	1,858	16
Subscriptions and other softw. rel. serv.	120	83	45
SW & SW-rel. serv. rev.	3,797	3,219	18
Consulting	1,215	1,074	13
Training	218	198	10
Other services	51	56	-9
Professional services	1,484	1,328	12
Other revenue	37	36	3
Total revenue	5,318	4,583	16

# Group Sales by Revenue Type

Second Quarter 2008 (Non-GAAP)



## Non-GAAP

	<b>Q2 2008</b> € millions	<b>Q2 2008*</b> € millions	<b>Q2 2007</b> € millions	$\frac{\Delta}{\%}$ Non-GAAP	Non-GAAP constant currency
Software	898	961	716	25	34
Support	1,151	1,220	944	22	29
Subscriptions and other softw. rel. serv.	64	66	44	45	50
SW & SW-rel. serv. rev.	2,113	2,247	1,704	24	32
Consulting	628	667	556	13	20
Training	114	121	104	10	16
Other services	26	28	28	-7	0
Professional services	768	816	688	12	19
Other revenue	29	31	29	0	7
<b>Total revenue</b>	<b>2,910</b>	<b>3,094</b>	<b>2,421</b>	<b>20</b>	<b>28</b>

\* % currency adjusted – actuals 2008 converted with the exchange rates of 2007

# Group Sales by Revenue Type

Half Year 2008 (Non-GAAP)



## Non-GAAP

	<b>H1 2008</b> € millions	<b>H1 2008*</b> € millions	<b>H1 2007</b> € millions	$\frac{\Delta}{\%}$ Non-GAAP	Non-GAAP constant currency
Software	1,520	1,626	1,278	19	27
Support	2,256	2,379	1,858	21	28
Subscriptions and other softw. rel. serv.	120	123	83	45	48
SW & SW-rel. serv. rev.	3,896	4,128	3,219	21	28
Consulting	1,215	1,286	1,074	13	20
Training	218	231	198	10	17
Other services	51	55	56	-9	-2
Professional services	1,484	1,572	1,328	12	18
Other revenue	37	39	36	3	8
<b>Total revenue</b>	<b>5,417</b>	<b>5,739</b>	<b>4,583</b>	<b>18</b>	<b>25</b>

\* % currency adjusted – actuals 2008 converted with the exchange rates of 2007

# Gross Margin Analysis

Second Quarter 2008 (U.S. GAAP and Non-GAAP)



	U.S. GAAP			Non-GAAP		
	Q2 2008 € millions	Q2 2007 € millions	△ %	Q2 2008 € millions	Q2 2007 € millions	△ %
SW & SW-related serv. revenue	2,061	1,704	21	2,113	1,704	24
SW & SW-related serv. cost	-418	-305	37	-373	-294	27
- SW & SW-related serv. margin in %	79.7	82.1	-2.4pp	82.3	82.7	-0.4pp
Professional serv. and other serv. revenue	768	688	12	768	688	12
Professional serv. and other serv. cost	-581	-524	11	-581	-524	11
- Professional serv. gross margin in %	24.3	23.8	0.5pp	24.3	23.8	0.5pp
SW & SW-related service, professional serv. and other serv. revenue	2,829	2,392	18	2,881	2,392	20
SW & SW-related service, professional serv. and other serv. costs	-999	-829	21	-954	-818	17
- Gross margin in %	64.7	65.3	-0.6pp	66.9	65.8	1.1pp

# Gross Margin Analysis

Half Year 2008 (U.S. GAAP and Non-GAAP)



	U.S. GAAP			Non-GAAP		
	H1 2008 € millions	H1 2007 € millions	△ %	H1 2008 € millions	H1 2007 € millions	△ %
SW & SW-related serv. revenue	3,797	3,219	18	3,896	3,219	21
SW & SW-related serv. cost	-785	-592	33	-692	-571	21
- SW & SW-related serv. margin in %	79.3	81.6	-2.3pp	82.2	82.3	-0.1pp
Professional serv. and other serv. revenue	1,484	1,328	12	1,484	1,328	12
Professional serv. and other serv. cost	-1,148	-1,029	12	-1,148	-1,029	12
- Professional serv. gross margin in %	22.6	22.5	0.1pp	22.6	22.5	0.1pp
SW & SW-related service, professional serv. and other serv. revenue	5,281	4,547	16	5,380	4,547	18
SW & SW-related service, professional serv. and other serv. costs	-1,933	-1,621	19	-1,840	-1,600	15
- Gross margin in %	63.4	64.4	-1.0pp	65.8	64.8	1.0pp



# Cost Analysis

Second Quarter 2008 (U.S. GAAP and Non-GAAP)



	U.S. GAAP			Non-GAAP		
	Q2 2008 € millions	Q2 2007 € millions	△ %	Q2 2008 € millions	Q2 2007 € millions	△ %
Research and development	-421	-353	19	-420	-352	19
- as % of total revenue	14.7	14.6	0.1pp	14.4	14.5	-0.1pp
Sales and marketing	-681	-535	27	-661	-534	24
- as % of total revenue	23.8	22.1	1.7pp	22.7	22.1	0.6pp
General and administration	-169	-127	33	-169	-127	33
- as % of total revenue	5.9	5.2	0.7pp	5.8	5.2	0.6pp
Other operating income/expenses	5	4	25	5	4	25
Total operating expenses	-2,265	-1,840	23	-2,199	-1,827	20

# Cost Analysis

Half Year 2008 (U.S. GAAP and Non-GAAP)



	U.S. GAAP			Non-GAAP		
	H1 2008 € millions	H1 2007 € millions	△ %	H1 2008 € millions	H1 2007 € millions	△ %
Research and development - as % of total revenue	-838 15.8	-692 15.1	21 0.7pp	-823 15.2	-691 15.1	19 0.1pp
Sales and marketing - as % of total revenue	-1,278 24.0	-1,013 22.1	26 1.9pp	-1,237 22.8	-1,011 22.1	22 0.7pp
General and administration - as % of total revenue	-321 6.0	-246 5.4	30 0.6pp	-321 5.9	-246 5.4	30 0.5pp
Other operating income/expenses	4	6	-33	4	6	-33
Total operating expenses	-4,366	-3,566	22	-4,217	-3,542	19

