SAP AG

STANDARD & POOR'S

S&P Recommendation BUY ★★★★★

Price
$72.00 (as of Mar 16, 2012)

12-Mo. Target Price
$81.00

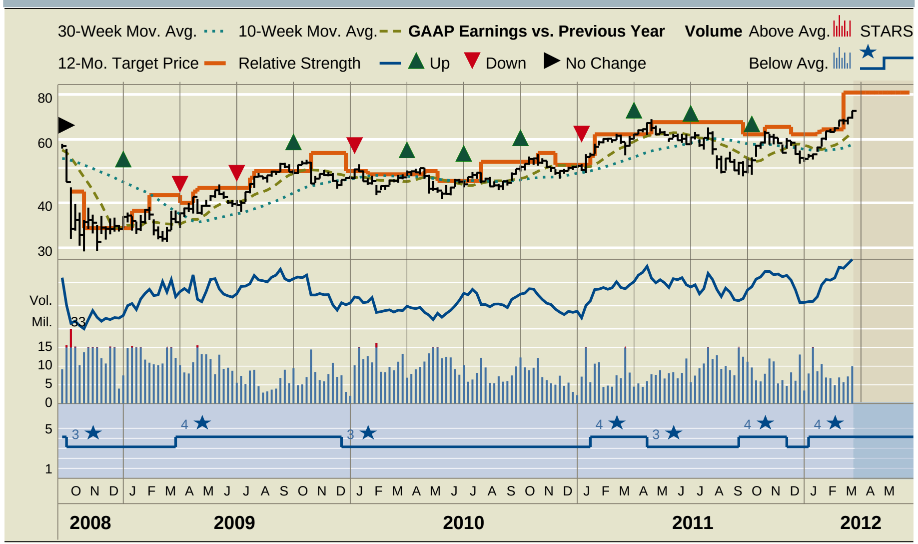
GICS Sector Information Technology
Sub-Industry Application Software

Summary SAP is a leading provider of enterprise application software used for accounting, customer relationship management and supply chain management.

Key Stock Statistics (Source S&P, Vickers, company reports)

52-Wk Range	**$72.10– 47.39**	S&P Oper. EPS 2011**E**	**3.42**	Market Capitalization(B)	**$85.655**	Beta	**1.19**
Trailing 12-Month EPS	**$3.12**	S&P Oper. EPS 2012**E**	**3.95**	Yield (%)	**0.84**	S&P 3-Yr. Proj. EPS CAGR(%)	**10**
Trailing 12-Month P/E	**23.1**	P/E on S&P Oper. EPS 2011**E**	**21.1**	Dividend Rate/Share	**$0.61**	S&P Credit Rating	**NA**
$10K Invested 5 Yrs Ago	**$17,074**	Common Shares Outstg. (M)	**1,189.7**	Institutional Ownership (%)	**4**		

Price Performance



Options: ASE, CBOE, P, Ph

Analysis prepared by Equity Analyst **J. Crawshaw, CFA** on Mar 01, 2012, when the stock traded at **$68.03**.

Highlights

- We forecast 11% growth in euro-denominated sales in 2012, versus 11% constant currency growth for 2011. We believe licenses will increase about 10% in 2012, reflecting increased adoption of enterprise software to modernize business processes. We see maintenance revenues growing at a similar level, driven by higher maintenance charges. Meanwhile, we estimate subscription revenues will be flat as customers revert to the licensing model now that they have greater confidence in their business outlooks. Overall, we expect 9% growth in Software and Software-related sales in 2012, versus 13% for 2011. In 2013, we forecast group sales growth of around 9%.

- SAP posted a non-IFRS operating margin (before amortization of acquired intangibles and stock compensation) around 32% for 2011, down slightly from 34% in 2010 due to higher investments in R&D. We see the non-IFRS margin remaining around the same level in 2013, undershooting SAP's 2014 target of 35%.

- We estimate adjusted diluted earnings per ADS (before amortization of acquired intangibles but after stock compensation) of $3.95 for 2012, rising to $4.32 in 2013.

Investment Rationale/Risk

- SAP is a global market leader in enterprise application software, enjoying high operating margins and ROIC ratios. Organic constant currency year-over-year revenue growth has been holding up well relative to peers, in our view. SAP notes weak IT demand in EMEA except Germany. Americas remains strong and growth in China and India is described by the company as unbridled. We have a slightly negative view of the recently completed acquisition of SuccessFactors for $3.4 billion given what see as the high valuation paid (8X forward sales) for a loss-making company. However, strategically, the acquisition could be a major boost to SAP's SaaS offering, bringing key talent in order to prepare for this major shift in the enterprise software landscape.

- Risks to our recommendation and target price include pushback from customers on planned maintenance fee increases, market share losses to established (e.g., Oracle) and emerging software competitors, as well as loss of maintenance revenues to third-party providers.

