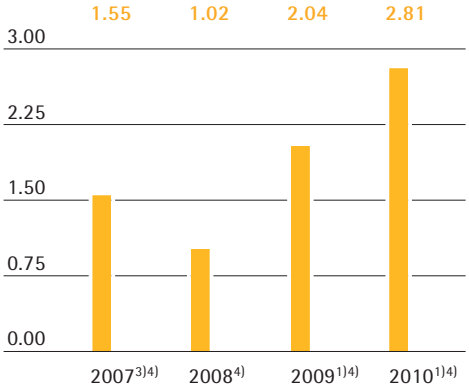
sartorius stedim biotech

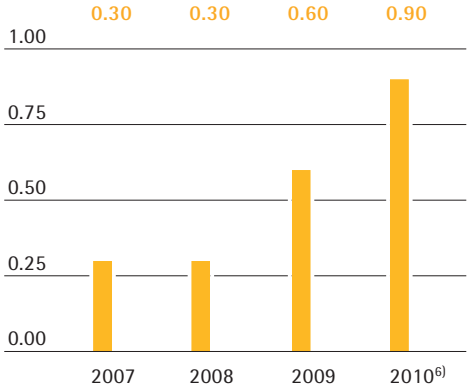
Sartorius Stedim Biotech Group
Reference Document 2010

2010

Earnings per Share
in €



Dividends
in €



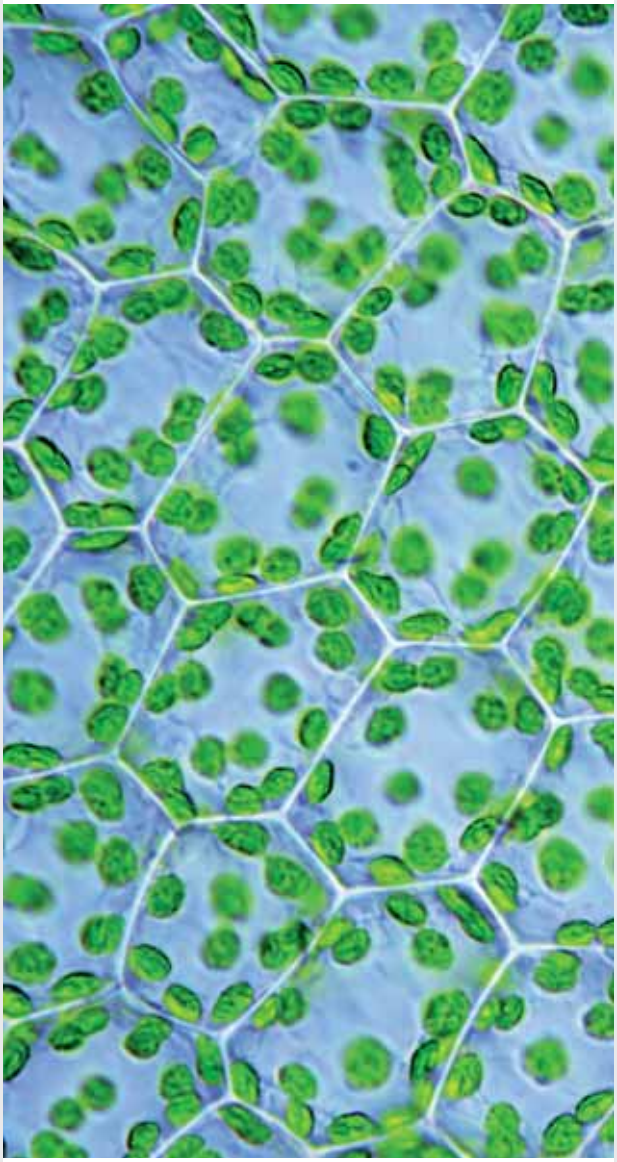
Key Figures

All figures are given in millions of € according to the IFRS, unless otherwise specified	**2010**	2009	2008	2007
Results				
Sales revenue	432.9	401.2	368.0	375.9[2)]
EBITDA[7)]	85.9[1)]	75.2[1)]	54.6	66.2[3)]
EBITA[7)]	70.0[1)]	60.3[1)]	40.1	49.7[3)]
Net profit[7)] after non-controlling interest	38.5	29.1	13.1	21.2[3)]
Net profit[7)] after non-controlling interest[4)]	45.2[1)]	34.7[1)]	17.3	26.1[3)]
Earnings per share (in €)	2.39	1.71	0.77	1.26[3)]
Earnings per share (in €)[4)]	2.81[1)]	2.04[1)]	1.02	1.55[3)]
Dividend per share (in €)	0.90[6)]	0.60	0.30	0.30
As a % of sales revenue				
EBITDA[7)]	19.8[1)]	18.7[1)]	14.8	17.6[3)]
EBITA[7)]	16.2[1)]	15.0[1)]	10.9	13.2[3)]
Net profit[7)] after non-controlling interest[4)]	10.4[1)]	8.6[1)]	4.7	7.0[3)]
Balance sheet				
Balance sheet total	656.3	667.9	652.3	640.7
Equity	365.1	393.2	371.6	362.8
Equity ratio (in %)	55.6	58.9	57.0	56.6
Gearing	0.3	0.2	0.4	0.4
Financials				
Capital expenditures	16.7	15.7	20.2	14.2
As a % of sales revenue	3.9	3.9	5.5	5.3[5)]
Depreciation and amortization	23.0	22.7	20.9	15.3
Net cash flow from operating activities	72.8	91.9	47.2	26.0
Net debt	102.8	87.6	150.1	153.8
Ratio of net debt to EBITDA[7)]	1.2[1)]	1.2[1)]	2.7	2.3[3)]
Total number of employees as of December 31	2,581	2,381	2,369	2,311