# Non-GAAP Operating Cost Analysis

Second Quarter & Half Year 2008

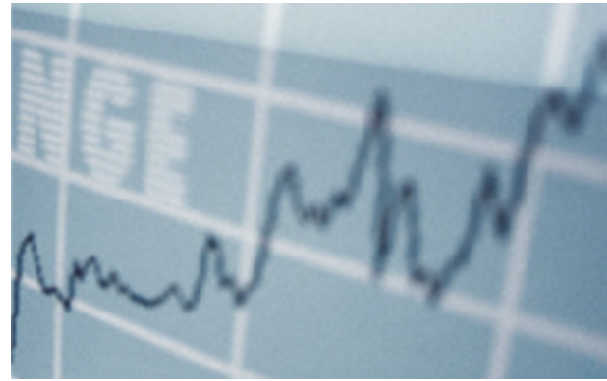


	<b>2008</b> € millions	<b>volume</b>	<b>currency</b>	<b>2007</b> € millions
<b>Q1 Total operating expenses</b>	<b>2,018</b>	<b>+395</b>	<b>-92</b>	<b>1,715</b>
<b>Q2 Total operating expenses</b>	<b>2,199</b>	<b>+493</b>	<b>-121</b>	<b>1,827</b>
<b>Total operating expenses</b>	<b>4,217</b>	<b>+888</b>	<b>-213</b>	<b>3,542</b>

- Personnel** Hiring (9,711 FTEs\*, net since Q2 2007)
- 3rd Party** Usage of third party services
- Travel** Increased business activity
- Litigation settlement expense** i2 Technologies

\* FTE = Full time equivalents

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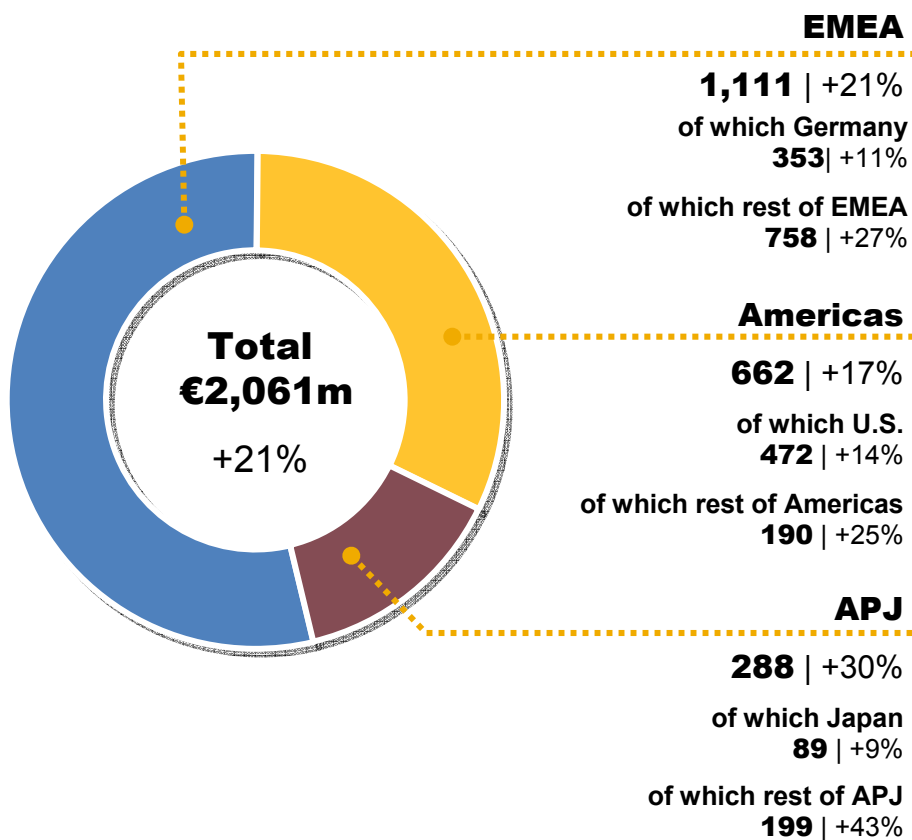
# U.S. GAAP Revenue Breakdown by Region\*