- We derive our 12-month target price of $81 using our DCF model (beta of 0.8X, long-term growth rate of 2.6% and WACC of 8.4%).

Qualitative Risk Assessment

LOW	**MEDIUM**	HIGH

Our risk assessment reflects intense competition within the application software sub-industry, acquisition integration risks, and our concerns regarding the impact of the global economic slowdown on the company's small and mid-sized business customers and on overall IT spending. This is balanced by indications that enterprise spending has remained robust amid macroeconomic uncertainty.

Quantitative Evaluations

S&P Quality Ranking **NR**

D	C	B-	B	B+	A-	A	A+

Relative Strength Rank **STRONG**

88

LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

Revenue (Million $)

	1Q	2Q	3Q	4Q	Year
2011	4,136	4,750	4,812	--	--
2010	3,470	3,680	3,882	5,512	16,523
2009	3,122	3,505	3,587	4,710	14,824
2008	3,688	4,465	4,143	4,593	16,896
2007	2,900	3,276	3,445	4,609	14,029
2006	2,474	2,814	2,845	3,900	11,795

Earnings Per ADS ($)

	1Q	2Q	3Q	4Q	Year
2011	0.47	0.71	1.48	--	**E**3.42
2010	0.45	0.53	0.54	0.50	2.03
2009	0.23	0.49	0.53	0.93	2.13
2008	0.31	0.54	0.48	0.96	2.36
2007	0.33	0.50	0.48	0.90	2.34
2006	0.28	0.43	0.40	0.87	2.00

Fiscal year ended Dec. 31. Next earnings report expected: NA. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data (Dates: mm/dd Payment Date: mm/dd/yy)

Amount ($)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.606	--	05/23	05/25	06/03/11

Dividends have been paid since 1999. Source: Company reports.

Please read the Required Disclosures and Analyst Certification on the last page of this report.

The McGraw·Hill Companies

Business Summary March 01, 2012

CORPORATE OVERVIEW. Founded in 1972, Germany-based SAP AG is a leading provider of enterprise application software. The company's main product is enterprise resource planning (ERP) software, used for back-office accounting and budgeting. Other applications include customer relationship management (CRM) and supply chain management (SCM). At year-end 2011, the company had more than 100,000 customers in over 126 countries.

MARKET PROFILE. We see the outlook for enterprise spending as robust for technology vendors that provide solutions that support and maintain mission-critical systems, including database and storage-related technology assets. We see growth in applications tied closely to the economic recovery. We still expect visibility on large deals to be limited, and we think software vendors face intense competition and pricing pressure as they close deals. As the enterprise software market matures, vendors such as SAP are increasingly turning their attention to small and medium enterprises (SMEs). We believe SMEs will demand software as a service (SaaS) offerings from their enterprise software providers given their limited capex budgets and in-house IT resources.

With some exceptions, we favor large software providers with significant installed bases, sizable maintenance revenue streams and diversified technology assets over smaller "best-of-breed" vendors. Installed bases are important because deeper penetration into existing customer bases, by our analysis, are a less expensive way to grow, and maintenance revenues offer stability in uncertain times, in our view. We think corporate buyers are carefully assessing their investment in software, evaluating not just the initial outlay, but also the long-term cost of support and the viability of the vendor. Thus, we believe larger vendors will enjoy more success than smaller peers.

Each ADS equals one ordinary share.

COMPETITIVE LANDSCAPE. We believe SAP continued to lead the enterprise resource planning (ERP) application market segment in 2011, with a market share of 35%, followed by Oracle (20%). In our view, SAP also leads the market for business intelligence solutions (thanks to its acquisition of Business Objects), with around a 20% share, ahead of Oracle, IBM, Microsoft and SAS. In customer relationship management (CRM) software, we think SAP leads the market with around a 20% market share, ahead of Oracle, Salesforce.com and Amdocs.

MANAGEMENT. For much of the early 2000s, SAP had a dual CEO structure comprised of Henning Kagermann and Hasso Plattner. Henning Kagermann became the sole CEO of SAP in 2003, but in 2008 the dual CEO structure was reinstated with the appointment of Leo Apotheker. With the retirement of Kagermann in May 2009, Apotheker took over as the sole CEO. After a period of cost cutting and with low employee morale and poor internal reviews of the CEO, Apotheker left the company in 2010. He was replaced by new co-CEOs Bill McDermott, previously head of field organization, and Jim Hagemann Snabe, previously head of product development.

FINANCIAL TRENDS. Revenues at SAP rose at a CAGR (compound annual growth rate) of about 10% from 2004 to 2011. Maintenance and support revenues were the primary drivers of this growth, with a CAGR of 14%, while software revenues only grew at a CAGR of 8%, due to the 2009 recession. SAP increased operating income (GAAP) at an 11% CAGR from 2004 to 2011, with operating margins narrowing from 26.9% in 2004 to 29.2% in 2011. In our view, this lackluster performance was largely due to amortization of acquired intangibles post the Business Objects acquisition. However, on an adjusted basis, EBIT margins improved from 26.8% to 32.2%, and adjusted EBIT grew at a CAGR of 12% from 2004 to 2011.

