

NOTICE OF THE GENERAL SHAREHOLDERS' MEETING OF  
SOFTWARE AKTIENGESELLSCHAFT, DARMSTADT  
Securities Identification Code (WKN) 330400  
ISIN DE 0003304002  
Securities Identification Code A1D AKA  
ISIN DE 000A1DAKA9

We hereby invite our shareholders to attend the  
**General Shareholders' Meeting**  
to be held on  
**Friday, May 21, 2010 at 10:00 am**  
at darmstadtium - Wissenschafts- und Kongresszentrum  
Schlossgraben 1, in 64283 Darmstadt, Germany.

**A G E N D A:**

1. **Submission of the approved annual financial statements of Software AG per December 31, 2009 together with the management report as well as the approved consolidated financial statements per December 31, 2009 and the Group management report and the explanatory report of the Executive Board concerning the information provided in the management report pursuant to §§ 289 (4, 5), 315 (4) of the German Commercial Code ("HGB"), as well as the report of the Supervisory Board for fiscal year 2009.**

Beginning on the date the Notice of the General Shareholders' Meeting is officially published, the aforementioned documents and the Executive Board's recommendation on the use of profits (see item 2 below) will be available on the Internet at the Company's website: <http://www.softwareag.com/agm>.

The Supervisory Board has approved the annual financial statements prepared by the Executive Board as well as the consolidated financial statements; the annual financial statements are therefore deemed adopted in accordance with § 172, first sentence, of the German Stock Corporation Act ("AktG"). Hence, there is no need for the General Shareholders Meeting to adopt a resolution thereon.

2. **Resolution on the use of the non-appropriated balance sheet profits**

The Executive Board and the Supervisory Board recommend that the non-appropriated balance sheet profits (*Bilanzgewinn*) for fiscal year 2009 totaling € 321,719,436.62 be used as follows:

Payment of a dividend in the amount of € 1.15 per bearer share  
on the registered share capital entitled to dividends

For 28,308,410 dividend-earning shares	€ 32,554,671.50
Allocation into earnings reserves	€ 104,352.00
Profit carried forward	€ 289,060,413.12

The recommendation on the use of non-appropriated balance sheet profits takes account of the treasury shares, which are held by the Company as of April 9, 2010 and which are not entitled to dividends. The number of shares entitled to dividends may increase or decrease up until the date of the General Shareholders' Meeting, if the Company acquires or sells more of its own shares. In such cases, a revised recommendation on the use of the non-appropriated balance sheet will be submitted to the General Shareholders' Meeting, in which the amount of dividend per dividend-earning share shall remain the same.

**3. Resolution on ratifying the actions of the Executive Board members for fiscal year 2009 and on ratifying the fiscal year 2008 actions of Executive Board member Holger Friedrich, who resigned in 2009**

The Executive Board and Supervisory Board recommend ratifying the actions taken by the members of the Executive Board for fiscal year 2009, including the actions taken in fiscal years 2008 and 2009 by the member who resigned in March of 2009, Holger Friedrich.

**4. Resolution on ratifying the actions of the Supervisory Board members for fiscal year 2009**

The Executive Board and Supervisory Board recommend ratifying the actions taken by the members of the Supervisory Board for fiscal year 2009, including the actions taken by the member who resigned in April of 2009, Frank F. Beelitz.

**5. Amendments to the Articles and Memorandum of Association**

- a) In connection with the integration of IDS Scheer AG into Software AG, the Company's objects should be amended. The Executive Board and Supervisory Board therefore recommend amending § 2 of the Company's Articles of Association as follows:

The previous text of § 2 of the Articles and Memorandum of Association (Articles) is replaced in its entirety by the following new § 2:

*The Company's objects are the generation and commercial exploitation of data processing solutions and of all other products from the realm of data processing, including the provision of all associated services.*

*The Company can take all actions which are appropriate to achieve its objects. It may establish other businesses and may acquire, and acquire participations in, other businesses of the same or similar type. The Company may also limit its commercial activities to a portion of the fields of operations referenced in paragraph 1 hereof.*

- b) Pursuant to the relevant provisions of applicable law, in certain circumstances, information may be transmitted to shareholders electronically. A condition precedent thereto is, *inter alia*, the consent of the General Shareholders' Meeting. In order to ensure that the Company is in a position to transmit information electronically to its

shareholders, a corresponding amendment should be added to the Articles. The Executive Board thus recommends amending § 4 of the Company's Articles as follows:

The previous text of § 4 of the Articles shall remain un-amended and be re-numbered § 4 (1) of the Articles. A new paragraph 2 shall be added to § 4 of the Articles, which shall read as follows:

*The Company may also transmit information to the holders of its admitted securities by means of electronic media. Mandatory provisions of law shall remain unaffected by the foregoing.*

c) As a result of having acquired a majority interest in IDS Scheer AG, the Company will, as a rule, employ more than 2,000 members of staff within the meaning of the German Employee Co-Determination Act [*Mitbestimmungsgesetz*]. Following completion of the first stage of the status procedure for this purpose contemplated under § 97 AktG, it has been determined that, in the future, one-half of the Supervisory Board shall consist of representatives of shareholders and one-half of representatives of the employees. The previous text of the Articles provides for application of the German One-Third Participation Act [*Drittelbeteiligungsgesetz*] and must therefore be amended. In connection herewith, the number of members of the Supervisory Board should be increased from six to twelve, and the provisions governing the Supervisory Board should be amended to take account of its new composition. The Executive Board and Supervisory Board recommend amending §§ 9-11 and § 13 of the Company's Articles and completely redrafting those sections as follows:

### **Section 9**

*The Supervisory Board consists of twelve members, six of whom shall be elected by the General Shareholders' Meeting and six of whom by the employees, pursuant to the provisions of the Employee Co-determination Act [*Mitbestimmungsgesetz*] of 4 May 1976 (*MitbestG*).*

*Each member of the Supervisory Board may resign from office upon one month's notice, with or without good cause.*

*The General Shareholders' Meeting shall appoint members of the Supervisory Board, with respect to whom it is not bound to vote in accordance with any nomination, for a term of office that ends no later than in the year in which the General Shareholders' Meeting is held following the Supervisory Board member's reaching his or her 70<sup>th</sup> birthday.*

### **Section 10**

*Pursuant to the provisions of § 27 (1 and 2) of the German Employee Co-determination Act [*Mitbestimmungsgesetz*], the Supervisory Board shall elect from its midst a Chairman and a Deputy-Chairman. The Deputy-Chairman shall have the same rights*

*and duties of the Chairman only where the Chairman is prevented from acting and where not otherwise provided by law or these Articles; the Deputy-Chairman is not entitled to cast a second vote. Unless a shorter term of office is prescribed in connection with their election, the term of office of the Chairman of the Supervisory Board and his Deputy depends on their current term of office as members of the Supervisory Board. Re-election is permissible if the member concerned is reappointed as a member of the Supervisory Board.*

## **Section 11**

*The Chairman or his Deputy shall call the Supervisory Board's meetings, complying with a one-week period of notice, and, if possible, giving information on the agenda.*

*The Chairman of the Supervisory Board shall preside at its meetings. The Chairman of the Supervisory Board shall determine the order in which the items of the agenda shall be dealt with and the manner and order of any voting. He may postpone deliberation and adoption of resolutions on individual items on the agenda, or on all of them, for a maximum of four weeks, where an unequal number of members of shareholder and employee representatives would participate in adoption of the resolution or where there are other material grounds for the postponement.*

*The Supervisory Board's resolutions shall be adopted by a simple majority of votes cast, unless another voting majority is mandated by law. In the event of a tie, the Chairman shall determine whether a new vote shall be taken on the matter and whether that new vote should take place at this meeting or one of the next meetings of the Supervisory Board. Where a second vote on the same matter results again in a deadlock, the Chairman shall be entitled to cast two votes.*

*The Supervisory Board has a quorum to pass resolutions where at least half the number of members it is required to have take part in the adoption of the resolution. A member shall also be deemed to take part in the adoption of the resolution where he or she abstains from voting. Absent members may take part in the adoption of a resolution by having another member submit their written ballot on their behalf.*

*The Supervisory Board is permitted to adopt resolutions by written ballot, telephonic voting or by the use of other telecommunications media, where the Supervisory Board's Rules of Procedure (Geschäftsordnung) so provide or the Chairman of the Supervisory Board so rules in an individual case. Pursuant to the rulings of the Chairman of the Supervisory Board, it is also possible for resolutions to be adopted partly at the meeting and partly outside the meeting ("mixed voting procedure").*

*Declarations of intent by the Supervisory Board are given on its behalf by the Chairman of the Supervisory Board or by a member authorized by him.*

### Section 13

*In addition to the committee prescribed by § 27 (3) MitbestG, the Supervisory Board may create further committees from its midst. To the extent permitted by law, the Supervisory Board may delegate decision-making authority to the committees.*

*The composition, authorities and procedures of the committees shall be determined by the Supervisory Board. Where the Supervisory Board does not prescribe any rule, § 11 of these Articles of Association shall apply with respect to the procedures to be followed by the committees.*

d) On August 4, 2009, the German Act on the Implementation of the Shareholders' Rights Directive [*Gesetz zur Umsetzung der Aktionärsrichtlinie (ARUG)*] was published in the German Federal Law Gazette [*Bundesgesetzblatt*]. The amendments to the German Stock Corporation Act [*Aktiengesetz*] generally entered into force on September 1, 2009. Among other things, the Act made changes to the time limits under the German Stock Corporation Act for registering attendance at the General Shareholders' Meeting and for submitting proof of entitlement to attend the meeting, and also changed the rules on casting votes by proxy. In addition, the Act created the option of postal voting. The amendments to the Articles proposed herein are intended to adapt the Articles to these new legal rules. The Executive Board and Supervisory Board recommend that §§ 16-19 of the Company's Articles be amended and completely redrafted as follows:

### Section 16

*Subject to the statutory rights of the Supervisory Board and of a minority of shareholders to call a meeting, the General Shareholders' Meeting is called by the Executive Board upon the statutory notice periods applicable in each case.*

*The General Shareholders' Meeting shall take place at the Company's registered office or at the registered office of a German stock exchange.*

*Video and audio transmission of the General Shareholders' Meeting is permissible. The Chairman is authorized to permit the General Shareholders' Meeting to be transmitted, either in whole or in part, via audio and video in such manner as he may prescribe in a more detailed fashion.*

### Section 17

*Shareholders who wish to participate in and vote at the General Shareholders' Meeting must register for the meeting and furnish proof of their entitlement to participate in it. The Company must receive the registration at the address specified in the notice of meeting at least six days prior to the General Shareholders' Meeting. The notice may specify a shorter period of time, to be indicated by a number of days. The registration must be provided in text form ("Textform"), as defined by German law and must be*

*given in German or English. The confirmation must be current as of the beginning of the 21st day prior to the meeting and must be received by the Company at the address specified in the notice of meeting at least six days prior to the meeting. The notice may specify a shorter period of time, to be indicated by a number of days.*