Second Quarter 2008

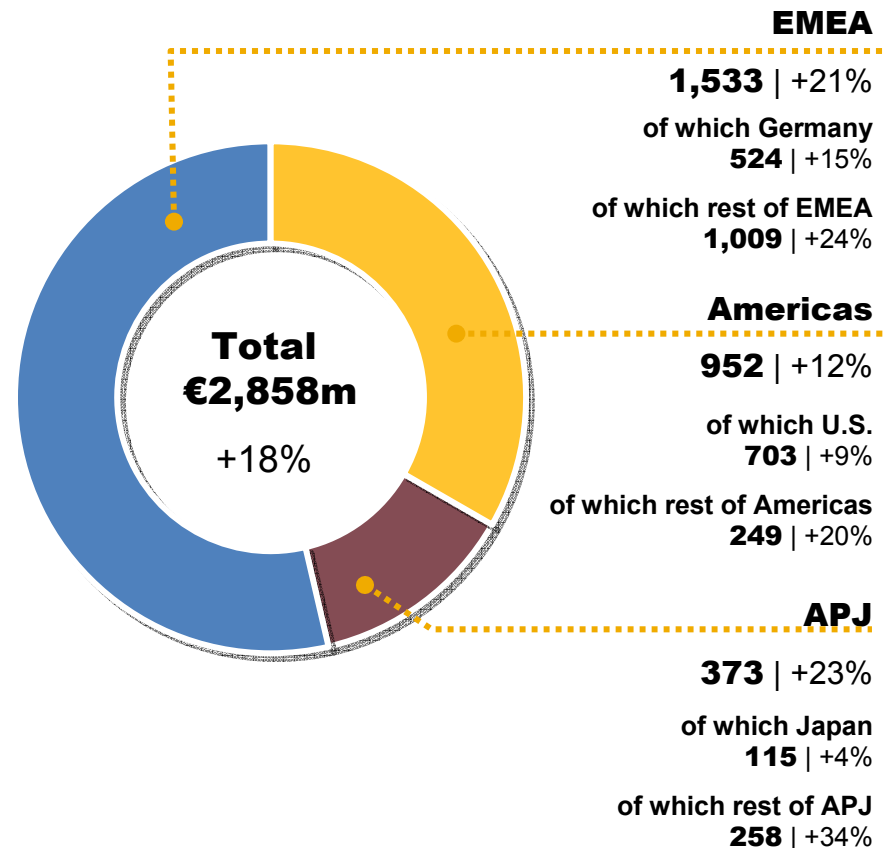


€ millions | yoy percent change

## Software and software-related service revenue by region\*



## Total revenue by region\*



\* Location of customers

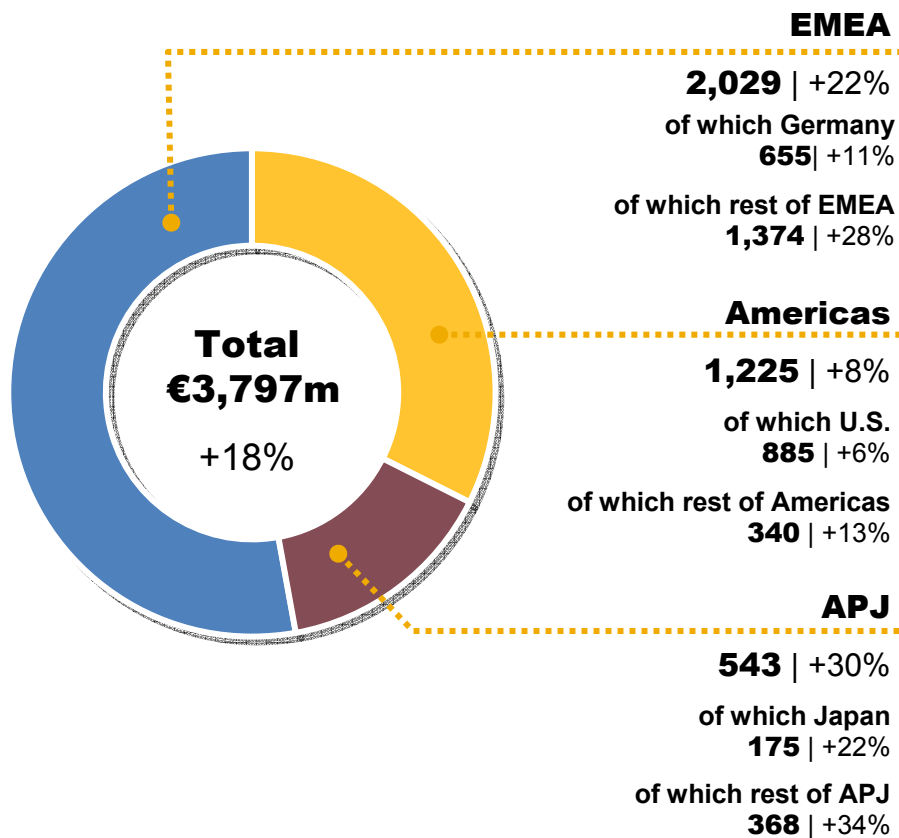
# U.S. GAAP Revenue Breakdown by Region\*