Corporate Information

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Officers

Co-CEO
W.R. McDermott

CFO
W. Brandt

Co-CEO
J.H. Snabe

CSO
I. Nassi

COO
G. Oswald

Board Members
P. Ala-Pietila
T. Bamberger
P. Bissiritsas
W. Burbach
W. Haarmann
P. Koop
C. Kuntz-Mayr
L. Lamade
B. Liautaud
G. Maier
H. Mehdorn
J. Milberg
H. C. Plattner
E. Schipporeit
S. Schulz
K. Wucherer

Domicile
Germany

Founded
1972

Employees
53,513

Stockholders
1,024

SAP AG

Quantitative Evaluations

S&P Fair Value Rank 3+

1	2	3	4	5

LOWEST HIGHEST

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation $68.20

Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that SAP is slightly overvalued by $3.80 or 5.3%.

Investability Quotient Percentile 68

LOWEST = 1 HIGHEST = 100

SAP scored higher than 68% of all companies for which an S&P Report is available.

Volatility LOW AVERAGE HIGH

Technical Evaluation BULLISH

Since January, 2012, the technical indicators for SAP have been BULLISH.

Insider Activity NA UNFAVORABLE NEUTRAL FAVORABLE

Expanded Ratio Analysis

	2010	2009	2008	2007
Price/Sales	3.64	3.75	2.55	4.40
Price/EBITDA	10.30	12.24	8.73	15.49
Price/Pretax Income	19.42	16.10	10.73	15.78
P/E Ratio	25.02	21.98	15.32	23.32
Avg. Diluted Shares Outstg (M)	1,189.0	1,189.0	1,191.0	1,210.0

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	11.46	3.67	9.26	11.98
Net Income	-5.05	-3.88	4.60	20.95
Ratio Analysis (Annual Avg.)				
Net Margin (%)	14.55	16.10	17.42	16.02
% LT Debt to Capitalization	30.97	12.93	7.77	4.43
Return on Equity (%)	19.04	23.47	26.78	27.09

Company Financials Fiscal Year Ended Dec. 31

Per ADS Data ($)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Tangible Book Value	NM	3.12	1.29	6.45	5.27	4.82	4.43	3.33	2.05	1.85
Cash Flow	2.62	2.63	3.04	2.55	1.71	1.63	1.65	1.31	0.61	0.61
Earnings	2.03	2.13	2.36	2.34	2.00	1.43	1.42	1.09	0.42	0.41
Dividends	0.42	0.50	0.61	0.49	0.36	0.27	0.19	0.14	0.10	0.09
Payout Ratio	21%	24%	26%	21%	18%	19%	13%	12%	24%	23%
Prices:High	54.66	52.73	59.42	59.86	57.71	46.55	45.83	41.91	39.04	49.10
Prices:Low	40.95	31.13	29.31	44.17	43.30	36.60	35.02	18.30	9.93	21.31
P/E Ratio:High	27	25	25	26	29	33	32	38	93	NM
P/E Ratio:Low	20	15	12	19	22	26	25	17	24	NM
Income Statement Analysis (Million $)										
Revenue	16,523	14,824	16,896	14,029	11,795	10,580	9,341	7,941	6,993	6,570
Operating Income	5,845	4,547	4,944	3,987	3,416	3,150	2,770	2,193	1,742	1,425
Depreciation	708	689	736	245	269	253	261	244	209	251
Interest Expense	NA	NA	NA	9.59	Nil	4.80	10.1	4.52	12.8	19.9
Pretax Income	3,098	3,458	4,022	3,913	3,355	2,879	2,576	2,008	1,045	957
Effective Tax Rate	NA	26.7%	30.0%	32.2%	30.0%	35.3%	36.5%	39.0%	54.1%	44.6%
Net Income	2,405	2,533	2,815	2,649	2,348	1,860	1,629	1,218	474	520
Balance Sheet & Other Financial Data (Million $)										
Cash	4,933	3,275	2,313	4,029	3,163	4,039	4,357	2,645	1,301	858
Current Assets	NA	NA	NA	9,369	8,338	7,363	6,084	5,385	3,687	3,247
Total Assets	27,800	19,889	19,795	15,156	12,529	10,692	10,307	7,977	5,888	5,517
Current Liabilities	NA	NA	NA	4,677	3,656	3,282	3,499	2,839	2,547	2,494
Long Term Debt	5,970	1,060	2.79	2.92	3.72	8.17	12.5	15.8	10.1	6.57
Common Equity	13,092	12,301	10,085	9,508	8,090	6,822	6,242	4,678	3,015	2,769
Total Capital	19,275	13,604	13,324	9,619	8,124	6,839	6,284	4,768	3,084	2,831
Capital Expenditures	448	323	473	549	460	325	263	311	291	338
Cash Flow	3,113	3,122	3,616	2,894	2,616	2,113	1,890	1,461	688	771
Current Ratio	1.4	1.6	1.0	2.0	2.3	2.2	1.8	1.9	1.4	1.3
% Long Term Debt of Capitalization	31.0	7.8	Nil	Nil	Nil	0.1	0.2	0.3	0.3	0.2
% Net Income of Revenue	14.6	17.1	16.7	18.9	19.9	17.6	17.4	15.3	6.8	7.9
% Return on Assets	10.2	12.8	16.1	20.4	20.2	18.0	18.8	18.0	8.5	9.9
% Return on Equity	19.0	22.6	28.7	32.1	31.4	28.8	31.6	32.7	16.8	19.2

