

STATEMENT AND REPORT ON CORPORATE GOVERNANCE

All information contained in this Statement on Corporate Governance reflects the situation as of February 8, 2016.

Good corporate governance is a core component of management at Software AG. The Management Board and the Supervisory Board are committed to it, and all business lines are guided by it. Responsible, qualified and transparent corporate governance focuses on a company's long-term success. It includes both compliance with the law and extensively following generally accepted standards and recommendations. The focus is on values such as sustainability, transparency and value orientation.

The Management Board and Supervisory Board

Management Board

The Management Board leads the Company with the goal of sustainable value creation. The members of the Board share responsibility for management of the Company. The guidelines for the work of Software AG's Management Board are elaborated in the Rules of Procedure of the Management Board. Above all, they define the members' individual responsibilities, the tasks assigned to the Board as a whole, adoption of resolutions and the rights and obligations of the Chief Executive Officer. The Management Board of Software AG currently consists of four members. They are Karl-Heinz Streibich, Arnd Zinnhardt, Dr. Wolfram Jost and Eric Duffaut.

Karl-Heinz Streibich

Born in 1952, degree in communications engineering, Chairman of the Management Board/Chief Executive Officer of Software AG since September 2003. His term is in effect until 2018. Mr. Streibich is responsible for the following corporate functions: Global Human Resources, Legal, Information Services (IT), Corporate Communications, Processes, Audits & Quality and Corporate Office.

He is a member of the supervisory board of Deutsche Telekom AG, Dürr AG and Deutsche Messe AG. He serves on a volunteer basis on the steering committee of the German BITKOM IT association. He also co-chairs the German Chancellor's National IT Summit platform, "Digital Government and Public IT." Furthermore, Mr. Streibich is cofounder of the German Cluster of Software Excellence.

Arnd Zinnhardt

Born in 1962, degree in business administration, member of the Software AG Management Board since May 2002. As Chief Financial Officer, Mr. Zinnhardt oversees Global Finance, Controlling, Taxes, Treasury, Business Operations, Mergers & Acquisitions, Investor Relations and Purchasing. He also held the position of Labor Director until May 13, 2015. His term is in effect until 2021.

Mr. Zinnhardt is a member of the advisory board of the Hessian Landesbank (Helaba). He is also a member of the Investment Committee of Main Incubator GmbH, Frankfurt.

Dr. rer. nat. Wolfram Jost

Born in 1962, degree in business administration, member of the Software AG Management Board since August 2010. As Chief Technology Officer, Dr. Jost is responsible for Global Research & Development, Product Management, Product Marketing and Industry Analyst Relations. His term is in effect until 2018.

Eric Duffaut

Born in 1962, member of the Software AG Management Board since October 2014. As Chief Customer Officer, Mr. Duffaut oversees Global Sales, Marketing, Partner Ecosystem and Consulting Services & Support. His term is in effect until 2019.

Target Percentages for Women

In its meeting on July 30, 2015 the Supervisory Board established 0 percent as the target percentage for female members on the Management Board in accordance with section 111, paragraph 5 of the German Stock Corporation Act (AktG). The deadline by which this target must be reached is June 30, 2017; the current composition of the Management Board corresponds to this target.

In its meeting on July 2, 2015 the Management Board established targets for the percentage of women in the two management levels below the Management Board as well as corresponding deadlines for the fulfillment of these targets in accordance with the provisions of section 76 IV of AktG. The percentage of women in the first level of management directly below the Management Board must be 10 percent and in the second level 15 percent. The percentage of women in the first management level was already 10.8 percent in 2015. The percentage of women in the second management level was 14.3 percent at the end of 2015. The deadline for meeting the aforementioned targets is June 30, 2017.

Supervisory Board

The Supervisory Board appoints, monitors and advises the Management Board. The Management Board reports to the Supervisory Board regularly, in a timely manner and comprehensively on the Company's performance, strategy, planning, the risk situation, risk management and compliance. The Supervisory Board determines the remuneration of the members of the Management Board in accordance with the proposal of the Committee for Compensation and Succession Issues, decides on the Management Board's remuneration system and reviews it regularly. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board, leads its meetings and maintains contact with the Chairman of the Management Board between Supervisory Board meetings to discuss strategy, planning, business performance, the risk situation, risk management and compliance. The Chairman of the Management Board informs him without delay of any important events, which are relevant to the assessment of the Company's position and performance and to the leadership of Software AG. Transactions that require the approval of the Supervisory Board are listed in the Rules

of Procedure of the Management Board. If necessary, the Supervisory Board meets without the Management Board.