Half Year 2008

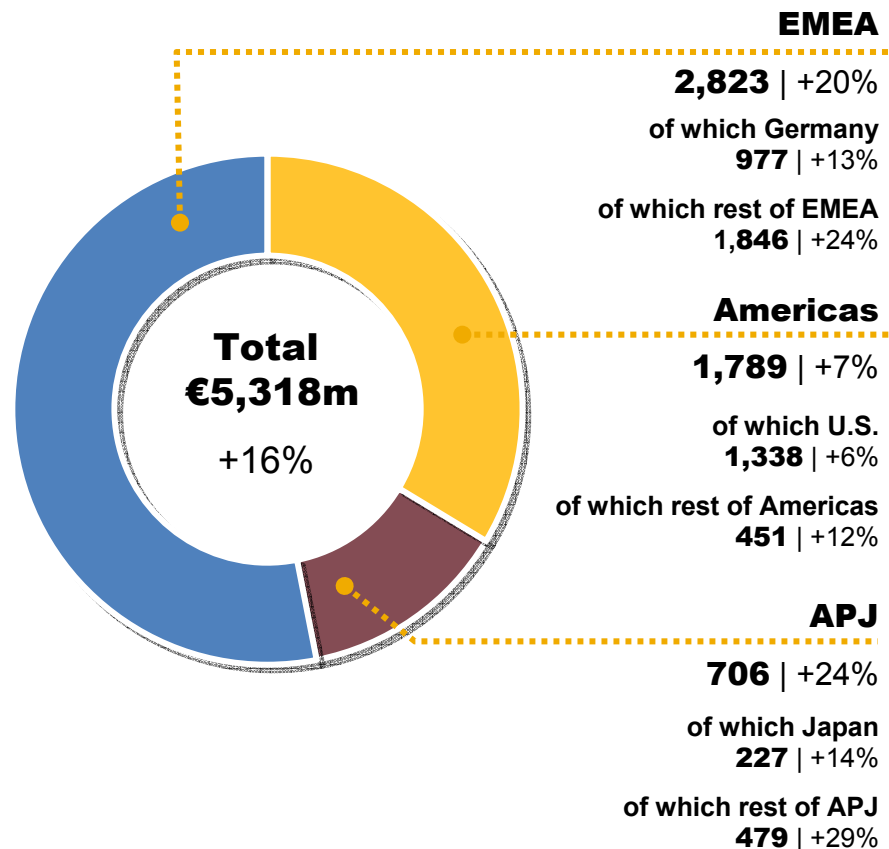


€ millions | yoy percent change

## Software and software-related service revenue by region\*



## Total revenue by region\*



\* Location of customers

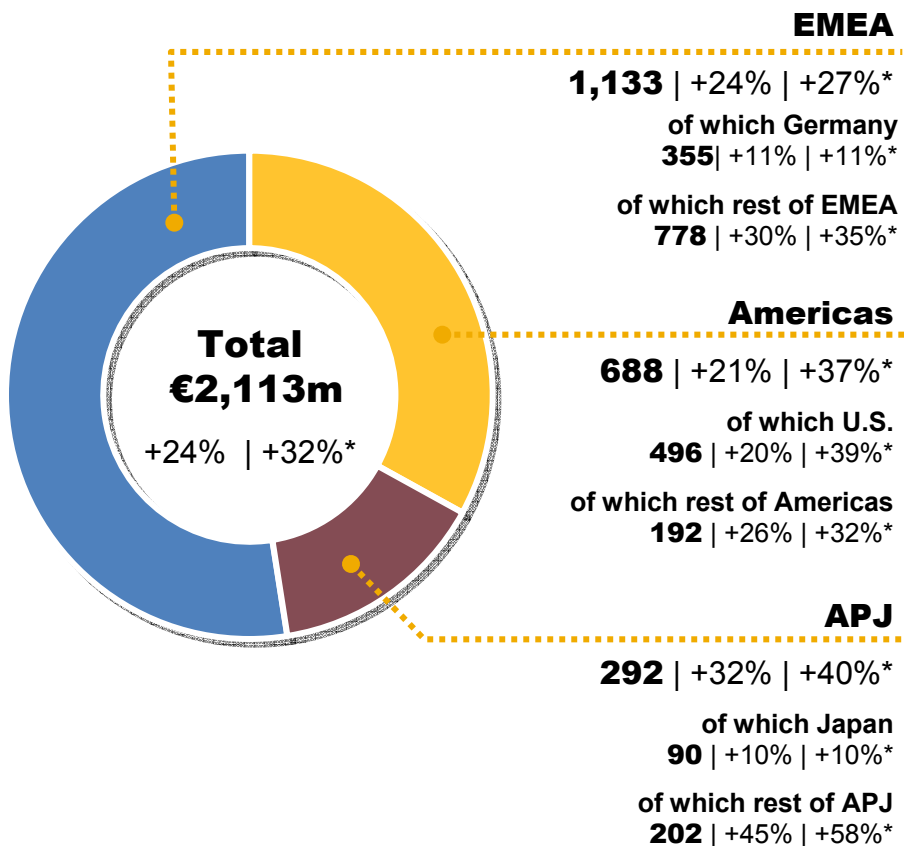
# Non-GAAP Revenue Breakdown by Region\*\*

Second Quarter 2008

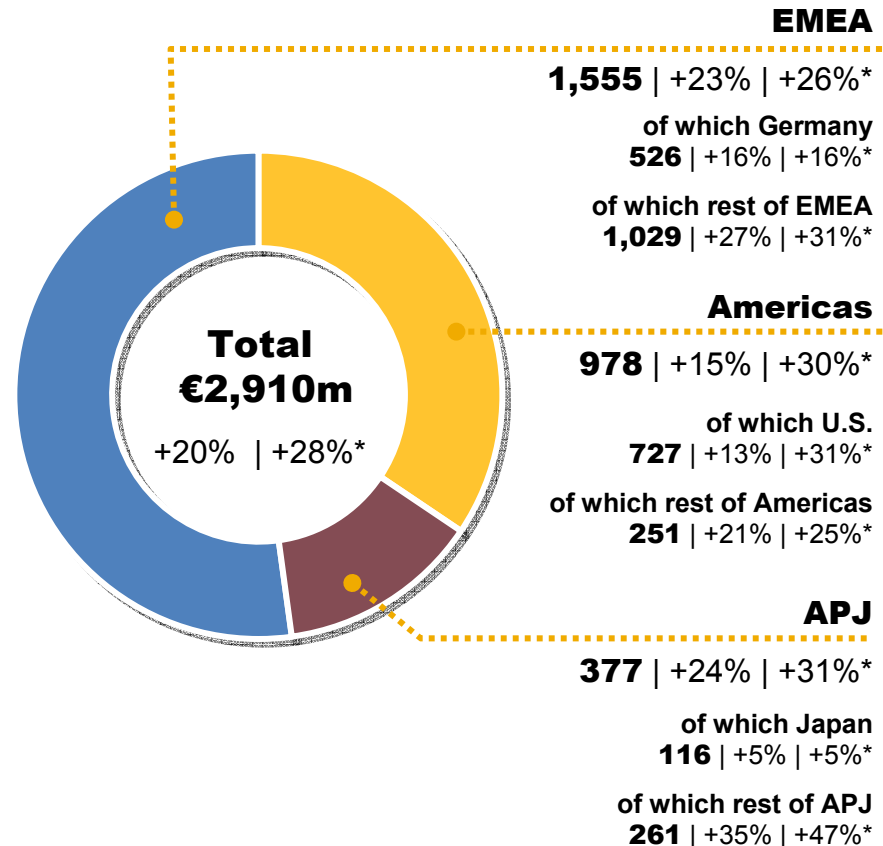


€ millions | yoy percent change | yoy percent constant currency change

## Software and software-related service revenue by region\*\*



## Total revenue by region\*\*



\* % currency adjusted – actuals 2008 converted with the exchange rates of 2007 / \*\* location of customers

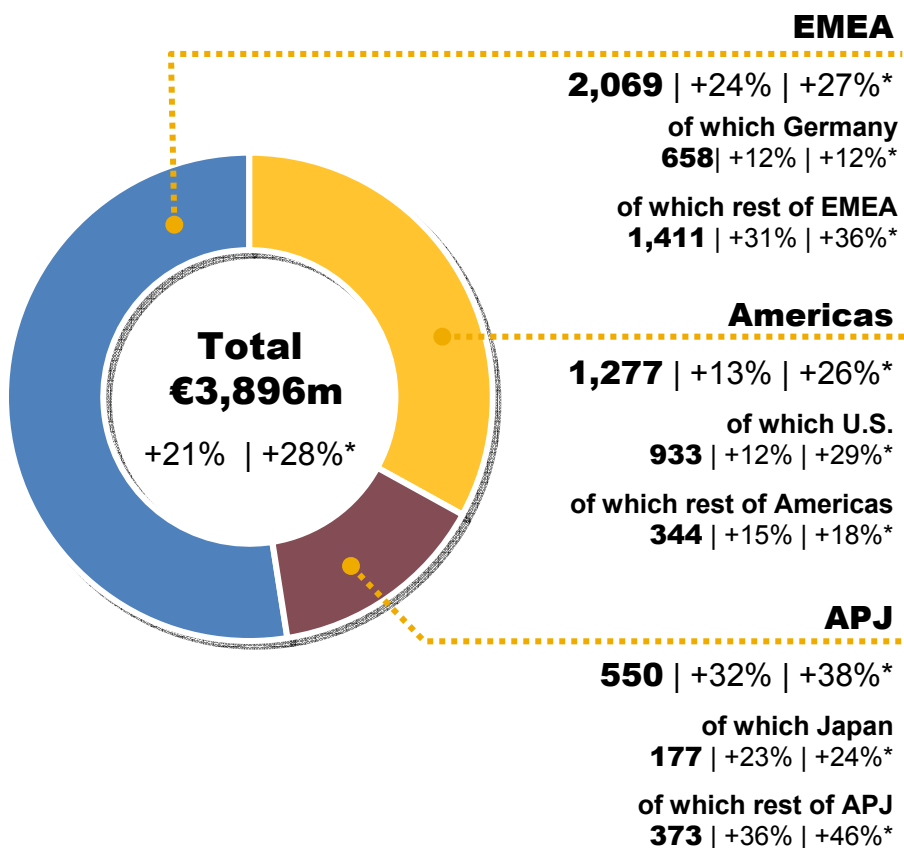
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Half Year 2008