*Voting rights may also be exercised by proxy. Where a shareholder grants proxy authorization to more than one person, the Company may reject one or more of such proxies. The grant of a proxy, revocation of a proxy and proof of a proxy vis-à-vis the Company must be in text form. The notice of meeting may specify relaxations as to form. Section 135 of the German Stock Corporation Act shall remain unaffected by the foregoing.*

*The Executive Board is empowered to stipulate that shareholders may cast their votes in writing or by means of electronic communications (postal voting) even without attending the meeting. The Executive Board may enact specific rules governing the procedure for postal voting.*

*The Executive Board is empowered to provide that shareholders may participate in the General Shareholders' Meeting even without being present at the location thereof and without having appointed a proxy and may exercise their rights individually or in their entirety by way of electronic communications, in whole or in part (online participation). The Executive Board may enact specific rules governing the scope and procedure for online participation.*

*The provisions of law applicable in each case shall apply with respect to the calculation of time limits.*

## **Section 18**

*The General Shareholders' Meeting shall be chaired by the Chairman of the Supervisory Board or by such other member of the Supervisory Board as he may determine. In the event that neither the Chairman of the Supervisory Board nor any member of the Supervisory Board appointed by him assumes the chairmanship of the meeting, the chairperson of the meeting shall be elected by the shareholders' members of the Supervisory Board by a simple majority of votes cast.*

*The chairperson of the meeting will decide on the basis of the statutory provisions the procedure of the General Shareholders' Meeting, especially the order of the matters on the agenda, and how voting will be carried out.*

*The meeting's chairperson may place appropriate time restrictions on the shareholders' right to speak and ask questions and determine further particulars in this regard. Specifically, the meeting's chairperson is authorized to stipulate at the beginning of the General Shareholders' Meeting or during the course of the meeting a reasonable time limit on the duration of the entire General Shareholders' Meeting, on individual items on the agenda or on individual speakers*

## Section 19

*Resolutions by the General Shareholders' Meeting will be passed by simple majorities of votes cast unless the law stipulates a majority of capital shareholdings as well as a majority of votes cast, in which case resolutions will be passed by simple majorities of votes cast and by simple majorities of capital shareholdings represented when the resolution is passed. Any special voting or capital shareholding majorities that are mandated by law shall remain unaffected by the foregoing.*

*If votes cast (for or against) are equal, the motion is deemed to have been rejected.*

### 6. Election to the Supervisory Board

The Supervisory Board is currently constituted pursuant to §§ 96 (1), 101 (1) sentence 1 no. 1 of the German Stock Corporation Act (“AktG”), § 4 (1) of the One-Third Participation Act, and § 9 of the Software AG’s current Articles and consists of six members, of whom the following four members were elected by the General Shareholders' Meeting:

- Dr. Andreas Bereczky, member of the Supervisory Board since April 30, 2004
- Mr. Willi Berchthold, member of the Supervisory Board since April 29, 2008
- Mr. Heinz Otto Geidt, member of the Supervisory Board since April 30, 2009
- Mr. Alf Henryk Wulf, member of the Supervisory Board since May 11, 2007

Pursuant to § 97 (2) sentence 3 AktG, due to the Company’s having changed the composition of the Supervisory Board pursuant to the provisions of the German Employee Co-Determination Act, the term of office of the previous members of the Supervisory Board shall come to an end as of the end of the General Shareholders’ Meeting on May 21, 2010. Effective at the end of that General Shareholders’ Meeting, the Supervisory Board shall be constituted in accordance with §§ 96 (1), 101 (1) AktG; § 1 (1), § 7 (1) sentence 1, no. 1 of the Employee Co-Determination Act and § 9 of the Articles of Software AG (as amended on the basis of resolution adopted under agenda item 5 of the General Shareholders’ Meeting of May 21, 2010), and shall consist of twelve members. Of these, six members must be elected by the General Shareholders’ Meeting. The General Shareholders’ Meeting is not bound by the proposed nominations.

The Supervisory Board recommends that the General Shareholders Meeting elect

- Dr. Andreas Bereczky, Head of Produktion for ZDF, and having his place of residence in Eschweiler,
- Mr Willi Berchthold, Dipl. Oec, Director of Finance, Controlling, Information Technology with ZF Friedrichshafen AG, and having his place of residence in Überlingen,
- Mr. Heinz Otto Geidt, Director of Asset Management for the foundation, Software AG-Stiftung, and having his place of residence in Kelkheim,

- Prof. Dr. phil. nat. Dipl. Phys. Hermann Requardt, Member of the Managing Board of Siemens AG, Sector CEO Healthcare, Head Corporate Technology, and having his place of residence in Erlangen,
- Ms. Anke Schäferkordt, Dipl. Kauffrau, Managing Director of RTL Television GmbH, and having her place of residence in Cologne, and
- Mr. Alf Henryk Wulf, Dipl. Ing. (TU), Chairman of the Executive Board of Alcatel Lucent Deutschland AG, and having his place of residence in Stuttgart.

to serve as the shareholder-appointed members of the Supervisory Board effective from the end of the General Shareholders' Meeting of May 21, 2010 until the conclusion of the General Shareholders' Meeting which decides on the ratification of the Supervisory Board members' actions for fiscal year 2014. The elections shall be conducted individually.

At the time Notice of the General Shareholders' Meeting was officially published, the above-referenced persons are members of the following supervisory boards that are required by law to be formed:

- Dr. Andreas Bereczky: member of the supervisory board of Alfabet AG, Berlin.
- Mr. Willi Berchthold, member of the supervisory board of Lufthansa Systems AG, chairman of the supervisory board of ZF Boge Elastmetall GmbH, member of the supervisory board of ZF Sachs AG, member of the supervisory board of Lemförder GmbH, member of the supervisory board of ZF Passau GmbH, member of the supervisory board of ZF Getriebe GmbH, member of the supervisory board of ZF Lenksysteme GmbH, member of the supervisory board of SupplyOn AG, chairman of the supervisory board of Bundesdruckerei GmbH.
- Mr. Heinz Otto Geidt: chairman of the supervisory board of Bingenheimer Saatgut AG, Echzell.
- Prof. Dr. Hermann Requardt, member of the supervisory board of BSH Bosch und Siemens Hausgeräte GmbH, Munich, member of the supervisory board of OSRAM GmbH, Munich.
- Ms. Anke Schäferkordt: none.
- Mr. Alf Henryk Wulf: member of the supervisory board of Alcatel Lucent Network Services GmbH.

The foregoing are members of similar governing bodies in domestic or foreign business enterprises of the following companies:

- Dr. Andreas Bereczky: none.
- Mr. Willi Berchthold: none.
- Mr. Heinz Otto Geidt: member of the advisory board of AMC Advanced Medical Communication Holding GmbH, Hamburg, and member of the advisory board of Birken GmbH, Niefern-Öschelbronn.
- Prof. Dr. Hermann Requardt: member of advisory board of Siemens Healthcare Diagnostics Inc., USA, member of the advisory board of Siemens K.K., Japan, chairperson of the advisory board of Siemens Medical Solutions USA, Inc., USA.

- Ms Anke Schäferkordt: Chairperson of the advisory board of VOX Television GmbH, Cologne; Chairperson of the advisory board of RTL Creation GmbH, Cologne; Chairperson of the advisory board of n-tv Nachrichtenfernsehen GmbH, Cologne; Chairperson of the advisory board of CBC Cologne Broadcasting Center GmbH, Cologne; Chairperson of the advisory board of RTL interactive GmbH, Cologne; Chairperson of the advisory board of IP Deutschland GmbH, Cologne; member of the advisory board of RTL DISNEY Fernsehen GmbH & Co. KG (Super RTL), Cologne; member of the advisory board of RTL 2 Fernsehen GmbH & Co. KG, Munich; and member of the advisory board of IP Österreich GmbH, Vienna.
- Mr. Alf Henryk Wulf: none.

In the event that he is elected by the General Shareholders' Meeting, Dr. Andreas Berezcky will seek the office of Supervisory Board chairman.

#### **7. Appointment of the annual financial statements auditor for fiscal year 2010**

Relying on the recommendation of the Audit Committee, the Supervisory Board recommends engaging the accounting firm of BDO Deutsche Warentreuhand Aktiengesellschaft, Frankfurt am Main, to serve as the annual financial statements auditor (Abschlussprüfer) of the Company and of the corporate group for fiscal year 2010.

The Supervisory Board requested that BDO Deutsche Warentreuhand Aktiengesellschaft submit to it a statement about the scope of the business, financial, personal and other relationships between itself, its governing bodies and its audit managers, on the one hand, and the Company and its governing bodies, on the other hand, and about the scope of services other than auditing (such as consulting), which were performed for the Company or enterprises of the Software AG Group during the last fiscal year and which were agreed to be performed for those companies in the next year. This statement showed no evidence that the independence of BDO Deutsche Warentreuhand Aktiengesellschaft could not be sufficiently guaranteed.

#### **8. Approval of system for compensating the members of the Executive Board**

The German Act on Reasonableness of Directors' Compensation [*Gesetz zur Angemessenheit der Vorstandsvergütung (VorstAG)*] permits the general shareholders' meeting to adopt resolutions approving the system for compensating the members of a company's executive board (§ 120 (4) AktG). The system of compensating the Company's Executive Board, to which the resolution relates, is described in detail in the Compensation Report, which was published as a part of the Company's Corporate Governance Report in its 2009 Annual Report and which can be downloaded from the Company's website - <http://www.softwareag.com/hauptversammlung> - starting on the date of the official notice of the General Shareholders' Meeting.

The Executive and Supervisory Boards recommend that the General Shareholders' Meeting approve the system for compensating the members of the Executive Board of Software AG as described in the Compensation Report.

9. **Authorization to issue warrant-linked and convertible bonds and to exclude the preemptive rights on such warrant-linked or convertible bonds, including the simultaneous creation of conditional capital and amendment to Section 5 of the Articles**

The authorization granted pursuant to a resolution of the General Shareholders' Meeting on May 13, 2005 for the issuance warrant-linked and convertible bonds having a total face value of up to € 500,000,000 and a term of no more than 15 years will expire as of May 12, 2010. For this reason, a conditional capital account, which has existed under § 5 (4) of the Articles, should be terminated. The Executive Board and Supervisory Board recommend that the Shareholders' Meeting grant a new authorization and modify the conditional capital to reflect the new authorization.

The Executive Board and Supervisory Board recommend adopting the following resolution:

a) **Authorization to issue warrant-linked and convertible bonds and to exclude the preemptive rights**

The Executive Board is authorized, with the consent of the Supervisory Board, on or before May 20, 2015 to issue one or more times warrant-linked and/or convertible bonds in bearer form with a total face value of up to € 500,000,000 and either with or without term restrictions. In accordance with the more specific requirements under the option or bond terms and conditions, the holder of the warrant-linked bonds may be granted or become subject to option rights or duties, and the holders of the convertible bonds may be granted or become subject to conversion rights or duties, with respect to the Company's bearer shares representing a *pro rata* amount of the registered share capital of up to € 18,000,000.