Composition

Elections for shareholder representatives to the Supervisory Board were held at the Annual Shareholders' Meeting on May 13, 2015. Until May 13, 2015, the following were shareholder representative members to the Supervisory Board: Andreas Bereczky (CEO, production director at ZDF), Willi Berchtold (businessman), Heinz Otto Geidt (director of Asset Management at Software AG Foundation), Hermann Requardt (member of the management board of Siemens AG, CEO of Healthcare, director of Corporate Technology), Anke Schäferkordt (member of the management board of Bertelsmann AG; CEO, RTL Group) and Alf Henryk Wulf (chairman of the board of GE Power AG).

Until May 13, 2015, the following were employee representatives to the Supervisory Board: Maria Breuing (employee of Software AG), Peter Gallner (trade union secretary of Vereinte Dienstleistungsgewerkschaft ver.di), Dietlind Hartenstein (employee of Software AG), Monika Neumann (Deputy Chairwoman of the Supervisory Board and employee of Software AG), Martin Sperber-Tertsunen (trade union secretary of IG Metall) and Karl Wagner (employee of Software AG).

On January 2, 2015 the Management Board of Software AG communicated its opinion in the Federal Gazette and via notices in all corporate offices and affiliated companies that the Supervisory Board must be not be composed based on the regulations of the Codetermination Act but on those of the One-Third Participation Act in accordance with section 97, paragraph 1 of AktG. Furthermore, the Management Board announced its intention to propose an amendment to the Articles of Incorporation at the Annual Shareholders' Meeting to reduce the Supervisory Board from twelve to six members, two of which had to be employee representatives in accordance with section 4, paragraph 1 of the One-Third Participation Act. Following the successful outcome to the status proceedings, the Supervisory Board had to be composed in accordance with the regulations of the One-Third Participation Act.

Employees of the Software AG Group entitled to vote elected their two representatives, Guido Falkenberg (employee of Software AG) and Christian Zimmermann (employee of Software AG and Chairman of the General Works Council of SAG Deutschland GmbH), to the Supervisory Board on May 7, 2015. Their terms began on May 13, 2015 upon conclusion of the Annual Shareholders' Meeting.

The amendment to the Articles of Incorporation as proposed by the Management and Supervisory Boards to reduce the number of Supervisory Board members to six members was approved at the Annual Shareholders' Meeting on May 13, 2015. And, conditional upon entry of the aforementioned amendment, the following shareholder representatives were elected to the Supervisory Board: Andreas Berezcky (CEO, production director at ZDF), Eun-Kyung Park (CEO, ProSiebenSat.1 TV Deutschland GmbH), Alf Henryk Wulf (CEO, GE Power AG) and Markus Ziener (head of asset management, Software AG Foundation, Darmstadt). Their term began upon entry of the amendment to the Articles of Incorporation in the Commercial Register on May 27, 2015.

The Supervisory Board convened for its inaugural meeting in its new composition on June 15, 2015.

Committees

The guidelines for the work of the Supervisory Board of Software AG are described in the Rules of Procedure of the Supervisory Board. In addition to the duties and powers of the Chairman of the Supervisory Board, they define the structure of meetings, the adoption of resolutions, and the formation of committees. The Management Board, Supervisory Board and committees work together closely with the objective of sustainably enhancing Software AG's value.

Until the new formation of the Supervisory Board after the Annual Shareholders' Meeting on May 13, Mai 2015, the Supervisory Board had four committees in addition to the Mediation Committee, which is mandatory in accordance with the Codetermination Act. Those were the Committee for Compensation and Succession Issues, the Audit Committee, the Strategy Committee and the Nominating

Committee. With the new formation of the Supervisory Board in accordance with the regulations of the One-Third Participation Act, the Supervisory Board established three committees in order to efficiently carry out its duties: the Audit Committee, the Committee for Compensation and Succession Issues and the Nominating Committee.

The Committee for Compensation and Succession Issues prepares personnel-related decisions made by the Supervisory Board to the extent that they affect the appointment, reappointment or dismissal of the members of the Management Board. It was composed of four members based on parity until May 13, 2015. Since June 15, 2015 the Committee for Compensation and Succession Issues has had three members, one of which is an employee representative. In the past fiscal year, the Committee for Compensation and Succession Issues met four times.

The Audit Committee deals with issues related to financial reporting standards, financial auditing, risk management and compliance. It was composed of six members based on parity until May 13, 2015. Since June 15, 2015 the Audit Committee has had three members, one of which is an employee representative. The Audit Committee met three times in fiscal year 2015.