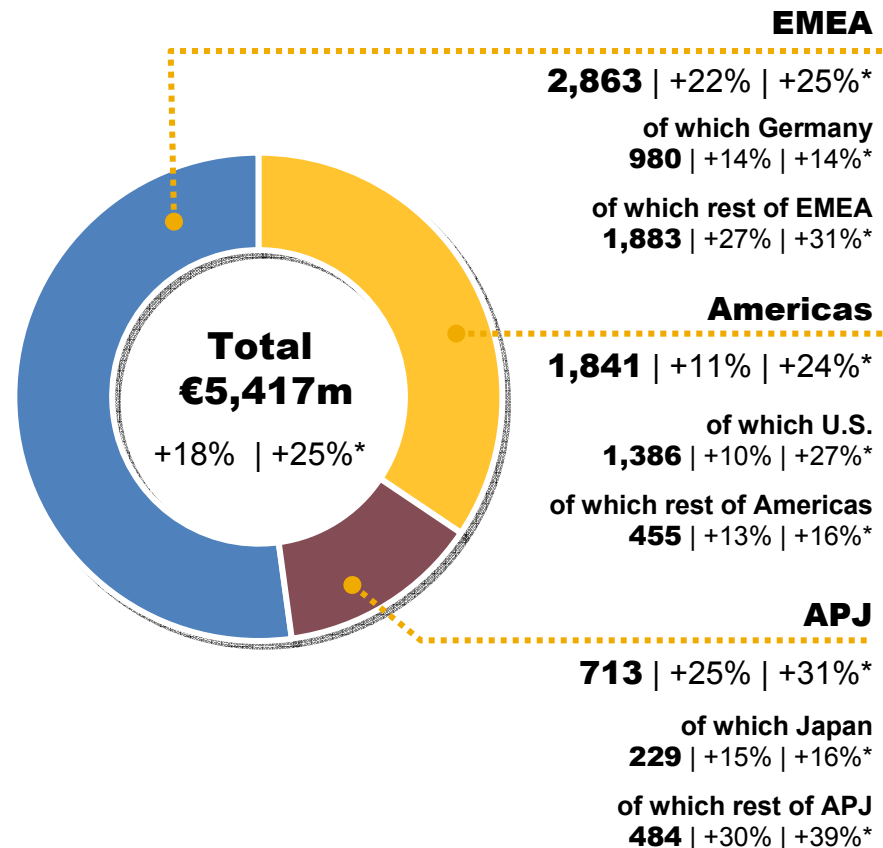


€ millions | yoy percent change | yoy percent constant currency change

## Software and software-related service revenue by region\*\*



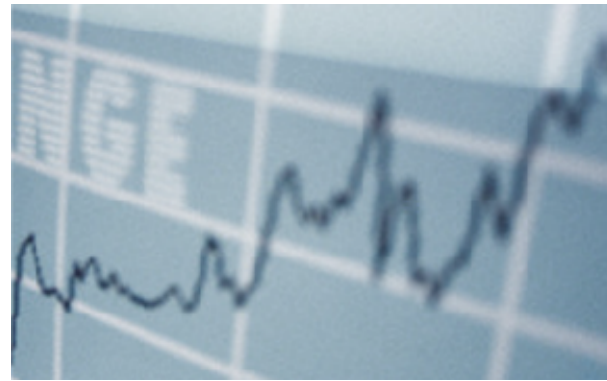
## Total revenue by region\*\*



\* % currency adjusted – actuals 2008 converted with the exchange rates of 2007 / \*\* location of customers