Warrant-linked and convertible bonds may be issued not only in euro but also - subject to the equivalent euro value - in an official currency of an OECD country. These instruments may also be issued by a wholly-owned direct or indirect subsidiary (*Beteiligungsgesellschaft*) of Software AG. In this case, the Executive Board will be authorized, with the consent of the Supervisory Board, on behalf of the Company to guarantee the warrant-linked and convertible bonds and to grant option or conversion rights to or impose option or conversion duties upon the holders of warrants and convertible bonds related to the bearer shares of Software AG.

The statutory preemptive rights may be granted to shareholders such that the warrant-linked or convertible bonds are acquired by a financial institution or a syndicate of financial institutions subject to the obligation that they offer them to the shareholders for subscription. If the warrant-linked or convertible bonds are issued by a wholly-owned direct or indirect subsidiary, then the Company must ensure that the shareholders of Software AG are granted the statutory preemptive right, unless the preemptive right has been excluded in accordance with the terms of this authorization.

The Executive Board is authorized, with the consent of the Supervisory Board, to eliminate any fractional amounts which may arise because of the subscription ratio from the shareholders' preemptive rights and to exclude the preemptive rights to the extent it would be necessary to be able to grant to the holders of warrants or convertible bonds, which were previously issued by the Company or by IDS Scheer AG (once IDS Scheer AG has been validly merged into the Company), the volume of subscription rights to which those persons would be entitled as shareholders after exercising the option or convertible rights or performing the option or conversion obligations.

The Executive Board is furthermore authorized, with the consent of the Supervisory Board, to completely exclude the shareholders' preemptive rights on warrant-linked and convertible bonds if the Executive Board, after conducting a due review, reaches the conclusion that the issue price for the warrant-linked and convertible bonds are not significantly below the theoretical market value as calculated using recognized (and specifically financial mathematical) methods. This authorization to exclude the preemptive right applies, however, only to warrant-linked and convertible bonds with an option or conversion right or an option or conversion duty on shares representing a *pro rata* amount of the registered share capital of up to € 8,612,523 or, if this amount is lower, then 10% of the registered share capital existing at the time that the authorization is exercised (in each case, factoring in a utilization of other authorizations for selling treasury shares or issuing shares from an authorized capital account while excluding the preemptive rights pursuant to § 186 (3) sentence 4 AktG, where such utilization results from the issuance of warrant-linked or convertible bonds under a preemptive rights exclusion pursuant to § 186 (3) sentence 4 AktG).

The warrant-linked and convertible bonds are divided into so-called "partial bonds" (*Teilschuldverschreibungen*). In the event that warrant-linked bonds are issued, each partial bond will include one or more warrants, which will entitle the holder to subscribe for Software AG's bearer shares in accordance with the more specific requirements set forth in the warrant terms and conditions as stipulated by the Executive Board. For euro-denominated warrant-linked bonds issued by Software AG, the option (warrant) terms and conditions may provide that the option price could also be satisfied by transferring the partial bonds and, in some cases, by making an additional cash payment. The *pro rata* amount of the registered share capital, which is attributable to the shares that could be subscribed for each partial bond, may not exceed the aggregate face value of the partial bonds (if applicable, plus an additional cash payment). If a conversion results in fractional amounts of shares, then provision may be made, pursuant to the terms and conditions of the warrants or bonds and, if necessary, in exchange for additional payments, that such fractional amounts could be added up and rounded off to facilitate the subscription of whole number shares.

If convertible bonds are issued, then the holders will be granted an irrevocable right to convert their partial bonds into Software AG's bearer shares pursuant to the

convertible bond terms and conditions as stipulated by the Executive Board. The conversion ratio is calculated by dividing the partial bond's face value or the below-face-value issue price of the partial bond by the stipulated conversion price for a no-par bearer share of the Company and can then be rounded up or down to the nearest whole number. Moreover, an additional cash payment and the consolidation of non-convertible fractional amounts can be stipulated. The bond terms and conditions may - subject to the provisions of this authorization concerning the conversion price - provide for a variable conversion ratio and a definition of the conversion price (subject to the minimum price prescribed below) within a pre-established range, which depends on the performance of Software AG's shares during the term of the bond.

The option or bond terms and conditions may provide that in all cases involving the physical delivery of the Company's shares, the Company's existing shares will be delivered instead of new shares.

Except for those cases in which an option or a conversion duty or a right to a delivery of shares exists, the option or conversion price that is set for a single share must equal at least 80% of the non-weighted, average closing price for Software AG shares as established in Xetra-trading of the Frankfurt Stock Exchange or in a corresponding successor system during a reference period of ten trading days prior to the date on which the Executive Board adopts the resolution regarding the issue of warrant-linked or convertible bonds or - in the event that a preemptive right is granted - at least 80% of the non-weighted, average closing price for Software AG shares as established in Xetra-trading of the Frankfurt Stock Exchange or a comparable successor system during the subscription period but excluding the dates of the subscription deadline, which are required to provide timely notice of the option or conversion price as required under § 186 (2) sentence 2 AktG. Section 9 (1) and § 199 AktG will continue to apply.

Notwithstanding § 9 (1) AktG, the option or conversion price may, on the basis of an anti-dilution clause, be lowered in accordance with the more specific provisions under the warrant-linked or convertible bond terms and conditions if the Company, during the option or conversion period, (i) increases the registered share capital or sells treasury shares while granting an exclusive preemptive right to its shareholders; or (ii) increases the registered share capital from the Company's own funds; (iii) issues or guarantees additional warrant-linked or convertible bonds while granting an exclusive preemptive right to its shareholders and, in those cases (i) through (iii), the holders of previously existing option or conversion rights or duties are not granted the preemptive rights, to which they would be entitled following the exercise of the option or conversion right or following the satisfaction of the option or conversion duty. The reduction in the option or conversion price may also be effected through a cash payment made at the time the option or conversion right is exercised or an option or conversion duty is satisfied. The option or bond terms and conditions may also provide for a modification of the option or conversion rights or option or conversion duties in the event that a capital

reduction or other extraordinary measures or events which are connected with the economic dilution of the value of the option or conversion rights or duties (such as unusually high dividends, loss of control to third parties). Where there is a loss of control to a third party, a standard market adjustment to the option or conversion price may be stipulated. Section 9 (1) and § 199 AktG will continue to apply.

The option or bond terms and conditions may provide that in the event the conversion right or option is exercised, the Company will have the right, instead of granting shares, to make a partial or complete cash payment, which is based on the number of shares that must be otherwise delivered and the non-weighted average closing price of Software AG's shares as established in Xetra-trading on the Frankfurt Stock Exchange or a comparable successor system during the reference period of ten trading days prior to or after the notice of conversion or option exercise.

The option or bond terms and conditions may also provide for a duty to convert or exercise the warrant (option) at the end of the term or at another point in time or the right of the Company at the final maturity of the warrant-linked or convertible bond (this also includes a maturity triggered by a termination), to grant bond holders - instead of a full or partial payment of the cash amount due - shares of the Company. In these cases, the option or conversion price, as more specifically stipulated in the option or bond terms and conditions, can equal either at least the minimum price or the non-weighted average closing price of the Software AG shares as established in Xetra-trading on the Frankfurt Stock Exchange or a comparable successor system during the reference period of ten days prior to the maturity date or another defined date, even if this average price is below the aforementioned minimum price. The *pro rata* amount of the registered share capital attributable to the Company's no-par shares, which are issued upon conversion or warrant exercise, may not exceed the face value of the partial bonds (in some cases, plus an additional cash payment). Sections 9 (1) and 199 (2) AktG will continue to apply.

The Executive Board is authorized, with the consent of the Supervisory Board, to stipulate more details regarding the issuance and features of the warrant-linked and/or convertible bonds, including the interest rate, issue price, term and denomination, anti-dilution provisions, warrant exercise or conversion period as well as the conversion and option exercise price within the foregoing range and the reference period or to prescribe the same with the consent of the governing bodies of the Software AG subsidiary that issued the warrant-linked bonds or convertible bonds.

#### b) Conditional capital

The provisions concerning the conditional capital as defined in § 5 (4) of the Articles will be replaced by the following provision.

The registered share capital shall be conditionally increased by up to € 18,000,000 through the issuance of up to 6,000,000 bearer shares, with each share representing a *pro rata* amount of the registered share capital of € 3.

The increased conditional capital is intended to be used for purposes of granting no-par bearer shares when conversion or warrant rights are exercised (or when the corresponding warrant exercise/conversion duties are satisfied) or when the Company exercises its elective right to grant - in partial or complete lieu of payment of the cash amount due - no-par shares of the Company to the holders of conversion or option rights, which are issued on or before May 20, 2015 by Software AG or a direct or indirect wholly-owned subsidiary of Software AG pursuant to the authorization dated May 21, 2010 and granted under paragraph b) above. The new shares will be issued in accordance with the foregoing authorization in each case at the stipulated option or conversion price.

The conditional capital increase shall be carried out only to the extent that the holders of the options (warrant rights) or convertible bonds exercise their option or conversion rights or the option or conversion duties arise or to the extent Software AG exercises its elective right to grant - in either partial or complete lieu of the payment of the cash amount due - no-par shares of the Company and to the extent that no cash compensatory payment is awarded or treasury shares are used to service the foregoing obligations. The new shares to be issued will have dividend rights beginning in the fiscal year in which they are created. The Executive Board is authorized, with the consent of the Supervisory Board, to stipulate additional details regarding the implementation of the conditional capital increase.

The Supervisory Board is authorized to amend § 5 (4) of the Articles to reflect the relevant issue of preemptive rights and to carry out all other related amendments to the Articles which relate merely to the language of the text. The same rule applies once the authorization period ends and the authorization to issue warrant-linked or convertible bonds was not utilized, and also applies once the deadlines for exercising the option or conversion rights or satisfying the conversion or option duties have expired and the conditional capital was not utilized.

c) Amendments to the Articles

Section 5 (4) of the Articles is hereby rescinded and is replaced by the following new subsection (4):

*The registered share capital is conditionally increased by up to € 18,000,000, divided into 6,000,000 shares of bearer shares with each share representing a pro rata amount of the registered share capital of € 3. The conditional capital increase shall be carried out only to the extent that the holders of the option or conversion rights or the persons, who are obligated to exercise the conversion or option duties under warrant-linked or convertible bonds, which are issued or guaranteed by Software AG or a wholly-owned direct or indirect subsidiary of Software AG on*

*the basis of the authorization resolution adopted by the Shareholders' Meeting on May 21, 2010 , enforce their option or conversion rights or discharge a duty to exercise a warrant or convert the bonds (also in the case where the Company enforces a corresponding elective right), and to the extent no cash compensation is paid or treasury shares are used for purposes of satisfying such obligations. The new shares will be issued in each case at the option or conversion price determined in accordance with the aforementioned authorization resolution. The new shares will have dividend rights beginning in the fiscal year in which they are created. The Executive Board is authorized, with the consent of the Supervisory Board, to prescribe additional details regarding the implementation of the conditional capital increase.*

**The Executive Board report to the Shareholders' Meeting regarding agenda item 9 pursuant to §§ 221 (4) sentence 2, 186 (4) sentence 2 AktG**

The proposed authorization to issue warrant-linked and/or convertible bonds for a total face value of up to € 500,000,000 as well as to create the related conditional capital account of up to € 18,000,000 is intended to expand the Software AG's opportunities, as more specifically defined below, for financing its activities and to afford the Executive Board, subject to the consent of the Supervisory Board, with a means of securing more flexible and timely financing in the interests of the Company, particularly where more favorable market conditions arise.