The Strategy Committee was composed of six members based on parity until May 13, 2015. It focuses on the preparation and success monitoring of acquisitions, partnerships and joint ventures. The Strategy Committee met once in the year under review.

The Nominating Committee nominates qualified candidates for election to the Supervisory Board at the Annual Shareholders' Meeting. It consists of three shareholder representatives. The Nominating Committee met four times in 2015. The Mediation Committee did not convene in 2015.

The members of the Supervisory Board evaluate the efficiency of their work annually. Members complete a questionnaire to assess all areas of the Supervisory Board's work. They discuss the results of the annual efficiency audit in detail and, if necessary, agree on measures to increase efficiency.

For more detailed information on the Supervisory Board's work and resolutions, please refer to the most recent Report of the Supervisory Board on p. 54 of this Annual Report. For more detailed information, including curricula vitae, on the current members of the Supervisory Board and their committee membership, please visit www.softwareag.com/corporate/company/people/svb.

The Supervisory Board defined the following targets for its membership composition: Members should be actively engaged in their careers and should not exceed the age of 65; they should work in the fields of ICT/media or enterprise IT and, as an R&D board member of a large technology company, they should know the needs of medium-sized enterprises or possess in-depth knowledge in financial reporting and/or financial auditing. Moreover, members of the Supervisory Board should be familiar with the requirements and duties associated with the two-tier governance structure of German Stock Corporation Law. In its meeting on January 28, 2016 the Supervisory Board determined the number of independent Supervisory Board members as defined in point 5.4.2 of the German Corporate Governance Code to be three, which still corresponds to 50 percent of the Supervisory Board members. The composition of the Supervisory Board reflects this target.

In its meeting on July 30, 2015 the Supervisory Board established 16.67 percent as the target percentage for female members on the Supervisory Board in accordance with section 111, paragraph 5 of AktG. The deadline for meeting this target is June 30, 2017. Through the election of Supervisory Board members, including Eun-Kyung Park, at the Annual Shareholders' Meeting on May 13, 2015, one woman was elected to the Supervisory Board, and thus the target of 1/6 has been met within the allotted period of time.

The Supervisory Board applied the principles described above to the elections held during the year under review as well as to the nomination of candidates.

Aside from agreements related to employment contracts with the employee representatives, Software AG maintains no direct or indirect business relationships with

Supervisory Board members. In particular, no mutual consulting agreements or other contracts for work or services exist.

Shareholders and the Annual Shareholders' Meeting

The Annual Shareholders' Meeting is one of Software AG's main corporate bodies through which shareholders can exercise their rights and their voting rights. Software AG invites its shareholders to participate in its Annual Shareholders' Meeting. Important decisions are made at the meeting, including ratification of the actions of the Management and Supervisory Boards, election of the Supervisory Board and external auditors, amendments to the Articles of Incorporation and measures that change the Company's capital. Not least, the shareholders decide on profit distribution. As scheduled in the financial calendar, shareholders are informed of Software AG's business developments, financial performance, assets and financial position four times per year. We held our most recent Annual Shareholders' Meeting on May 13, 2015 in Darmstadt at which 62.784 percent of voting shares were present. The next Annual Shareholders' Meeting will convene on May 31, 2016 in Darmstadt.

Pursuant to the recommendations of the Corporate Governance Code, we conduct the Annual Shareholders' Meeting in an expedient manner, preferably within a time frame of four hours. To conduct the Annual Shareholders' Meeting efficiently, the chairperson has the option to cut short speakers who stray from the topic at hand and to refer to detailed information already published on the website. Shareholders who do not wish to exercise their voting rights may authorize a member of the Company to vote by proxy in accordance with the shareholder's instructions. Portions of the Annual Shareholders' Meeting will also be broadcast via the Internet. The invitation to the Annual Shareholders' Meeting, the Annual Report and reports and documents required by law are published along with the agenda and the date of the Meeting on the Software AG website www.softwareag.com/corporate/inv_rel/finpub/events/annualgenmeeting. The resolutions adopted by previous shareholders' meetings as well as the quarterly reports of preceding fiscal years can also be found there.