# Agenda

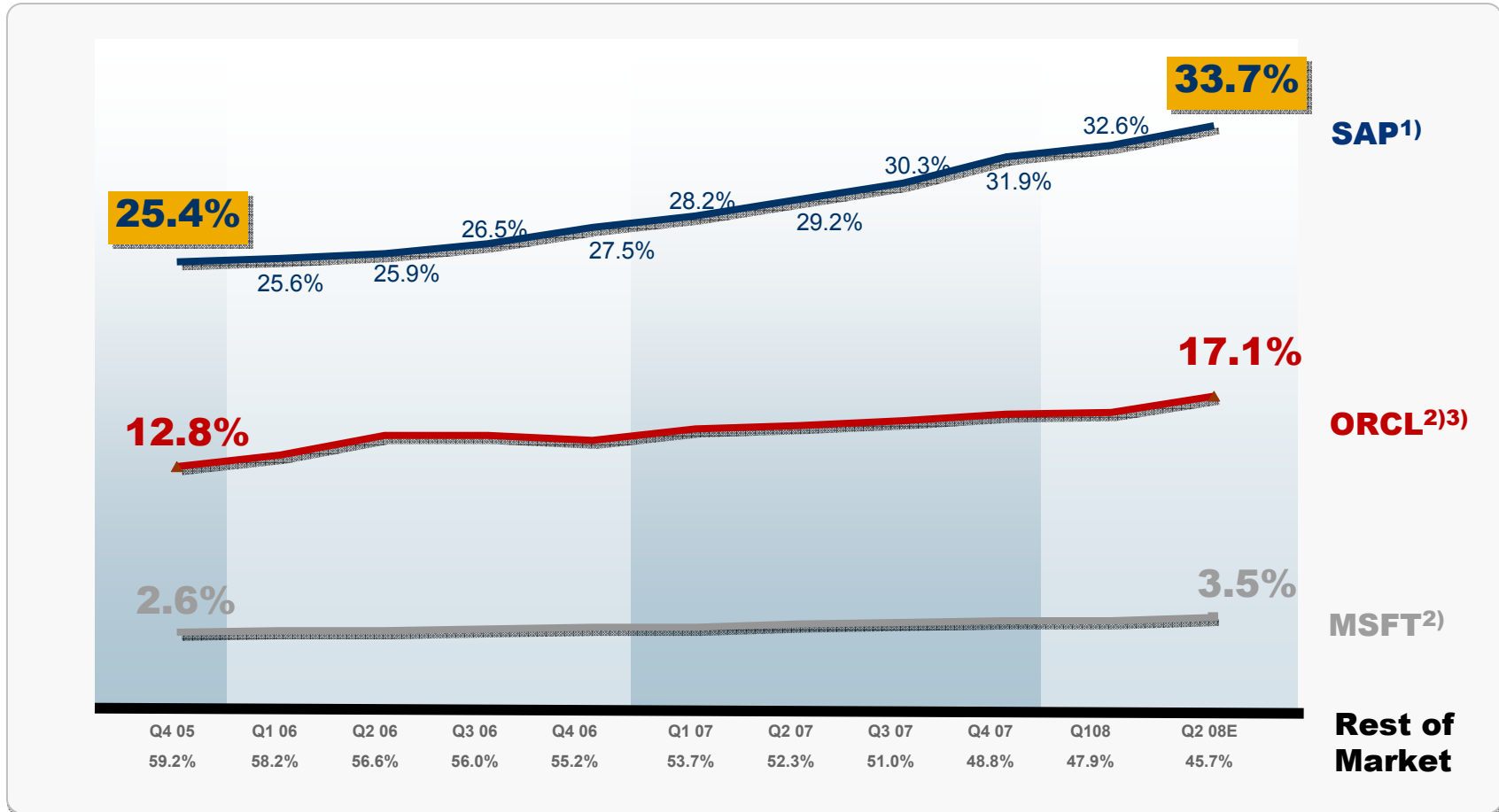


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# SAP Global Market Share in \$38.1bn Relevant Core Enterprise Application Software and Software Related Services (SSRS) Market



## Rolling 4 Quarters Based on Application SSRS Revenues



Source: SAP internal analysis based on Company Data and Financial Analysts Estimates as of Jul 21<sup>st</sup> 2008

<sup>1)</sup> SAP includes Business Objects, internal estimates based on GAAP revenue from continued operations

<sup>2)</sup> Only Business Applications GAAP revenue considered. Fiscal year is not calendar year (e.g. SAP Q1 vs. Oracle Q3).

<sup>3)</sup> Oracle includes PSFT, RETK, SEBL, IFLX, STEL, HYSL, AGIL

SSRS is Software and Software related Services = Software revenue + Support revenue + Subscriptions and other software related services revenue

# Agenda



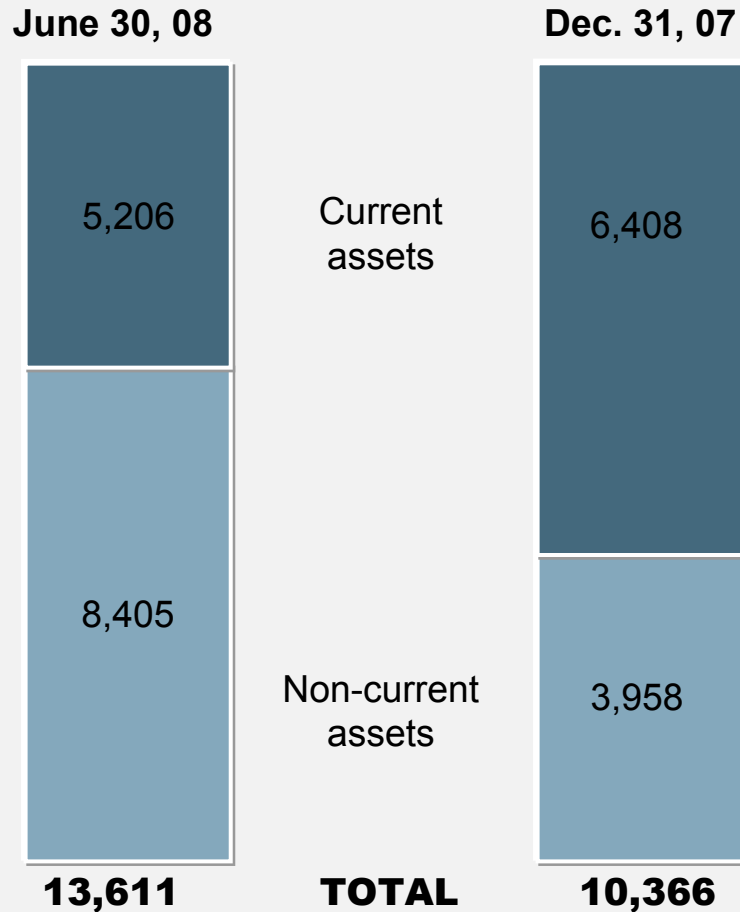
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# Balance Sheet Summary