The shareholders are generally entitled to enforce their statutory preemptive rights on the warrant-linked or convertible bonds (§ 221 (4) in connection with § 186 (1) AktG). In order to simplify clearing and settlement, warrant-linked or convertible bonds may instead be issued to a financial institution or a syndicate of financial institutions, which would be under an obligation to offer the bonds to the shareholders according to their shareholders' respective preemptive rights (indirect preemptive right within the meaning of § 186 (5) AktG). The exclusion of the preemptive right for fractional amounts allows the requested authorization to be exercised in whole number amounts. This feature simplifies the settlement of the shareholder's preemptive right. The exclusion of the preemptive right in favor of the holder of the previously issued conversion and option rights and duties has the advantage that the conversion or option price for the previously issued conversion or option rights and duties does not need to be reduced, thus generally increasing the amount of incoming funds. The Company currently has not issued any conversion and option rights, but it is conceivable that the Company will utilize the authorization several times on a staggered basis during the term of the authorization. Both types of preemptive right exclusions serve the Company and its shareholders' interests. In connection with the planned merger of IDS Scheer AG into the Company, Software AG is obligated pursuant to § 23 German Corporate Reorganization Act ("UmwG") to grant the holders of conversion and option rights, which were issued by IDS Scheer AG, rights that are equivalent thereto. This is accomplished by adjusting the rights on the basis of the exchange ratio stipulated in the merger agreement between Software AG and IDS Scheer AG while factoring in any applicable additional cash payments. Details regarding the conversion and option rights that were issued by IDS Scheer AG and that are currently still outstanding and details about Software AG's grant of equivalent rights are set forth in agenda item 10 and described in the related Executive Board

report. The bond and option terms for the conversion and option rights granted by IDS Scheer AG provide that the conversion price or strike price owed at the time the conversion or option rights are exercised will be reduced, *inter alia*, if IDS Scheer AG - during the term of the relevant conversion or option rights - issues partial bonds with conversion or option rights to new shares while having granted direct or indirect preemptive rights to its shareholders, without issuing to the holders of the conversion or option rights granted by IDS Scheer AG a direct or indirect preemptive right, which would correspond to those held by the shareholders. After the merger goes into effect, this will apply even in cases involving similar measures taken at Software AG. Thus, from this point in time, it should be possible to exclude the preemptive rights for the benefit of the holders of those conversion or option rights previously granted by IDS Scheer AG. As in the case of the conversion or option rights issued by the Company itself, this arrangement has the advantage that the relevant conversion or option price does not need to be reduced, and thereby increases the overall cash inflow. The exclusion of the preemptive rights in this case as well serves the interests of the Company and its shareholders.

The issue price for the new shares must always equal at least 80% of the stock market price, which is calculated very close in time to the issue date of the warrant-linked and/or convertible bonds. If there is an option or conversion duty (including the delivery of shares after the Company's elective right is exercised), a different reference period, which is tied to the date the bond matures, can also be selected in the alternative and the issue price can be set on the basis of the stock market price during the reference period. By having the opportunity to charge a premium (which could increase after the expiration of the warrant-linked or convertible bond), the foundation is established for permitting the terms and conditions of the convertible or warrant-linked bonds to take into account the situation on the applicable capital markets at the time the instruments are issued.

The Executive Board is also authorized, with the consent of the Supervisory Board, to fully exclude the shareholder preemptive rights, if the warrant-linked or convertible bonds are issued at a price which is not significantly below the market value of such bonds. The Company is thereby afforded the opportunity of exploiting favorable market conditions expeditiously and on short notice and of obtaining better terms and conditions in setting of the bond's interest rate, option or conversion price and issue price of the warrant-linked or convertible bonds as a result of a more timely market determination. A timely market determination of the conditions and a smooth placement would not be possible if preemptive rights were granted. Although section 186 (2) AktG allows for the publication of the subscription price (and therefore the terms and conditions of such bonds in the case of convertible or warrant-linked bonds) on or before the third to last day of the subscription period, given the frequently observed volatility on the stock market, there is, however, also a market risk over several days which leads to risk discounts in setting the bond conditions and thus to conditions that do not reflect the market in real time. Moreover, where a preemptive right exists, the uncertainty about whether the preemptive right will be exercised (subscription behavior) can jeopardize the successful placement with third parties or produce additional costs. In the end, given the length of the subscription period underlying a preemptive right, the Company may be unable to react on short notice to more favorable or unfavorable market conditions and is instead exposed to declining market prices during the subscription period, which in turn could lead to less favorable capital procurement for the Company.

In the event that the preemptive right is fully excluded, then under section 221 (4) sentence 2 AktG, the provision under section 186 (3) sentence 4 AktG would apply *mutatis mutandis*. The limit stipulated for a preemptive right exclusion - namely, to a cash capital increase equal to 10% of the registered share capital as defined in the foregoing statutory provisions - must be observed in accordance with the language of the resolution. The volume of contingent capital, which in this case should be provided at most to secure the option or conversion rights or duties, may not under section 186 (3) sentence 4 AktG exceed 10% of the registered share capital existing at the time that the authorization to exclude the preemptive rights becomes effective. By virtue of a corresponding provision under the authorization resolution, the Company must also ensure that in the event of a capital reduction, the 10% threshold is not exceeded since the authorization to exclude preemptive rights is expressly limited to 10% of the registered share capital, and this threshold may not be exceeded either at the time the resolution goes into effect or - if this amount is lower - at the time that the foregoing authorization is exercised. In this regard, any treasury shares, which are sold subject to the exclusion of the preemptive rights under section 186 (3) sentence 4 AktG, as well as those shares which are issued from authorized capital subject to the preemptive rights exclusion pursuant to section 186 (3) sentence 4 AktG - if the sale or issue is carried out during the term of this authorization until the bonds with option and/or conversion rights or duties are issued free of preemptive rights pursuant to section 186 (3) sentence 4 AktG - will be set-off and therefore reduce the amount accordingly. Section 186 (3) sentence 4 AktG also provides that the issue price should not be significantly less than the stock market price. Efforts should be made here to ensure that no considerable economic dilution of the share value will occur. The matter of whether any such dilution will occur with respect to the issue of convertible or warrant-linked bonds may be determined by calculating the theoretical market value of the convertible or warrant-linked bonds using recognized financial-mathematical methods and then comparing that value with the issue price.

If, based on a duly conducted review, the issue price is only insignificantly less than the theoretical market value at the time that the convertible or warrant-linked bonds are issued, then according to the meaning and purpose of the provision under § 186 (3) sentence 4 AktG, a preemptive rights exclusion will be permitted due to the merely insignificant discrepancies. The resolution therefore provides that prior to the issuance of the convertible or warrant-linked bonds, the Executive Board must reach a conclusion after a duly conducted review that the contemplated issue price will not lead to a noticeable dilution of the share value. Since the theoretical market value of the preemptive rights would be thereby reduced to virtually zero, the shareholders would not incur any noticeable economic detriment from the preemptive rights exclusion.

Irrespective of this review by the Executive Board, the use of a book-building procedure allows market conditions to be set and thereby avoids a noticeable dilution of value. In such a procedure, the warrant-linked or convertible bonds are issued at a set issue price, but individualized terms and conditions of the warrant-linked or convertible bonds (e.g., interest rate and conversion or option price) are determined on the basis of the purchase orders made by investors, and thus the total value of the bond issue is determined by the market. This arrangement ensures that the preemptive rights exclusion will not trigger a noticeable dilution of the share value.

Moreover, the shareholders have the possibility at any time of preserving their shareholding in the Company's registered share capital, even after exercising the

conversion rights or options or becoming subject to the option exercise or conversion duty, by buying additional shares on the open stock market. On the other hand, the authorization to exclude the preemptive right gives the Company the ability to set conditions in real market time, provides it with the highest degree of certainty in terms of third party placements, and facilitates the exploitation of favorable market conditions on short notice.

The Executive Board report, which must be submitted to the Shareholders' Meeting pursuant to §§ 221 (4) sentence 2, 186 (4) sentence 2 of the AktG and which is reprinted above in full, is available for review on the Company's website - <http://www.softwareag.com/hauptversammlung> - beginning on date Notice of the Shareholders' Meeting is officially published.

**10. Resolution on creating conditional capital for servicing the conversion and option rights granted by IDS Scheer AG in preparation for the merger of IDS Scheer AG and the related amendment to the Articles**

The Executive Board and Supervisory Board recommend adopting the following resolution:

**a) Creation of new conditional capital**

The Company's registered share capital shall be increased by up to € 750,000 through the issuance of up to 250,000 bearer shares representing a *pro rata* amount of the registered share capital of € 3 each.

The conditional capital increase is intended to help prepare for the merger with IDS Scheer AG and specifically to grant no-par bearer shares in the event there is an exercise of the conversion or option rights, which were granted by IDS Scheer AG in accordance with the authorizations of its shareholders on April 29, 1999 and on May 20, 2005 and for which equivalent rights are granted pursuant to § 23 UmwG and the merger agreement to be concluded between the Company and IDS Scheer AG.

The shares of Software AG will be issued for purposes of servicing the aforementioned rights on the basis of the terms and conditions of the convertible bonds or the option terms and conditions. Pursuant to § 23 UmwG, Software AG must, as of the date the merger goes into effect, grant rights of equivalent value in exchange for those rights. This requirement will be met since the rights will be adjusted on the basis of the exchange ratio stipulated in the merger agreement between Software AG and IDS Scheer AG, taking into account any applicable additional cash payments. The minimum issue price per share of Software AG is € 20.00 per subscribed share. The conditional capital increase may be carried out only to the extent that the holders of the conversion rights or options enforce them after the merger goes into effect by exercising their rights to acquire shares of the Company and provided that no cash compensation is paid and no treasury shares are used as consideration. The new shares will enjoy dividend rights as of the commencement of the fiscal year in which they are created from the exercise of the conversion or options.

The Executive Board is authorized, with the consent of the Supervisory Board, to stipulate more details about the implementation of the conditional capital increase.