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. Income Statement Analysis (and quarterly revenue totals) converted to US$ at average month-end exchange rates and Balance Sheet & Other Financial Data converted at period-end exchange rates. Quarters may be converted at period-end exchange rates; quarters may not add to totals due to exchange rate differences. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Sub-Industry Outlook

Our fundamental outlook for the Application Software sub-industry for the next 12 months is neutral. We expect corporate spending on software to rise at a low-to-mid-single-digit growth rate for 2011. We have some concerns about IT spending in the fourth quarter of 2011, reflecting uncertain global macroeconomic conditions. In December 2011, for example, multiple prominent companies in the S&P 500 Technology Sector signaled demand was somewhat disappointing.

We continue to believe IT spending levels will be linked to the broader global economy. We expect sales cycles for licenses to stay lengthy, with layers of approval still in place as customers remain cautious. Despite this, we expect maintenance renewals to remain high. Before the recent economic downturn, software was not emerging from a boom/bust cycle. Rather, we think buyers for some time have been focused on return on investment and cost of ownership. We think this was more pronounced during the recent recession, as customers became more selective about upgrading to new releases, and vendors faced heightened competition. In recent years, buyers have added to their leverage by purchasing more from fewer vendors. We believe some vendors have regained some leverage through M&A.

We think productivity enhancements offered by, and the ongoing reduction in risks associated with investments in, software make them an attractive investment. We continue to expect growth for analytical software that enables informed decision-making and/or helps operational efficiency. We believe the critical role the Internet plays within the enterprise has created demand for applications that take advantage of it as an important platform. Many vendors are delivering more value to customers by assuming more of the risk associated with an investment in software. We believe growth in software-as-a-service (SaaS) models, which we think will far exceed sales growth from traditional software offerings and companies, supports our view.

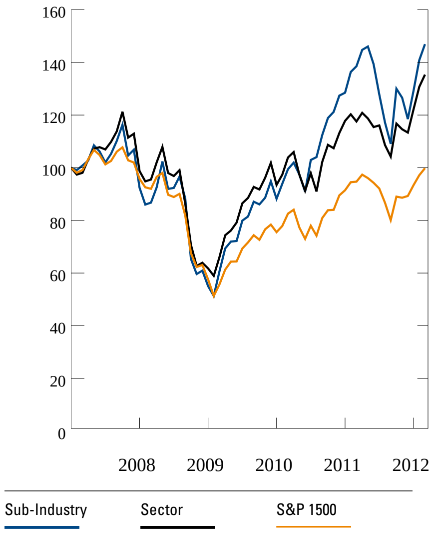
Year to date through February 17, the S&P Application Software Index rose 17.3%, versus an 8.7% gain in the S&P 1500. We think that this performance reflects a stable to strengthening global economy and some encouraging indicators from corporations. We believe growth in licenses and bookings is requisite to drive the sub-industry higher in 2012 and 2013. We tend to favor companies with mission-critical products, sizable maintenance streams, and strong balance sheets. We note that as companies hire and invest ahead of demand, we see less margin expansion ahead.

--Scott Kessler

Stock Performance

GICS Sector: Information Technology
Sub-Industry: Application Software

Based on S&P 1500 Indexes
Month-end Price Performance as of 02/29/12



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Application Software Peer Group*: Enterprise Applications - Larger

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. $)	Recent Stock Price($)	52 Week High/Low($)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.($)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
SAP AG ADS	**SAP**	**85,655**	**72.00**	**72.10/47.39**	**1.19**	**0.8**	**23**	**68.20**	**NR**	**68**	**14.6**	**31.0**
JDA Software Group	JDAS	1,147	26.95	35.02/22.09	1.51	Nil	16	35.00	B-	44	10.6	28.0
TIBCO Software	TIBX	5,086	30.52	31.45/18.43	1.35	Nil	47	25.30	B	94	12.2	7.2