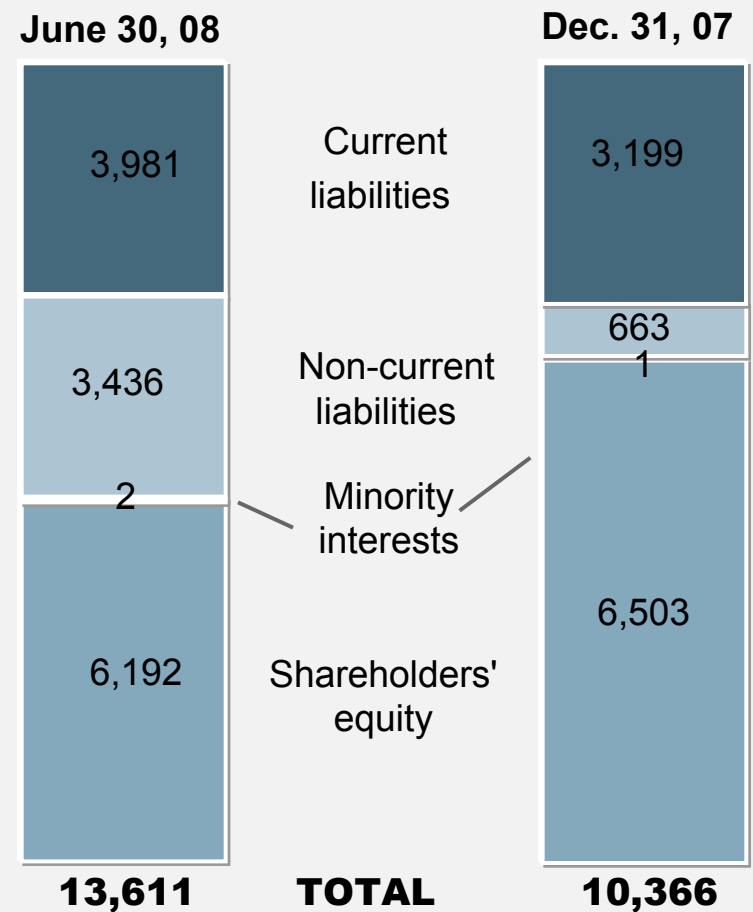
## Second Quarter 2008 (U.S. GAAP)



### Assets\*



### Shareholders' Equity & Liabilities\*



\* in € millions

# Balance Sheet & Cash Flow Analysis

Second Quarter and Half Year 2008 (U.S. GAAP)







	<b>6/30/08</b>	<b>12/31/07</b>	$\Delta$ %
Days sales outstanding (DSO)	68 days	66 days	+2 days
Equity ratio	45%	63%	-18pp

	<b>H1 2008</b> € millions	<b>H1 2007</b> € millions	$\Delta$ %
Operating cash flow	1,371	1,024	34
– Capital expenditure	-171	-196	-13
Free cash flow	1,200	828	45
Free cash flow as a % of total revenue	23	18	5pp

# Headcount\* as of June 30, 2008

Continuing Operations Only – Half Year 2008



	<b>6/2008</b>	<b>12/2007</b>	<b>6/2007</b>	 Growth H1	 thereof from BOBJ acquisition	 % seq. H1	 % excl. BOBJ acquis.
<b>Headcount by Region</b>							
– EMEA	26,538	23,654	23,036	2,884	2,177	12	3
– Americas	13,784	10,629	10,141	3,155	3,147	30	0
– Asia Pacific Japan	11,125	9,578	8,559	1,547	900	16	7
<b>Headcount by Functional Area</b>							
– SW and SW-rel. services	6,517	5,831	5,494	686	595	12	2
– Prof. svs. and other svs.	14,057	12,785	12,268	1,272	1,001	10	2
– Research and development	15,148	12,951	12,330	2,197	1,697	17	4
– Sales and marketing	10,794	8,282	7,865	2,512	2,132	30	5
– General and administration	3,367	2,797	2,635	570	527	20	2
– Infrastructure	1,564	1,215	1,144	349	272	29	6
<b>Group</b>	<b>51,447</b>	<b>43,861</b>	<b>41,736</b>	<b>7,586</b>	<b>6,224</b>	<b>17</b>	<b>3</b>
<b>Net growth</b>	<b>7,586</b>						
<b>Net growth</b> (excl. Bus.Obj. acquisition)	<b>1,362</b>						

\* in full time equivalents

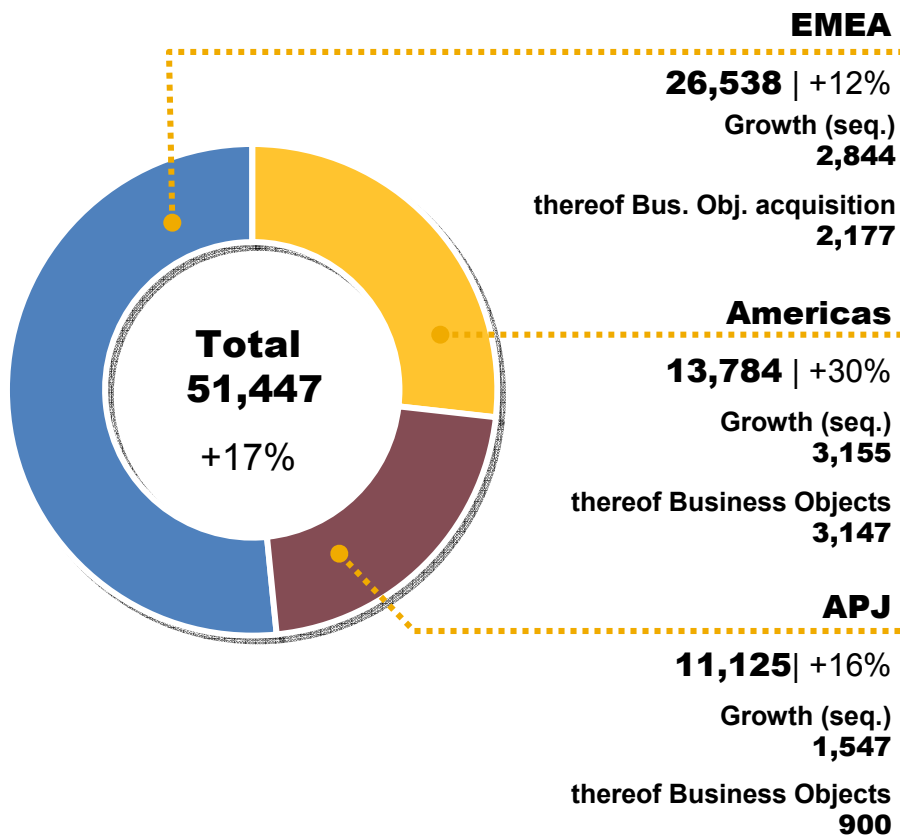
# Headcount\* as of June 30, 2008 – Cont'd