## b) Amendments to the Articles

The current § 5 (5) of the Articles will become the new § 5 (6) of the Articles. The following new § 5 (5) will be inserted in the Articles:

*The registered share capital of the Company shall be conditionally increased by up to an additional amount of € 750,000, divided into up to 250,000 bearer shares having a pro rata amount of the registered share capital of € 3.00 per share. The conditional capital increase serves to grant no-par bearer shares upon the exercise of conversion or option rights, which were granted by the IDS Scheer AG pursuant to the authorizations given by the IDS Scheer AG shareholders on April 29, 1999 or on May 20, 2005, and for which the Company has granted rights of equivalent value within the meaning of § 23 UmwG. The conditional capital increase will be carried out only to the extent that the holders of the conversion or option rights make use of their right to exercise them after the merger of IDS Scheer AG into the Company becomes effective and only to the extent that no cash compensation is paid and no treasury shares are issued as consideration. The new shares will have dividend rights as of the commencement of the fiscal year in which they participate in the profits as a result of exercising the conversion or option rights. The Executive Board is authorized, with the consent of the Supervisory Board, to stipulate more details regarding the implementation of the conditional capital increase.*

The Executive Board is instructed to file these amendments to the Articles for entry into the Commercial Register only after the merger of IDS Scheer AG into the Company has gone into effect upon the recordation of the merger in the Commercial Register of Software AG.

## c) Authorization to amend the Articles

The Supervisory Board is authorized to amend the new § 5 (5) of the Company's Articles in order to reflect the relevant scope of the subscribed shares issuance and to make all other amendments to the Articles required in connection herewith, provided that such amendments impact only the language of the text. The same applies in the event that the conditional capital is not utilized after the deadlines for exercising the option or conversion rights have expired.

### **Executive Board report to the Shareholders' Meeting for creating conditional capital in connection with the planned merger of IDS Scheer AG**

In connection with the preparation for the planned merger with IDS Scheer AG, the proposed creation of a conditional capital account serves the purpose of granting no-par bearer shares when there is an exercise of the conversion or option rights, which were granted by IDS Scheer AG pursuant to the authorizations given by the IDS Scheer AG shareholders on April 29, 1999 or on May 20, 2005, and for which the Company will grant rights of equivalent value pursuant to § 23 UmwG and the terms of the merger agreement to be concluded between the Company and IDS Scheer AG. The Executive Board has filed, as a precautionary measure, the following report with respect hereto:

Software AG and its wholly-owned subsidiary, SAG Beteiligungs GmbH, notified IDS Scheer AG on February 3, 2010, that it intends, *inter alia*, to merge IDS Scheer AG into Software AG pursuant to the provisions of the German Reorganization Act. For the merger to become valid, the consent of the Shareholders' Meeting of IDS Scheer AG as well as other steps are still required.

For purposes of promoting the long-term loyalty of its employees, IDS Scheer AG had issued between 1999 and 2002 convertible bonds to members of its executive board and its managers as well as its employees. Of the convertible bonds issued pursuant to the authorization of April 29, 1999, there are only two tranches - namely the third and fourth tranche - that still entitle their holders to convert their bonds into shares of IDS Scheer AG after the date of the General Shareholders' Meeting of Software AG on May 21, 2010. The first and second tranche will have already expired at the time of that General Shareholders' Meeting.

As of April 31, 2010, there are a total of 76,073 conversion rights still outstanding under the third tranche. These rights entitle the holders to subscribe for a total of 760,730 IDS Scheer AG shares (of which 9,950 shares are set aside for members of the IDS Scheer AG executive board and 750,780 shares are set aside for the managers and employees of IDS Scheer AG) with a *pro rata* amount of the registered share capital of €1.00 per share and a total amount of € 760,730. Under the fourth tranche, there are, as of March 31, 2010, a total of 866 conversion rights still outstanding. These rights entitled the holders to subscribe for a total of 8,660 IDS Scheer AG shares (all of which set aside for managers and employees of IDS Scheer AG) with a *pro rata* amount of the registered share capital of €1.00 per share and a total amount of € 8,600.

Additional details regarding the bond terms and conditions are as follows: the 3rd tranche (4th tranche) convertible bond, which was issued by IDS Scheer AG, is divided into 119,000 (35,940) partial bearer bonds ranking *pari passu* and having a face value of € 1 each. The partial bonds have been accruing 2.5% annual interest since May 11, 2001 (May 10, 2002). The interest is due as of December 30 of each year. Notwithstanding the foregoing, the interest for the last interest period will be due on April 30, 2011 (April 30, 2012). The holders of the convertible bonds have the right, in accordance with the bond terms and conditions and upon making an additional payment, to exchange the convertible bonds for bearer ordinary shares of IDS Scheer AG as of the dates more specifically defined in the bond terms and conditions. Each partial bond of € 1 entitles its holder to convert it into 10 ("ten") shares of IDS Scheer AG. The conversion may be carried out only on at least 10 ("ten") partial bonds of € 1.00 or a multiple thereof, unless the bond creditor has a smaller number of partial bonds. In the latter case, all the partial bonds must be converted simultaneously. A conditional capital account, which was approved by the IDS Scheer AG shareholders on April 29, 1999 and recorded in the Commercial Register at the Municipal Court of Saarbrücken on May 4, 1999, serves to fund or secure the conversion right. In the event that the convertible bond is converted into shares, the conversion price will equal € 20.35 (€ 10.54) per share of IDS Scheer AG. If the conversion right is enforced, then for each subscribed share of IDS Scheer AG, the conversion price LESS the (*pro rata*) face value of the converted convertible bond must be paid in. If, during the term of the bond, IDS Scheer AG increases its registered share capital by issuing new shares upon granting a direct or indirect preemptive right to its shareholders or issues partial bonds with conversion or option rights to new shares or issues participation rights (*Genussrechte*) or engages in other capitalization measures (capital reduction, stock split), then a corresponding adjustment to the conversion

price or conversion ratio will take place (in some cases as compensation) pursuant to the bond terms and conditions, and to the extent fraction of shares would be affected, a cash payment will be made. The last date on which the conversion rights under the third (fourth) tranche may be exercised is the second banking day prior to final maturity. Under § 4 (1) of the bond terms and conditions of the third tranche, the convertible bonds must be repaid at their face value on or before April 20, 2010, unless they are repaid or converted early. The indicated date is a mistake; what was meant was April 30, 2011. This date should therefore serve as the basis for the final maturity date. Under § 4 (1) of the bond terms and conditions of the fourth tranche, the convertible bonds must be repaid at their face value on or before April 30, 2012, unless they are repaid or converted early. Any shares resulting from the conversion will be entitled to dividends for the whole fiscal year of IDS Scheer AG in which they were validly distributed. In the event of a conversion, the relevant bond creditor will not be entitled to any interest that has accrued from the January 1st, which immediately precedes the conversion, through the date of the conversion.

Furthermore, during the years 1999 through 2002, IDS Scheer AG issued bonds with warrants to employees of affiliated enterprises in an effort to solicit long-term employee loyalty. Of the options issued on the basis of the authorization granted on April 29, 1999, only two tranches - namely, the third and fourth tranche - still entitle the holders to subscribe for IDS Scheer AG shares beyond the date of the Software AG Annual Shareholders' Meeting on May 21, 2010. The first and second tranche will have already expired as of the date of this Annual Shareholders' Meeting.

As of March 31, 2010, there are still a total of 7,890 options outstanding under the third tranche. These options entitle the holders to subscribe for a total of 78,900 IDS Scheer AG shares (all of which are set aside for members of the IDS Scheer AG managers and employees of IDS Scheer AG) with a *pro rata* amount of the registered share capital of €1.00 per share and a total amount of € 78,900. Under the fourth tranche, there are as of March 31, 2010 still a total of 905 options outstanding. These options entitled the holders to subscribe for a total of 9,050 IDS Scheer AG shares (all of which are set aside for managers and employees of IDS Scheer AG) with a *pro rata* amount of the registered share capital of €1.00 per share and a total amount of € 9,050.

Additional details regarding the bond and warrant terms and conditions are as follows: The warrant-linked bond of the third tranche (2001/2011) (fourth tranche (2002/2012)), which is issued by IDS Scheer AG with a total face value of € 43,000 (€ 15,852) and includes warrants for the subscription of ordinary bearer shares of IDS Scheer AG, is divided into 43,000 (15,852) sequentially numbered, partial bearer bonds ranking *pari passu* and having a face value of € 1.00 each. A bearer warrant is initially appended to each partial bond. The warrant may be detached from the partial and thereafter transferred to the option holder in accordance with the terms and conditions of the options. The partial bonds have been earning 5.5% annual interest since May 11, 2001 (May 10, 2002). IDS Scheer AG is obligated to repay the face value of the partial bonds on April 30, 2011 (April 2012). Interest is due for payment on December 30<sup>th</sup> of each year. Notwithstanding the foregoing, interest for the last interest period will be due on April 30, 2011 (April 30, 2012). The partial bonds may be transferred by the issuer's affiliated companies, which are entitled to acquire the warrant-linked bonds, to their managing directors, managers or employees (hereinafter referred to as "option holders") under the terms of their own stock option programs. Once a transfer is made to the option holders, the warrants may no longer be

transferred except by way of inheritance. The option holders are entitled, pursuant to the terms and conditions of the options, to purchase the ordinary bearer shares of IDS Scheer AG at the strike price. Each option entitles the holder to purchase 10 ("ten") shares of IDS Scheer AG at the strike price. The purchase may be made utilizing the options from at least 10 ("ten") warrants or a multiple thereof, unless the holder in question owns a lesser number of warrants. The strike price is € 20.35 (€ 10.54). In order to fund the options, the annual general meeting of IDS Scheer AG shareholders approved a conditional capital account on April 29, 1999 and recorded that action in the Commercial Register of the Municipal Court of Saarbrücken on May 4, 1999. If, during the term of the bond, IDS Scheer AG increases its registered share capital by issuing new shares upon granting a direct or indirect preemptive right to its shareholders or issues partial bonds with conversion or option rights to new shares or issues participation rights or engages in other capitalization measures (capital reduction, stock split), then a corresponding adjustment to the conversion price or conversion ratio will take place (in some cases as compensation) pursuant to the option terms and conditions, and to the extent a fraction of shares would be affected, a cash payment will be made. No such adjustment has occurred to date. Section 7 of the option terms and conditions stipulates the exercise period for the options. Under § 1 (2) of the option terms and conditions, the term of the warrants will be ten years in each case. Moreover, IDS Scheer AG, based on the authorization granted by its shareholders on May 20, 2005, issued warrant-linked bonds to its executive board members as part of the stock option program. As of March 31, 2010 there are 10,000 options existing under this stock option program. These options entitle the holders to subscribe a total of 100,000 shares of IDS Scheer AG with a pro rata amount of the registered share capital equal to € 1.00 per share and a total amount of € 100,000, in each case according to the strike price. The strike price is the product of the reference price equal to €13.48 and a factor (quotient taken from the the TecDAX stock index as of the date the option was exercised and the TexDAX stock index as of the date that the option was granted). The strike price for a share of IDS Scheer AG will equal, however, at least € 13.46

Additional details regarding the bond and option terms and conditions are as follows: the warrant-linked bond, which were issued by IDS Scheer AG (2006/2016) and having a total face value of € 50,000 with warrants entitling the holders to subscribe for no-par value ordinary registered shares of IDS Scheer AG, is divided into 50,000 sequentially numbered partial bonds with a face value of € 1.00 each and ranking *pari passu*. The partial bonds have been earning annual interest of 5.5% beginning September 29, 2006. IDS Scheer AG is obligated to repay the face value of the partial bonds on September 29, 2016. Each partial bond is initially appended to the bearer warrant (the "warrants" or "options").