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

S&P Analyst Research Notes and other Company News

February 29, 2012
10:03 am ET ... S&P MAINTAINS BUY RECOMMENDATION ON ADSS OF SAP AG (SAP 68.43****): While SAP is still regarded by many as an ERP cash cow, we see growth potential from Business Intelligence with HANA, Mobility, and Cloud Computing (catalyzed by SuccessFactors deal). At Mobile World Congress, SAP announced plans to collaborate with Samsung to make Android smartphones and tablets work seamlessly with enterprise IT applications. SAP also predicts that a third of its revenues will come from subscription-based services by 2015. We up our '12 earnings per ADS estimate $0.13 to $3.95, '13's by $0.16 to $4.32, and our 12-month DCF-based target price by $17 to $81. /James Crawshaw, /A. Zino-CFA

January 25, 2012
07:32 am ET ... S&P MAINTAINS BUY RECOMMENDATION ON ADSS OF SAP (SAP 58.06****): SAP posts Q4 results in line with positive pre-announcement. Guidance for '12 suggests 9% growth in EBIT and the '15 targets imply an 11% CAGR from '13-'15. We note SAP's earnings, well supported by cash flows given the 8% FCF yield, are trading at a discount to its five-year average forward P/E. SAP's '12 EBIT outlook assumes negligible contribution from the pending Salesforce (SFSF 39.70, Hold) deal and is roughly 3% ahead of our forecast. We up our '12 earnings estimate $0.17 to $3.82 per ADS and initiate '13's at $4.16. We raise our DCF-based target price by $1 to $64. /James Crawshaw, /A. Zino-CFA

January 17, 2012
07:38 am ET ... S&P MAINTAINS BUY RECOMMENDATION ON ADSS OF SAP (SAP 54.56****): We raise our DCF-based 12-month target price by $1 to $63 following a positive Q4 pre-release. Software sales grew 17%, above our 15% forecast and well ahead of Vara Research consensus of 7%. Non-IFRS EBIT was in line with our view but just 3% ahead of consensus. Although sales benefited from share gains in core applications and good traction for new products, the lack of a bigger profit surprise reflects rising headcount. We believe the 2% Q4 headcount increase indicates SAP will give an encouraging '12 outlook during its Jan 25 earnings release. We note the 8% FCF yield. /James Crawshaw, /A. Zino-CFA

January 13, 2012
UP 1.22 to 54.47... SAP posts EUR 1.78B vs. EUR 1.62B non-IFRS (International Financial Reporting Standards) Q4 operating profit on 9.8% revenue rise.

January 13, 2012
SAP AG has appointed Kevin Gilroy to lead Global Indirect Channels. Reporting directly to Eric Duffaut, president of Global Ecosystem & Channels, Gilroy is tasked with accelerating global indirect revenue through key SAP partners and developing new business opportunities by extending both the SAP channel partner ecosystem and alternate channels. Gilroy joined SAP in January 2010 as vice president responsible for leading the channel and business development functions within the small and midsize business organization in North America. Prior to joining the company, he was president of the Enterprise Computing Solutions division of Arrow Electronics. Gilroy also served as president and CEO of OnForce. He spent 24 years of his professional career at HP, where he held various positions, including senior vice president of worldwide small and medium business segment.

January 6, 2012
01:35 pm ET ... S&P UPGRADES RECOMMENDATION ON ADSS OF SAP TO BUY FROM HOLD (SAP 53.89****): We think recent Oracle (ORCL, 27, Strong Buy) softness reflects company specific issues, not a slowdown in enterprise software spending. As such, we expect SAP to report robust Q4 results and give a positive '12 outlook. We look for Q4 earnings slightly above consensus and software sales 8% above consensus. We view SAP as attractive, trading at a 13% discount to its 5 year historical average. On lower forex, we trim our '11 operating EPS estimate $0.33 to $3.42 and '12's by $0.35 to $3.65. We see about 15% upside to our 12-month DCF-based target price of $62, which is unchanged. /James Crawshaw, A. Zino-CFA

December 22, 2011
The CEO of SuccessFactors, Lars Dalgaard, will lead the cloud business of SAP AG, as well as continue as CEO of SuccessFactors.