Code of Business Conduct and Ethics

Software AG established a code of business conduct and ethics in fiscal year 2011. It includes ethical standards applicable to the Company worldwide and is available on Software AG's website at www.softwareag.com/corporate/inv_rel/overview/csr/code_of_conduct. The code includes specific regional aspects. The code is binding for all employees of Software AG and its subsidiaries. In the year under review, 3,620 employees received certificates of successful completion of a course on the subject of the code. In total, Software AG employees addressed the Compliance Board with 43 inquiries in 2015. The Compliance Board meets monthly and makes decisions about questionable cases. It consisted of Ms. Christine Schwab (Senior Vice President, Global HR), Mr. Frank Simon (Senior Vice President, Audit, Processes and Quality) and Dr. Benno Quade (Senior Vice President, Global Legal) in the year under review.

Financial Reporting and Auditing

The 2015 Annual Shareholders' Meeting again appointed BDO Wirtschaftsprüfungsgesellschaft, Hamburg (hereinafter referred to as BDO), as Company auditor.¹

BDO also advises the company on individual tax matters in connection with tax returns and tax audits. No business, financial, personal or other relationships that could cast doubt on the independence of the audit firm have existed at any time between BDO, its corporate bodies or audit managers and Software AG or the members of its corporate bodies.

Pursuant to the Annual Shareholders' Meeting resolution, the Supervisory Board, represented by the Chairman of the Audit Committee, appointed the auditor and agreed on the fee. In connection with the awarding of the contract, the Chairman of the Audit Committee has also agreed with the auditor to comply with the reporting duties pursuant to the German Corporate Governance Code. BDO participates in meetings of the Supervisory Board's Audit Committee concerning the financial state-

ments and consolidated financial statements and reports on key audit findings. The Audit Committee had no doubt as to BDO's independence before it commissioned the firm.

Primary Auditors' Fees and Services

Software AG's general and administrative expenses included expenses for auditors' fees paid to BDO AG, the Group auditor, totaling €701 thousand (2014: €794 thousand). Of this amount, €604 thousand (2014: €680 thousand) related to the audit of the financial statements of the domestic entities and the Group, €71 thousand (2014: €68 thousand) to tax advisory services and €26 thousand (2014: €46 thousand) to other testation services.

Open and Transparent Communication

Software AG communicates openly, transparently, comprehensively and in a timely manner with all market participants. We participated in numerous investor conferences, road shows and other capital market events in fiscal year 2015.

A globally consistent corporate message is required to earn the trust of investors, analysts and journalists. Regulatory bodies and the media review publications and press releases for consistency and to ensure that laws and regulations are upheld. Software AG's communications guidelines define how we handle corporate communication. They are published on the Software AG Investor Relations website under Corporate Governance. Software AG provides information to investors, analysts and journalists in accordance with standard criteria. This information is transparent for all capital market participants.

The Management Board immediately publishes insider information that affects Software AG, unless, after having met waiver requirements in specific cases, it is exempt from the disclosure requirement. In accordance with legal stipulations, we maintain registries of persons with inside information who have been instructed to maintain confidentiality.

¹ Subsequent note: BDO Wirtschaftsprüfungsgesellschaft AG has served as Software AG's auditor since 1997. The audit of the 2015 annual and consolidated financial statements was handled for the first time by Kai-Niclas Rauscher und Ralf Pfeiffer due to a scheduled internal change at BDO.

We use a suitable service provider for publicizing mandatory disclosures throughout Europe. In addition, we publish all ad hoc releases in German and English.

We also fully comply with the Act on Electronic Commercial Registers, Registers of Cooperatives, and Business Registers (EHUG), which came into force on January 1, 2007, by sending the operator of the electronic version of the Federal Gazette all documents requiring publication in electronic form as prescribed by the Act.

All ad hoc disclosures, press releases, as well as presentations given at press and analysts' conferences and road shows are published promptly to the Investor Relations section on the website of Software AG. The corresponding dates can be found in our financial calendar, which is also published on our website.

Software AG commissions an independent consulting firm to carry out an annual study evaluating how investors and financial analysts perceive our financial communication. Criticism and suggestions provide motivation for further improvement. Our performance in the most recent study, conducted in November 2015, received a good overall rating of 2.41.

Opportunities and Risks

Software AG deals with opportunities and risks responsibly, aided by a comprehensive opportunity and risk management process that identifies and monitors all significant risks and opportunities. It is consistently refined and adjusted to correspond to changing conditions. We have presented our risk management concept in the Risk and Opportunity Report in this Annual Report. Opportunities that are strategic to the Company are described in the Outlook section of the Management Report. Please refer to the Notes for information on our consolidated financial reporting.