The option entitles the holder to purchase 10 ("ten") shares of IDS Scheer AG in accordance with the terms and conditions of the option. The options may be detached from the partial bonds beginning on September 30, 2006. After detachment and based on instructions from the supervisory board, the options may be granted to members of the executive board of IDS Scheer AG (the "Option Holders"). Options are granted for no consideration. The Option Holders are entitled, in accordance with the option terms and conditions, to purchase no-par bearer shares of IDS Scheer AG at the strike price. The option entitles the Option Holder to purchase 10 shares of IDS Scheer AG at the strike price. The Option Holder may exercise the option rights only to the extent that during this period of time the economic advantage achieved by the Option Holder in any given fiscal year does not exceed three times his or her annual base salary as

defined in his or her service agreement with IDS Scheer AG. The economic advantage will be deemed to be the difference between the stock market price for the acquired shares as of the date the option is exercised and the strike price, multiplied by the number of shares acquired. If the option rights are exercised following the end of the service agreement with IDS Scheer AG, then the last annual salary, to which that person was entitled, will be dispositive. The option rights are supported by and fund from a conditional capital account, which was approved by the IDS Scheer AG shareholders on May 20, 2005 and was recorded in the company's Commercial Register on August 10, 2005. If, during the term of the bond, IDS Scheer AG increases its registered share capital by issuing new shares upon granting a direct or indirect preemptive right to its shareholders or issues partial bonds with conversion or option rights to new shares or issues participation rights or engages in other capitalization measures (capital reduction, stock split), then a corresponding adjustment to the conversion price or conversion ratio will take place (in some cases as compensation) pursuant to the option terms and conditions, and to the extent fraction of shares would be affected, a cash payment will be made. An adjustment of the strike price or of the option ratio under § 317 of the German Civil Code ("BGB") may be made using other procedures as well, provided that they have a similar effect. No such adjustment has yet been made. Section 3 of the option terms and conditions stipulate an option exercise period. Under § 1 (2) 2 of the option terms and conditions, the term of the warrants is ten years.

Once the merger is consummated, shares of IDS Scheer AG may no longer be subscribed because IDS Scheer AG will no longer exist as a legal entity due to the merger. Pursuant to § 23 UmwG, Software AG is obligated to grant the holders of conversion rights and options rights of equivalent value. This requirement will be met since the rights will be adjusted on the basis of the exchange ratio stipulated in the merger agreement between Software AG and IDS Scheer AG, taking into account any applicable additional cash payments and will, accordingly, entitle the rights holders to subscribe for shares of the Company after the merger has gone into effect. If necessary, subscription rights to fractions of the Company shares will be settled or compensated with a cash payment. The minimum issue price per share of Software AG is € 20,000 per share. The conditional capital existing under § 5 (2), (3) and (4) of the Articles will not be available since such capital may be used only for the purposes set forth under those provisions. For this reason, the creation of an additional conditional capital account and the inclusion of the corresponding amendments in the Articles will be necessary. This capital account and amendment should enter into effect only if the merger of IDS Scheer AG into Software AG becomes valid through recordation in the Company's Commercial Register.

The Executive Board report, which is submitted to the Shareholders' Meeting as a precautionary matter and is reprinted above in full, as well as the bond terms and conditions for the 2.5% convertible bond (2001/2011) issued by IDS Scheer AG (third tranche) and for the 2.5% convertible bond (2002/2012) issued by IDS Scheer AG (fourth tranche), the bond terms and conditions for the 5.5% warrant-linked bond (2001/2011) and for the 5.5% warrant-linked bond (2001/2012), the option terms and conditions for the issuance of warrants (2001/2011 - third tranche - and 2002/2012 - fourth tranche) as well as the option terms and conditions (2006/2016) and the bond terms and conditions for the 5.5% warrant-linked bond (2006/2016) issued by IDS Scheer AG (first tranche) are available for review on the Company's website - <http://www.softwareag.com/hauptversammlung> - beginning on date the Notice of the General Shareholders' Meeting is officially published.

## 11. Authorization to acquire the Company's own shares

The authorization approved in the Shareholders' Meeting of April 30, 2009 to acquire and use the Company's own shares (treasury shares) expires on October 29, 2010. The Company should revoke the existing authorization to acquire its own shares and, utilizing the five-year period which has since been prescribed by law, grant new authority for purchasing and using its own shares.

The Executive Board and Supervisory Board recommend adopting the following resolution:

- a) The Company is authorized, on or before May 20, 2015, to acquire up to an amount totaling 10% of the registered share capital existing at the time the resolution is adopted. The acquired shares together with other treasury shares, which the Company had previously acquired or still owns and those shares, which must be attributed to it in accordance with §§ 71d and 71e AktG, may not at any time exceed 10% of the registered share capital.
- b) At the Executive Board's discretion, the Company shares may be purchased on the open stock market or through a public purchase offer directed to all shareholders of the Company.  
If the shares are purchased on the open stock market, then the consideration for the purchase of a share (not including the incidental purchasing costs) may not exceed or fall below, by more than 10%, the average listed price of the Company's shares - non-weighted average closing price of the shares as quoted in the Xetra trading system of the Frankfurt Stock Exchange or a comparable successor system - on the five trading days prior to the purchase. The day on which the business transaction is concluded will be deemed the date of the purchase.  
If the shares are purchased on the basis of a public purchase offer, then the consideration for the purchase of a share (not including incidental purchasing costs) may not exceed or fall below, by more than 10%, the average listed price of the Company's shares - non-weighted average closing price of the shares as quoted on the Xetra trading system of the Frankfurt Stock Exchange or a comparable successor system - on the five trading days prior to the publication of the offer. If the purchase offer is oversubscribed, then it will be accepted on *pro rata* basis. A preferential acceptance of smaller share amounts up to 100 shares per shareholder may be prescribed.
- c) Pursuant to the authority granted under paragraph a) above or a previously granted authority, the Executive Board is authorized to sell the acquired Company shares (treasury shares) either on the stock exchange or in a manner which conforms to the precept that all shareholders be treated equally (such as by making an offer to all shareholders of the Company).

- d) The Executive Board is further authorized, with the Supervisory Board's consent, to sell the treasury shares, which had been acquired pursuant to the authority granted under a) or authority granted earlier, subject to the exclusion of the shareholders' preemptive rights, if the shares are sold against cash payments at a price that is not significantly below the then-current listed stock market price for the Company's shares with the same rights and features. This authorization shall be limited to shares, which represent a *pro rata* amount of the registered share capital of up to 10% of the Company's registered share capital existing at the time this authority is granted or - if the amount is lower - at the time this authorization is used. This quantitative cap will be lowered by the *pro rata* interest of the registered share capital attributable to those shares that are issued during the term of this authorization in connection with a capital increase that excludes shareholder preemptive rights under § 186 (3) sentence 4 AktG. The quantitative cap will also be lowered by the *pro rata* interest of the registered share capital attributable to those shares that are issued to cover warrant-linked bonds or convertible bonds (containing an option or conversion right or an option or conversion duty), provided that the bonds are issued during the term of this authorization and shareholder preemptive rights are excluded under § 186 (3) sentence 4 AktG. The governing stock market price within the meaning of this paragraph will be the average listed price of the Company's shares - non-weighted average closing price of the shares as quoted in the Xetra trading system of the Frankfurt Stock Exchange or a comparable successor system - on the last five trading days prior to the sale. For purposes of determining the sale, the date on which the transaction enters into effect will govern.
- e) The Executive Board is also authorized, with the Supervisory Board's consent, to take the following actions in relation to the treasury shares, which had been acquired pursuant to the authority granted under a) or authority granted earlier, while excluding the shareholders' preemptive rights,
- (i) sell the shares to third parties, provided such sale takes place for the purpose of acquiring enterprises, parts of enterprises and/or interests in enterprises or in connection with company mergers;
  - (ii) in compliance with the terms of the bonds, deliver the shares to the holders of the warrants or convertible bonds that were issued by the Company or by a wholly-owned direct or indirect subsidiary of the Company;
  - (iii) in compliance with the option and bond terms and conditions and the terms of the merger agreement between Software AG and IDS Scheer AG, deliver these shares to the holder of the option or conversion rights that had been issued by IDS Scheer AG based on the authorizations granted by the shareholders of IDS Scheer AG on April 29, 1999 and May 20, 2005.
- f) Furthermore, in the event of a sale of the treasury shares, which had been acquired pursuant to the authority granted under a) or authority granted earlier, by way of an offering made to all shareholders, the Executive Board will

be authorized, subject to the Supervisory Board's consent, to grant the holders of the warrants and convertible bonds that were issued by the Company or a wholly-owned direct or indirect subsidiary of the Company, a preemptive right on the shares equivalent to that which they would be entitled after exercising the option or conversion right or satisfying the option or conversion duty and to preclude the shareholders from exercising their preemptive rights to the extent required for this purpose.

- g) Moreover, the Executive Board is authorized, without any additional resolution by the Shareholders' Meeting, to cancel (*einziehen*) all or some of the treasury shares, which had been acquired pursuant to the authority granted under a) or authority granted earlier, also in incremental steps. The cancellation may be made, even without a reduction in capital, by modifying the *pro rata* amount of the other no-par shares in the Company's registered share capital. In this event, the Executive Board will be authorized to change the information about the number of no-par shares in the Articles.
- h) The authorizations to purchase and use own shares may be exercised, either in whole or in part (in the latter case, more than once), by the Company and by its affiliated group companies or by third parties for its or their account. The Company's own shares may be purchased for one or more of the aforementioned purposes.
- i) The currently existing authorization to purchase own shares, which is based on the shareholders' resolution adopted on April 30, 2009 under Item 7 (Authorization to acquire own shares) and which expires on October 29, 2010, shall be revoked once this new authorization enters into effect.

**Executive Board's report pursuant to § 71 (1) no. 8 sentence 5 in conjunction with § 186 (3) sentence 4 and (4) sentence 2 of the German Stock Corporation Act relating to item 11 on the agenda**

By virtue of the proposed authorization, the Company will be placed in a position to acquire on or before May 20, 2015 its own shares up to an amount equivalent to 10% of the registered share capital as of the date of the General Shareholders' Meeting in order to realize, in the interests of the Company and its shareholders, the benefits associated with the acquisition of a company's own shares. By taking this step, the Company is availing itself of § 71 (1) no. 8 of the Stock Corporation Act ("AktG") and is replacing the authorization that was granted by the General Shareholders' Meeting in 2009. The Executive Board has, on the other hand, made use of this authorization by having Software AG acquire 400,000 of its own shares for purposes of carrying out its planned merger with IDS Scheer AG in February 2010. Since the authorization approved by the General Shareholders' Meeting on April 30, 2009 for purchasing and using the Company's own shares expires after October 29, 2010, a new authorization should be granted during the General Shareholders' Meeting on May 21, 2010 and the existing authorization should be revoked.