December 5, 2011
01:38 pm ET ... S&P DOWNGRADES RECOMMENDATION ON ADSS OF SAP AG TO HOLD FROM BUY (SAP 59.19***): We trim our DCF-based 12-month target price by $3 to $62 following the proposed purchase of SuccessFactors (SFSF 40, Hold). We think SAP is overpaying for a niche SaaS solution in personnel management that reflects limited success of its own SaaS offering. At an enterprise value of $3.4B, the deal is 8.1X Capital IQ consensus sales for '12, vs. SAP's 3.3X multiple. Despite recent impressive sales growth, a large part has been inorganic. SAP expects the deal to be slightly dilutive in '12, and keeps its '15 EBIT margin target of 35%, with sales exceeding its prior EUR20B view. /A. Zino-CFA

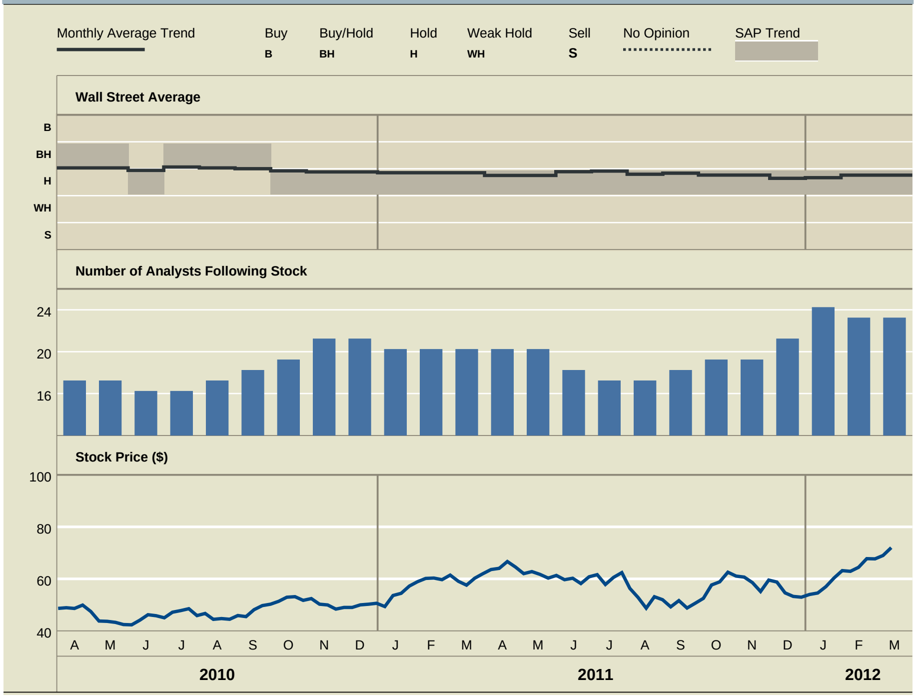
December 5, 2011
09:52 am ET ... S&P MAINTAINS HOLD OPINION ON SHARES OF SUCCESSFACTORS, INC. (SFSF 39.71***): On December 3, enterprise application software provider SAP AG (SAP 59****) agreed to acquire SFSF for $40 per share, for a total enterprise value of about $3.4B. The price is a roughly 52% premium to the stock's closing price on December 2. The all-cash deal, which is pending SFSF's shareholders' tendering a majority of the shares and customary regulatory approvals, is expected to close in the first quarter of 2012. Given the announcement, we are lifting our 12-month target price by $9 to $40, which is in line with the offer price. /D. Cathers

December 5, 2011
SAP AG appointed Eric Verniaut to lead the Next Generation Services organization as SVP. To bolster customer adoption and success with new offerings from SAP, Verniaut and his team will focus on an incubator approach toward the introduction of new professional services with the goal to rapidly scale them for mainstream application. The new organization is tasked with introducing innovative professional services to scale for delivery by SAP and SAP partners, reflecting the increased customer demand for the SAP HANA platform and business analytics, mobility and on-demand projects. Most recently, Verniaut served as group executive vice president (EVP) of Professional Services and later group EVP of M3 Industries at Lawson Software.

November 22, 2011
SAP AG has announced the appointment of Tom Kindermans as Senior Vice President for Business Solutions across the Asia Pacific Japan region. Tom will be responsible for consolidating all specialist sales across the region, including Business Analytics, Technology, HANA, Mobility, CRM, Human Capital Management, Supply Chain solutions and OnDemand. Prior to his appointment, Tom held the roles of Senior Vice President Ecosystem and Channels as well as Senior Vice President small and midsize enterprises in Asia Pacific Japan.

SAP AG

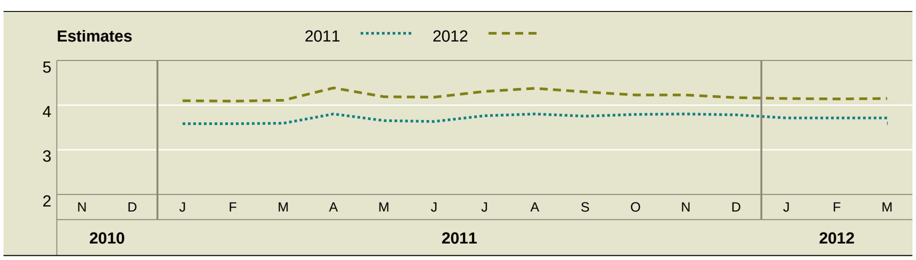
Analysts' Recommendations



Of the total 31 companies following SAP, 23 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	4	17	3	2
Buy/Hold	3	13	3	2
Hold	14	61	15	15
Weak Hold	1	4	1	1
Sell	1	4	1	1
No Opinion	0	0	0	0
Total	**23**	**100**	**23**	**21**

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2012	4.17	4.71	3.95	16	17.3
2011	3.73	4.09	3.09	20	19.3
2012 vs. 2011	▲ 12%	▲ 15%	▲ 28%	▼ -20%	▼ -10%

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Steet Consensus Opinion

HOLD

Companies Offering Coverage

Over 30 firms follow this stock; not all firms are displayed.