Continuing Operations Only – Half Year 2008

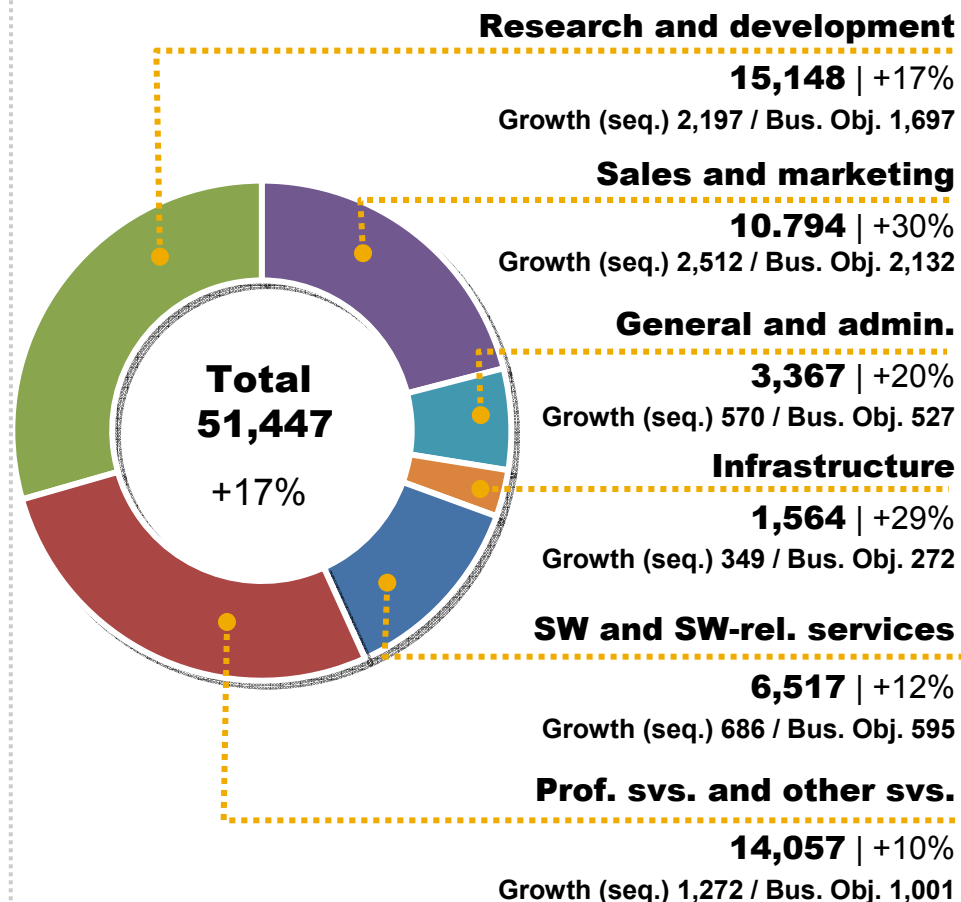


in full time equivalents | % seq.

## Headcount by Region



## Headcount by Functional Area



\* in full time equivalents

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- 6. Outlook**



The Company is providing the following outlook for the full-year 2008, which has changed from the previous outlook provided on April 30, 2008. The Company has refined the outlook for Non-GAAP software and software related service revenues at constant currencies and Non-GAAP operating margin at constant currencies.

- The Company reaffirmed that it expects full-year 2008 Non-GAAP software and software related service revenue, which excludes a non-recurring deferred support revenue write-down from the acquisition of Business Objects of approximately €180 million, to increase in a range of 24% – 27% at constant currencies (2007: €7.428 billion), but the Company now expects to reach the upper end of the range. The Company reaffirmed that SAP's business, excluding the contribution from Business Objects, is expected to contribute 12 – 14 percentage points to this growth, but the Company now expects the contribution to reach the upper end of the range.
- The Company reaffirmed that it expects the full-year 2008 Non-GAAP operating margin at constant currencies, which excludes a non-recurring deferred support revenue write-down from the acquisition of Business Objects and acquisition-related charges, to be in the range of 28.5% – 29.0% (2007 non-GAAP operating margin: 27.3%), but the Company now expects to reach the upper end of the range.
- The Company continues to project an effective tax rate of 31.0% to 31.5% (based on U.S. GAAP income from continuing operations) for 2008.

# APPENDIX

# Explanation of Non-GAAP Measures (1/4)



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.

# Explanation of Non-GAAP Measures (2/4)



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.

# Explanation of Non-GAAP Measures (3/4)



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.

# Explanation of Non-GAAP Measures (4/4)



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.

# Core Enterprise Applications Vendor Share



The Company provides share data based on the vendors of Core Enterprise Applications solutions, which account for approximately \$38.1 billion in software and software related service revenues as defined by the Company based on industry analyst research. For 2008, industry analysts project approximately 7% year-on-year growth for core Enterprise Applications vendors. For its quarterly share calculation, SAP assumes that this approximate 7% growth will not be linear throughout the year. Instead, quarterly adjustments are made based on the financial performance of a sub set of (approximately 25) Core Enterprise Application vendors.



# Selected Customer Wins

Second Quarter 2008



## AMERICAS

- AmerisourceBergen Corporation
- Brown Shoe Company
- Freeman
- Marisa Lojas Varejistas Ltda
- The City of Edmonton

## EMEA

- Carlsberg Breweries A/S
- Comet Group Plc
- Fiat Services S.p.A.
- GDF SUEZ
- Saudi Electricity Company

## APJ

- China Petroleum & Chemical
- KPIT Cummins Infosystems Ltd
- Neptune Orient Lines Ltd
- India Oil and Natural Gas Corporation
- Shanxi Electric I/E Power Corp.
- SUMISHO COMPUTER



# Overview of Exchange Rates\*



Currency	Q2 2008	$\Delta\%$ yoy	Q1 2008	Q1 2007	Q2 2007	Q3 2007	Q4 2007	FY 2007
US Dollar	1.56	16	1.51	1.31	1.35	1.38	1.45	1.38
British Pound	0.79	17	0.76	0.67	0.68	0.68	0.71	0.69
Japanese Yen	164	1	157	156	163	161	164	161

\*In order to provide additional transparency, SAP is publishing this chart which contains quarterly average currency rates versus the Euro for some common currencies. While it is not a complete list of the different currencies in which SAP does business, the list represents currencies from SAP's three largest geographies outside of the geographies represented by the Euro.

SAP calculates 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. This is done on a monthly basis by applying the prior year's monthly average exchange rates to the foreign currency revenues and expenses of the respective month. Therefore the quarterly average currency exchange rates shown above differ from the monthly average currency exchange rates that SAP uses to calculate its reported constant currency growth rates.