After the new authorization, it should be possible to purchase the Company's own shares either on the open stock market or pursuant to a public purchase offer directed to all shareholders of the Company. If the quantity of shares offered at a stipulated price should exceed the number of shares sought by the Company (oversubscription), then the shares shall be accepted on a *pro rata* basis. To this end, it should be possible to provide for a preference in accepting smaller offers or smaller portions of offers up to a maximum of 100 shares. This possibility is intended to avoid creating fractions (when stipulating the *pro rata* amounts to be acquired) and small remainders and to thereby simplify the technical settlement.

The sale of own acquired (treasury) shares shall be made on the stock market or in another appropriate manner and shall be carried out such that the shareholders are treated equally. Equal treatment (non-discrimination) among shareholders will be ensured, in particular, by making an offer to all shareholders to purchase shares. This procedure need not be observed in the following cases:

- In paragraph d), the proposed authorization first provides that the Executive Board, in accordance with § 186 (3) sentence 4 AktG and with the Supervisory Board's consent, may sell the acquired own (treasury) shares subject to the exclusion of shareholders' preemptive rights in a manner other than on the stock market or by way of an offer to all shareholders, if the own shares are sold against a cash payment and at a price that is not significantly below the governing stock market price. With respect to a possible discount of the stock market price according to the market conditions prevailing at the time of the sale, the Executive Board shall seek to calculate the discount as low as possible. This authorization may be exercised only up to an amount equal to 10% of the registered share capital, which existed at the time this authorization is made or - if this amount is lower - at the time this authorization is exercised. Shares, which are issued using other authorizations to issue shares or warrant-linked bonds/convertible bonds while excluding preemptive rights pursuant to § 186 (3) sentence 4 AktG, will be credited towards the aforementioned threshold. In compliance with § 186 (3) sentence 4 AktG, the shareholders' interest in avoiding a dilution of their share value will be taken into account thereby. Moreover, as a result of the fact that the placement price of the new shares is close to the stock market price, each shareholder will have an opportunity to acquire the shares necessary to maintain its percentage shareholding at virtually the same market conditions. Placement of the shares subject to the exclusion of preemptive rights in accordance with § 186 (3) sentence 4 AktG will permit the Company to take advantage of favorable market situations quickly and at very short notice and, by fixing the price in accordance with the market situation, to secure better financial conditions than if preemptive rights were granted.
- Pursuant to paragraph e)(i), the Executive Board should also be authorized, subject to the Supervisory Board's consent, to sell its treasury shares to third parties while excluding the shareholders' preemptive rights, provided such action is taken for purposes of acquiring enterprises or in connection with mergers of enterprises, parts of enterprises and/or interests in enterprises. The Executive Board should be thereby

placed in a position in certain appropriate cases to use the Company shares as consideration. This situation has occurred, for example, in connection with the Company's purchase of 400,000 of its own shares for use during the planned merger with IDS Scheer AG. Thus, in addition to the existing possibility of utilizing the authorized capital, the Company should also have the flexibility to react swiftly and effectively to advantageous offers or to opportunities that present themselves for merging enterprises, or acquiring enterprises, parts of enterprises or interests in enterprises or to comply with legal obligations while avoiding a dilution of its shareholder's ownership interests or to adhere to other requirements that may arise in connection with delivering shares in connection with the purchase of or merger with other companies. The Company does business in the market for the development of system software, which is influenced primarily by US competition. On the US market, the acquisition of enterprises or holdings is frequently accomplished not by paying cash, but rather by exchanging shares. This type of transaction should also be available to the Company. The authorization is intended to allow the Company to exploit these opportunities using the Company's redeemed treasury shares. In competing with other companies in the same industry, which also have the option of using shares as their "acquisition currency", this new flexibility serves to maintain and increase the competitiveness and size of the Company's own portfolio. In addition, the prospect of furnishing shares as consideration for the acquisition of enterprises or interests in enterprises can prove to be a more beneficial form of financing for the Company than the use of cash, since payments with shares protects liquidity, and are therefore in the shareholders' best interests. The Company currently also has authorized capital available for the acquisition of enterprises, parts of enterprises or interests (§ 5 (5) of the Articles). Decisions concerning the nature of the share acquisition are made by the Executive Board with the Supervisory Board's consent. In this respect, the Executive Board and the Supervisory Board are guided solely by the interests of the shareholders and of the Company. The Executive Board will report to the General Shareholders' Meeting in each case.

- Moreover, paragraph e)(ii) of the authorization is intended to provide the Company with the option of using its own shares to service the preemptive rights of the holders of warrants or convertible bonds that are issued by the Company or by a direct or indirect wholly-owned subsidiary of the Company. Thus, instead of delivering shares from conditional capital, the Company's own shares may also be used as an alternative in order to service the preemptive rights under these bonds. The authorization covers all cases in which Company shares must be delivered pursuant to the option or bond terms and conditions, i.e., not only when option or conversion rights are exercised, but also when delivery is made in order to discharge option or conversion duties or when the Company exercises its election. In this event, the delivery of the Company's own shares avoids diluting the shareholders' ownership interests, which would otherwise occur if a delivery were made from conditional capital, and is therefore also in the shareholders' interests. Decisions concerning the delivery of own shares or the use of the conditional capital are made by the

Executive Board and the Supervisory Board, taking into account solely the interests of the Company and the shareholders at the relevant time.

- In addition, the Company should be authorized under e)(iii) to use its own shares to service the preemptive rights of holders of option or conversion rights, which IDS Scheer AG had granted pursuant to the authorizations granted by its shareholders on 29 April 1999 and on May 20, 2005, in accordance with the terms and conditions of the options and bonds. Once the planned merger between Software AG and IDS Scheer AG has been consummated, shares of IDS Scheer AG can no longer be subscribed because IDS Scheer AG will cease to exist as an independent legal entity by virtue of the merger. Pursuant to § 23 UmwG, Software AG is obligated to grant the holders of the option and conversion rights other rights of equivalent value. This requirement will be met in that Software AG will convert the existing preemptive rights on shares of IDS Scheer AG into preemptive rights on the Company shares according to the exchange ratio stipulated in the merger agreement and possible include an additional cash payment, if applicable. For more details, see discussion in the Executive Board's report on agenda item 10. Delivering treasury shares is suitable for avoiding the dilution of shareholders' interest, which would result if shares issued from conditional capital were delivered. This approach therefore serves the interests of the Company's shareholders, and an exclusion of the shareholders' preemptive rights is a prerequisite for this approach. The final decision of whether treasury shares should be delivered or shares issued from condition capital should be used rests with the Executive Board and the Supervisory Board and shall be made, at the appropriate point in time, strictly on the basis of interests of the Company and the shareholders.
- In the event the treasury shares are sold by way of a public offering to all shareholders, paragraph f) of the authorization is also intended to afford the possibility of treating the holders of option and conversion rights as if their rights had already been exercised. The exclusion of preemptive rights in favor of the holders of previously issued option or conversion rights has the advantage of eliminating the necessity of having to reduce the option or conversion price for the previously issued option or conversion rights, thereby, as the case may be, generally facilitating a higher positive cash flow. Here again, all cases in which Company shares could be delivered pursuant to the option or bond terms and conditions are covered; i.e., not only when shares are delivered to the holders of option or conversion rights, but also, if applicable, when shares are delivered to the beneficiaries of option or conversion duties or upon the Company exercising its elective rights.

The Executive Board shall use its best judgment in deciding how to execute the proposed authorization and how to use the repurchased own (treasury) shares, and shall, whenever necessary, obtain the Supervisory Board's consent. It shall comply with its duties to report to the next General Shareholders' Meeting pursuant to § 71 (3) sentence 1 AktG. In addition, the Executive Board shall give notice in the accordance with the generally applicable rules, if it makes use of the proposed authority to purchase the Company's own shares.

The Executive Board's report to the General Shareholders' Meeting, which must be prepared pursuant to § 71 (1) no. 8 sentence 5 in conjunction with § 186 (4) sentence 2 AktG and which is reprinted in full above, will be available for review on the Internet at the Company's website - <http://www.softwareag.com/hauptversammlung> - beginning on the date Notice of the General Shareholders' Meeting is officially published.

## 12. Resolution on setting Supervisory Board remuneration

Section 5.4.7 of the German Corporate Governance Code suggests that compensation to Supervisory Board members should take into account the financial condition and success of the Company.

The structure of Supervisory Board compensation, which was approved by the General Shareholders' Meeting on May 12, 2006, should be preserved and adjusted to track the Company's performance and include specific provisions to take corporate acquisitions into account.

The Executive Board and the Supervisory Board therefore recommend adopting the following resolution:

a) The members of the Supervisory Board shall receive the following compensation in addition to the reimbursement of their expenses:

- i) fixed annual compensation of € 40,000;
- ii) performance-based annual compensation equal to € 2,000 for each commenced percentage point by which the increase of the Software AG Group's revenue (net of any currency effects) compared to the previous year exceeds 5% (whereby, in this case, a percentage point will be deemed to have commenced once a fraction of the next percentage point has been attained).

The calculation of this performance-based compensation shall be based on the consolidated financial statements of Software AG Group prepared in accordance with International Financial Reporting Standards (IFRS) for the respective fiscal year(s). Any acquisitions of companies, whose revenues exceed in the year of the acquisition 5% of the revenues budgeted by Software AG for that period, will not be included in the calculation of the performance-based compensation. If a change in the accounting rules results in an increase or decrease in the determinative figures, then for purposes of ensuring comparability, the figures determinative for calculating the compensation must be uniformly computed on the basis of the amended accounting rule.

- iii) annual compensation, which is linked to the long-term success of the Company and equals € 200 for each commenced percentage point by which Software AG shares have outperformed the TecDAX 30 Index during the comparison period (whereby, in this case, a percentage point will be deemed to have commenced once a fraction of the next percentage point has been attained).

For purposes of determining the appreciated value of the Software AG shares, the three-year comparison of the XETRA closing prices will govern, and for purposes of determining the increase in the TecDAX 30 Index, a three-year comparison of the index will govern. The calculation shall be based on a comparison between the average figures generated during the month of February of the year in which the compensation is due, and the average figures generated during the month of February three years earlier (e.g., February 2007 and February 2010).