Changing Voting Shares (pursuant to section 26, paragraph 1 of WpHG)

For information on Software AG's shareholder structure, please refer to the section on Software AG's Share. Disclosures on changes to voting shares in fiscal 2015 pursuant to section 26 (1) of the Securities Trading Act (WpHG) are published on the Software AG website at www.softwareag.com/corporate/inv_rel/stockinfo/sharecapital/wphg.

Directors' Dealings (pursuant to section 15a of WpHG)

We also publish the purchase or sale of Software AG shares or related financial instruments, particularly derivatives, by members of our Management and Supervisory Boards and certain other related parties (directors' dealings). As soon as knowledge of these transactions is acquired, they must be posted to our website.

No reportable transactions were declared during the 2015 calendar year. For more information, please visit the Internet at www.softwareag.com/corporate/inv_rel/corpgovernance/direct_deal.

Stock Option Plans

For details on our stock option plans and similar equity-based incentive programs, please refer to the complete Remuneration Report in the Management Report (p. 100).

Shareholdings of the Members of the Management Board and Supervisory Board

Management Board

Members of the Management Board	Number of shares
Karl-Heinz Streibich	5,250
Arnd Zinnhardt	25,353
Dr. Wolfram Jost	0
Eric Duffaut	0

Supervisory Board

The individual shareholdings of the members of the Supervisory Board are as follows:

Members of the Supervisory Board	Number of shares
Dr. Ing. Andreas Bereczky	0
Willi Berchtold*	0
Maria Breuing*	0
Heinz Otto Geidt*	1,600
Hermann Requardt*	0
Anke Schäferkordt*	0
Alf Henryk Wulf	400
Monika Neumann*	708
Peter Gallner*	0
Dietlind Hartenstein*	0
Karl Wagner*	183
Martin Sperber-Tertsunen*	0
Eun-Kyung Park	0
Markus Ziener	400
Guido Falkenberg	0
Christian Zimmermann	0

* As of May 13, 2015; term ended upon conclusion of the Annual Shareholders' Meeting on May 13, 2015

Compliance with the German Corporate Governance Code

Declaration of Compliance pursuant to section 161 of AktG submitted by the Management Board and Supervisory Board of Software AG, Darmstadt on the German Corporate Governance Code

The Management Board and Supervisory Board hereby declare that in fiscal year 2015 (January 1, 2015 to December 31, 2015), all recommendations of the government commission's German Corporate Governance Code dated June 24, 2014 and May 5, 2015 were and are being followed with the following exceptions.

(a) The Code recommends under point 4.2.3, paragraph 2, sentence 6 that "variable remuneration components [...] [should] be based on demanding and relevant comparison parameters." Moreover, the Code recommends under sentence 7 of the same paragraph that "a retrospective amendment to the performance targets or to the comparison parameters [...] [should] be prohibited."

The new Management Incentive Plan (MIP 2016) approved in December 2015 has only one performance target, namely a minimum increase of the Company's share price to €30.00 within a period of three years, whereby the price must have reached the target on a minimum of 10 consecutive days in the third year. As a precautionary measure, a deviation from point 4.2.3, paragraph 2, sentence 6 must therefore be declared.

The existing Management Incentive Plan (MIP V), which provided for the option of annual allocations, ended. The performance target was a 30-percent increase in Software AG's share price during a period of three years. The new MIP 2016 was approved with the performance target described in the last paragraph. As a precautionary measure, a deviation from point 4.2.3, paragraph 2, sentence 7 must therefore be declared. The conditions of MIP 2016 explicitly prohibit an amendment to the performance target/comparison parameters.

(b) The Code recommends under point 5.4.2, sentence 1 that an appropriate number of independent members should be on the Supervisory Board. In its meeting on February 7, 2013 the Supervisory Board determined that "at least six independent members as defined by point 5.4.2 of the GCGC should be on the Supervisory Board [...]." This number corresponded to half of the Supervisory Board members, as the Supervisory Board still consisted of 12 members at that point in time. Following the conclusion of status proceedings pursuant to section 97 of AktG in February 2015, an amendment to section 9, paragraph 1 of Software AG's Articles of Incorporation was passed at the Annual Shareholders' Meeting whereby the Supervisory Board would henceforth consist of six people. In its meeting on January 28, 2016 the Supervisory Board stipulated three as the appropriate number of independent Supervisory Board members as defined by point 5.4.2 of the Code. This is likewise equal to half of the members. As a precautionary measure, a deviation from point 5.4.2, sentence 1 is being declared for the interim period from May 13, 2015 until January 28, 2016.

Darmstadt, January 28/29, 2016

Software AG

Management Board

Supervisory Board