Argus Research Company
BMO Capital Markets, U.S. Equity Research
Barclays Capital
BofA Merrill Lynch
Citigroup Inc
Cowen and Company, LLC
Cross Research LLC
Daiwa Capital Markets America Inc.
FBR Capital Markets & Co.
First Global Stockbroking (P) Ltd.
Gleacher & Company, Inc.
Goldman Sachs
JMP Securities
Jefferies & Company, Inc.
Morgan Keegan & Company
Morgan Stanley
Morningstar Inc.
Oppenheimer & Co. Inc.
Pacific Crest Securities
Piper Jaffray Companies
S&P Equity Research
Sanford C. Bernstein & Co., Inc.
Soleil Securities Group, Inc.
Stifel, Nicolaus & Co., Inc.
Susquehanna Financial Group, LLLP
Thomas Weisel Equity Research
Ticonderoga Securities LLC
UBS Investment Bank
Wedbush Securities Inc.
Wells Fargo Securities, LLC

Wall Street Consensus vs. Performance

For fiscal year 2011, analysts estimate that SAP will earn $3.73. For fiscal year 2012, analysts estimate that SAP's earnings per share will grow by 12% to $4.17.

Source: S&P, Capital IQ Estimates, Inc.

SAP AG

Glossary

S&P STARS
Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (STock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P 12-Month Target Price
The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

Investment Style Classification
Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P EPS Estimates
Standard & Poor's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P EPS estimates reflect either forecasts of S&P equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to Standard & Poor's Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Core Earnings
Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment
The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations
In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking
Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

S&P Fair Value Rank
Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation
The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity
Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO
FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)
The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P's IQ Rationale:
SAP AG ADS

	Raw Score	Max Value
Proprietary S&P Measures	0	115
Technical Indicators	25	40
Liquidity/Volatility Measures	13	20
Quantitative Measures	56	75
IQ Total	**94**	**250**

Volatility
Rates the volatility of the stock's price over the past year.

Technical Evaluation
In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank
Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)
An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating
A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type
ASE - American Stock Exchange; AU - Australia Stock Exchange; BB - Bulletin Board; NGM - Nasdaq Global Market; NNM - Nasdaq Global Select Market; NSC - Nasdaq Capital Market; NYS - New York Stock Exchange; OTN - Other OTC (Over the Counter); OTC - Over the Counter; QB - OTCQB; QX - OTCQX; TS - Toronto Stock Exchange; TXV - TSX Venture Exchange; NEX - NEX Exchange.

S&P Equity Research Services
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Abbreviations Used in S&P Equity Research Reports
CAGR- Compound Annual Growth Rate; **CAPEX**- Capital Expenditures; **CY**- Calendar Year; **DCF**- Discounted Cash Flow; **EBIT**- Earnings Before Interest and Taxes; **EBITDA**- Earnings Before Interest, Taxes, Depreciation and Amortization; **EPS**- Earnings Per Share; **EV**- Enterprise Value; **FCF**- Free Cash Flow; **FFO**- Funds From Operations; **FY**- Fiscal Year; **P/E**- Price/Earnings ; **PEG Ratio**- P/E-to-Growth Ratio; **PV**- Present Value; **R&D**- Research & Development; **ROE**- Return on Equity; **ROI**- Return on Investment; **ROIC**- Return on Invested Capital; **ROA**- Return on Assets; **SG&A**- Selling, General & Administrative Expenses; **WACC**- Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

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In contrast to the qualitative STARS recommendations covered in this report, which are determined and assigned by S&P equity analysts, S&P's quantitative evaluations are derived from S&P's proprietary Fair Value quantitative model. In particular, the Fair Value Ranking methodology is a relative ranking methodology, whereas the STARS methodology is not. Because the Fair Value model and the STARS methodology reflect different criteria, assumptions and analytical methods, quantitative evaluations may at times differ from (or even contradict) an equity analyst's STARS recommendations. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity as can be the case with equity analysts in assigning STARS recommendations.

S&P Global STARS Distribution

In North America: As of December 31, 2011, research analysts at Standard & Poor's Equity Research Services North America recommended 39.1% of issuers with buy recommendations, 57.4% with hold recommendations and 3.5% with sell recommendations.