- b) The chairman of the Supervisory Board shall receive twice and the deputy chairman 1.5 times the compensation defined in section a) above.
- c) In addition to the above, the members of the Supervisory Board shall receive an attendance fee of € 1,500 for each meeting of a Supervisory Board committee, which they physically attend. The attendance fee is paid only once for two or more meetings of the same committee held on one day and only once for a meeting of a committee, which is held on two or more consecutive days. The attendance fee for the chairman of a committee equals € 2,500.
- d) Members of the Supervisory Board, who have been members for only part of a fiscal year, shall be compensated on a *pro rata* basis in accordance with paragraph a) above.
- e) The compensation as defined in section a) is due for payment one week after the Supervisory Board - or the General Shareholders' Meeting, as the case may be - has approved the annual financial statements for the fiscal year for which the compensation is owed. If a member of the Supervisory Board is subject to payment of value added tax on the compensation and expense reimbursement, then the Company agrees to reimburse the value added tax.
- f) This provision will become effective as of January 1, 2010

### **Requirements for participation in the General Shareholders' Meeting:**

Only shareholders - whether in person or through a proxy - who register with the Company by no later than 12 midnight (24.00) on May 14, 2010 and who can prove their right to participate - will be entitled to attend the General Shareholders' Meeting and exercise their right to vote.

As proof of the right to participate at the meeting, a confirmation of share ownership, either in German or English, issued in "text form" (as defined in § 126b of the German Civil Code) by the custodial bank will suffice. The proof of share ownership must be based on the relevant shareholding as of the start of the day (12.00 am / 00.00) on April 30, 2010 ("Voting Record Date") and must likewise be received by the Company at the following address no later than 12 midnight (24.00) on May 14, 2010:

Software Aktiengesellschaft  
c/o PR IM TURM HV-Service AG  
Römerstraße 72-74  
68259 Mannheim, Germany  
Fax: +49 621 71 77 213  
E-Mail: eintrittskarte@pr-im-turm.de

In relation to the Company, only persons who have provided the proof will be permitted as shareholders to vote at the meeting. A shareholder's right to participate and the number of votes he or she has will be based solely on his or her shareholdings on the Voting Record Date. The Voting Record Date has no bearing on whether or not the shareholding can be sold either in whole or in part. Even if all or part of the shareholding is sold after Voting Record Date, the only dispositive day for purposes of determining the right to participate and the number of voting rights will be the shareholder's ownership interest on the Voting Record Date; i.e. any sale of shares after the Voting Record Date will have no impact on the right to participate or on the number of votes the shareholder has. The same applies with respect to shares acquired following the Voting Record Date. Persons, who no longer own shares as of the Voting Record Date and who become shareholders only thereafter, are not permitted to participate or vote at the meeting. The Voting Record Date has no significance with respect to dividend rights.

Once the registration and proof of share ownership is received by the Company, the shareholders entitled to participate at the meeting will be sent admission cards for the General Shareholders' Meeting. We would ask the shareholders or their proxies to bring the admission cards with them to the General Shareholders' Meeting and to present them at the security check-in. You will thereby simplify the registration procedure for the General Shareholders' Meeting. We would also ask the shareholders to submit their registration and proof of share ownership as early as possible.

## **Voting, Proxy:**

A voting right may be exercised by an agent (a so-called "proxy"). Even in the event a proxy has been authorized, a timely registration and transmittal of the proof of shareholding is required in accordance with the provisions set forth above. If the shareholder authorizes more than one person, then the Company may deny admission to one or more of these persons.

The grant of power of attorney, its revocation and the evidence of proxy authority must be provided to the Company in text form as defined by German law. Exceptions may be made for granting powers of attorney to and revoking powers of attorney from financial institutions, shareholder associations or other persons or institutions deemed comparable within the meaning of § 135 AktG as well as the corresponding proof owed to the Company. With respect to any such form requirement, we would ask our shareholders to coordinate with their respective proxies.

Proof of any granted proxy authorization may also be provided by having the proxy present the power of attorney to the security personnel on the day of the General Shareholders' Meeting. The proof may also be sent *via* mail or *via* facsimile. The address where proof of the granted authorization should be sent ("Proxy Recording Address") is:

Software Aktiengesellschaft  
c/o PR IM TURM HV-Service AG  
Römerstraße 72-74  
68259 Mannheim  
Fax: (0621) 71 77 213

Proof of proxy authorization may also be sent *via* electronic communication through the Company's website, <http://www.softwareag.com/hauptversammlung>.

The foregoing method of transmission will be also available, in the event that the shareholder seeks to grant the power of attorney through a statement directed to the Company itself. In that case, a separate proof about the grant of power of attorney will be superfluous. A previously granted power of attorney may also be revoked through a statement made directly to the Company using the aforementioned method of transmission. Shareholders, who would like to authorize a proxy, are requested to use the proxy form, which the Company has made available for this purpose. It will be sent to the duly registered persons together with the admission cards and may also be downloaded from the Company's website, <http://www.softwareag.com/hauptversammlung>. It may also be requested by sending a letter, either by regular mail or facsimile, to the above-referenced Proxy Recording Address.

Instead of granting a power of attorney, shareholders may authorize third persons to exercise the shareholder voting rights in the third persons' own names (the so-called "voting rights transfer"). Under this approach, the authorized person (the so-called "nominee shareholder") will appear as the shareholder to outside persons. The nominee shareholder must, in accordance with § 129 (3) sentence 1 AktG, separately identify the shares in question when recording the information in the attendee list.

The Company also offers its shareholders, even prior to the General Shareholders' Meeting, an opportunity to authorize an agent (proxy), who is appointed by the Company and is bound by the instructions given to him or her, to represent them when votes are taken. These proxies appointed by the Company must be issued clear and unequivocal instructions on exercising the voting rights. The proxies appointed by the Company are obligated to vote in compliance with the instructions issued. If there are no clear instructions about how to vote on a specific agenda item, then the proxy appointed by the Company will not be entitled to vote on such matter and must abstain in the event of a vote. The grant and revocation of the powers of attorney and the instructions to the proxies appointed by the Company must be made in "text form" (as defined by German law) and may be made as follows:

- In advance of the General Shareholders' Meeting, proxies and voting instructions to the proxies appointed by the Company may be granted or revoked on or before 12 midnight (24.00) on May 19, 2010 with notice sent to the aforementioned Proxy Recording Address or using the electronic authorization and instruction system at <http://www.softwareag.com/hauptversammlung>. The grant or revocation of powers of attorney or instructions to the Company-appointed proxies, which are received late *via* the aforementioned means of transmission, will not be considered.

- During the General Shareholders' Meeting, powers of attorney or instructions may be granted to or revoked from the Company-appointed proxies until the end of the general debate.

Proxy forms for granting powers of attorney and issuing voting instructions to the Company-appointed proxy are included in each admission and voting card (or ballot), and may also be requested by sending the request *via* mail or facsimile to the Proxy Recording Address.

## Live Internet broadcast of the General Shareholders' Meeting

Any Software AG shareholders and interested members of the public may listen, live online, to the speeches given by the Chairman of Supervisory Board, the Chairman of the Executive Board (Chief Executive Officer or “CEO”), and the Chief Financial Officer (or “CFO”) on the day of the General Shareholders' Meeting starting at 10:00 am on May 21, 2010 by visiting the Company's website: <http://www.softwareag.com/hauptversammlung>.

## Rights of the Shareholders:

### 1. Supplement to the agenda

Any motions to supplement the agenda pursuant to § 122 (2) AktG must be received by the Company at the following address on or before 12 midnight (24.00), on April 20, 2010:

Software Aktiengesellschaft  
c/o PR IM TURM HV-Service AG  
Römerstraße 72-74  
68259 Mannheim  
Fax: (0621) 71 77 213

More extensive explanations regarding the motions to supplement the agenda pursuant to § 122 (2) AktG and their preconditions will be available on the Company's website: <http://www.softwareag.com/hauptversammlung>.

### 2. Shareholder motions pursuant to § 126 (1) AktG

Each shareholder has the right to submit a counter-motion at the General Shareholders' Meeting challenging the proposals made by the Executive Board and/or Supervisory Board on an item on the agenda.

Any shareholder counter-motions regarding any item on the agenda within the meaning of § 126 (1) AktG, which the Company receives at the Proxy Recording Address on or before 12 midnight (24.00) on May 6, 2010, will be made available without undue delay to shareholders on the Company's website: <http://www.softwareag.com/hauptversammlung>.

More extensive explanations regarding the counter-motions pursuant to § 126 (1) AktG and their preconditions and regarding reasons which, under § 126 (2) AktG, would not necessitate

the publication of the counter-motion on the Internet, will be available on the Company's website: <http://www.softwareag.com/hauptversammlung>.

### **3. Shareholder nominations pursuant to § 127 AktG**

Each shareholder has a right to nominate Supervisory Board members and/or the annual financial statement auditors at the General Shareholders' Meeting. The election of the Supervisory Board members is listed under agenda item 6, and the selection of the annual accounts auditor is listed in agenda item 7.

Any shareholder nominations pursuant to § 127 AktG, which the Company receives at the Proxy Recording Address on or before 12 midnight (24.00) on May 6, 2010, will be made available without undue delay to shareholders on the Company's website: <http://www.softwareag.com/hauptversammlung>.

More extensive explanations regarding the nominations pursuant to § 127 AktG and their preconditions and regarding reasons which, under sentence one of § 127 AktG in connection with §126 (2) AktG, would not necessitate the publication of a nomination and its reasoning on the Internet, will be available on the Company's website: <http://www.softwareag.com/hauptversammlung>.

### **4. Shareholders' right to information**

According to § 131 (1) AktG, the Executive Board will be required to disclose information about the Company's affairs if requested by a shareholder at the General Shareholders' Meeting on May 21, 2010, provided that such information is required for a suitable assessment of the item on the agenda.

More extensive explanations regarding the shareholders' right to information pursuant to § 131 (1) AktG will be available on the Company's website: <http://www.softwareag.com/hauptversammlung>.

### **Website on which information required under § 124a AktG is available:**

This Notice of the General Shareholders' Meeting, the documentation required to be made available and the shareholder motions and/or nominations as well as other information are also available for review on the Company's website: <http://www.softwareag.com/hauptversammlung>. These materials will also be available during the General Shareholders' Meeting on May 21, 2010.

### **Supplemental information disclosure pursuant § 30b (1) sentence 1 of the Securities Trading Act (WpHG)**

At the time that the Notice of the General Shareholders' Meeting is officially published, the Company's registered share capital equals € 86,137,443 and is divided into 28,712,481 no par shares. Unless, in any given case, the statutory grounds for suspending a voting right exist,

each no-par share will have one vote at the General Shareholders' Meeting. At the time that the Notice of the General Shareholders' Meeting is officially published, the Company holds 400,000 of its own shares (treasury shares) within the meaning of §§ 71 *et seq.* AktG, which shares do not entail any rights for the Company, including voting rights; the Company is not aware of any reasons for suspending voting rights. Based on the information available to the Company, the total number of voting rights, which may be exercised at the 2010 General Shareholders' Meeting, is therefore 28,312,481 as of the date of this notice.

This Notice of the General Shareholders' Meeting was published in the electronic version of the Federal Law Gazette on April 9, 2010.

Darmstadt, April 2010

**Software AG**

The Executive Board