In Europe: As of December 31, 2011, research analysts at Standard & Poor's Equity Research Services Europe recommended 31.5% of issuers with buy recommendations, 50.6% with hold recommendations and 17.9% with sell recommendations.

In Asia: As of December 31, 2011, research analysts at Standard & Poor's Equity Research Services Asia recommended 43.8% of issuers with buy recommendations, 51.0% with hold recommendations and 5.2% with sell recommendations.

Globally: As of December 31, 2011, research analysts at Standard & Poor's Equity Research Services globally recommended 38.3% of issuers with buy recommendations, 55.7% with hold recommendations and 6.0% with sell recommendations.

★★★★★ **5-STARS (Strong Buy)**: Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy)**: Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold)**: Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell)**: Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ **1-STARS (Strong Sell)**: Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

For All Regions: All of the views expressed in this research report accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. No part of analyst compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.

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In Asia: As of December 31, 2011, Standard & Poor's Quantitative Services Asia recommended 43.8% of issuers with buy recommendations, 20.0% with hold recommendations and 33.0% with sell recommendations.

Globally: As of December 31, 2011, Standard & Poor's Quantitative Services globally recommended 45.0% of issuers with buy recommendations, 20.0% with hold recommendations and 34.0% with sell recommendations.

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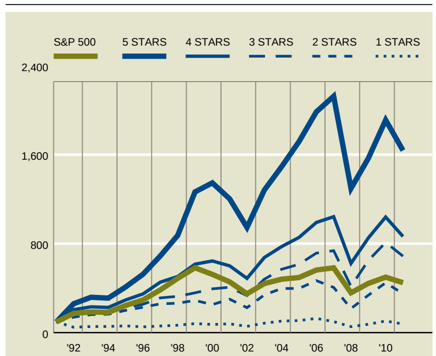
U.S. STARS Cumulative Model Performance

Hypothetical Growth Due to Price Appreciation of $100
For the Period 12/31/1986 through 02/29/2012



The performance above represents only the results of Standard & Poor's model portfolios. Model performance has inherent limitations. Standard & Poor's maintains the models and calculates the model performance shown, but does not manage actual assets. The U.S. STARS model performance chart is only an illustration of Standard & Poor's (S&P) research; it shows how U.S. common stocks, ADRs (American Depositary Receipts) and ADSs (American Depositary Shares), collectively "equities", that received particular STARS rankings performed. STARS categories are models only; they are not collective investment funds. The STARS performance does not show how any actual portfolio has performed. STARS model performance does not represent the results of actual trading of investor assets. Thus, the model performance shown does not reflect the impact that material economic and market factors might have had on decision-making if actual investor money had been managed. Performance is calculated using a time-weighted rate of return. While model performance for some or all STARS categories performed better than the S&P 500 for the period shown, the performance during any shorter period may not have, and there is no assurance that they will perform better than the S&P 500 in the future. STARS does not take into account any particular investment objective, financial situation or need and is not intended as an investment recommendation or strategy. Investments based on the STARS methodology may lose money. High returns are not necessarily the norm and there is no assurance that they can be sustained. Past model performance of STARS is no guarantee of future performance.

For model performance calculation purposes, the equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month end with no rebalancing. Deletions are made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

The model performance does not consider taxes and brokerage commissions, nor does it reflect the deduction of any advisory or other fees charged by advisors or other parties that investors will incur when their accounts are managed in accordance with the models. The imposition of these fees and charges would cause actual performance to be lower than the performance shown. For example, if a model returned 10 percent on a $100,000 investment for a 12-month period (or $10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or $1,650), the net return would be 8.35 percent (or $8,350) for the year. Over 3 years, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of $5,375 and a cumulative net return of 27.2% (or $27,200). Fees deducted on a frequency other than annual would result in a different cumulative net return in the preceding example.

The Standard & Poor's 500 index is the benchmark for U.S. STARS. The S&P 500 index is calculated in U.S. dollars and does not take into account the reinvestment of dividends. Indexes are unmanaged, statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index. The S&P 500 index includes a different number of constituents and has different risk characteristics than the STARS equities. Some of the STARS equities may have been included in the S&P 500 index for some (but not necessarily all) of the period covered in the chart, and some such equities may not have been included at all. The S&P 500 excludes ADRs and ADSs. The methodology for calculating the return of the S&P 500 index differs from the methodology of calculating the return for STARS. Past performance of the S&P 500 index is no guarantee of future performance.

An investment based upon the models should only be made after consulting with a financial advisor and with an understanding of the risks associated with any investment in securities, including, but not limited to, market risk, currency risk, political and credit risks, the risk of economic recession and the risk that issuers of securities or general stock market conditions may worsen, over time. Foreign investing involves certain risks, including currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, less liquidity and the potential for market volatility and political instability. As with any investment, investment returns and principal value will fluctuate, so that when redeemed, an investor's shares may be worth more or less than their original cost.

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