[1)] Underlying[7)] (adjusted for extraordinary effects)
[2)] Pro forma
[3)] Pro forma underlying
[4)] Excluding amortization
[5)] Based on actual sales revenue of €268.8 million
[6)] Amounts suggested by the Board of Directors (Conseil d'administration) and subject to approval by the Annual General Shareholders' Meeting
[7)] For more information on EBITDA, EBITA, net profit and the underlying presentation, please refer to the group business development chapter and to the glossary.

SUSTAINABILITY

Growing profitably and acting responsibly towards all stakeholders



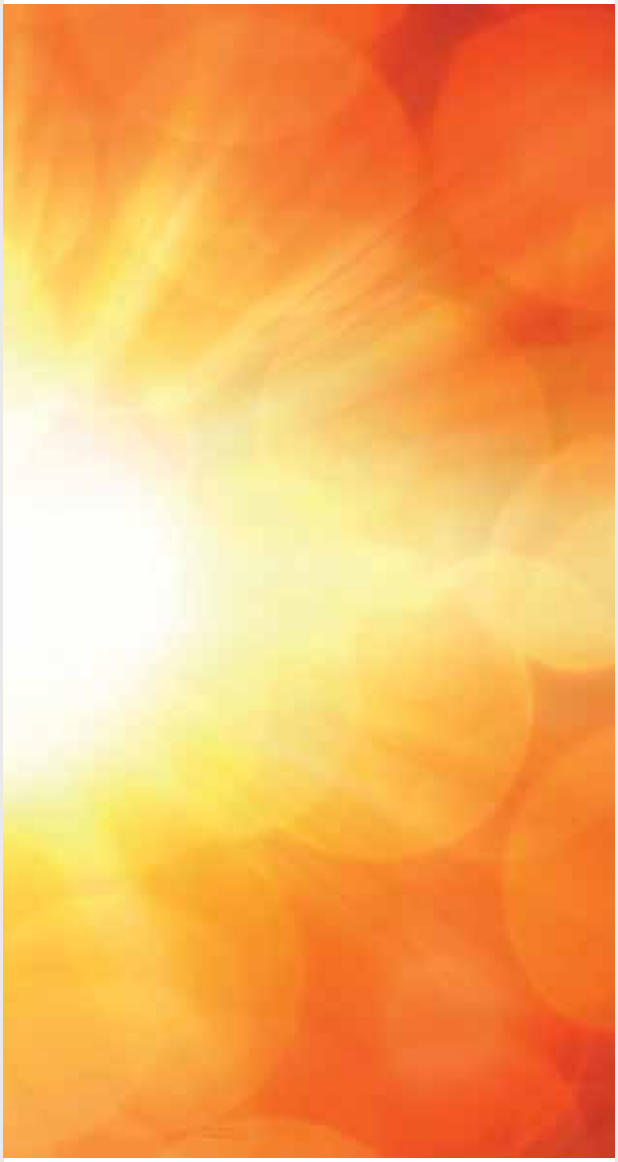
OPENNESS

Driving change and progress internally and externally

Our Corporate Values

ENJOYMENT

Working in an energetic and rewarding environment



In 2010, Sartorius Stedim Biotech intensively focused on its three core corporate values: sustainability, openness and enjoyment. Participating in workshops, more than 2,500 employees reflected on what these values actually mean and developed ideas on how we can embed our values even more systematically in daily business.

Our core values connect us with our customers, business partners, shareholders, investors and with society in the same way as they create links among all members of our Group – worldwide. These values provide guidance and show the direction in which we are heading in our drive to move forward.

sartorius stedim biotech

Our Mission

Sartorius Stedim Biotech is a leading provider of cutting-edge equipment and services for the development, quality assurance and production processes of the biopharmaceutical industry. Its integrated solutions covering fermentation, filtration, purification, fluid management and lab technologies are supporting the biopharmaceutical industry around the world to develop and produce drugs safely, timely and economically. For next-generation processes, Sartorius Stedim Biotech focuses on single-use technologies and added-value services to meet the rapidly changing technology requirements of the industry it serves. Strongly rooted in the scientific community and closely allied with customers and technology partners, the company is dedicated to its philosophy of "turning science into solutions."

Reference Document 2010

The present original French "Document de Référence" of this translated Reference Document was filed with the Autorité des Marchés Financiers on March 8, 2011, in accordance with Article 212-13 of its "règlement général". It may be used in connection with an offering of securities if it is supplemented by a prospectus ("note d'opération") for which the Autorité des Marchés Financiers has issued an endorsement. This Reference Document has been made out by the issuer and engages the responsibility of his signatory.

This Reference Document incorporates by reference the preceding Reference Documents, D.09-0111 filed on March 11, 2009, and D.10-0091 filed on March 9, 2010.

The following information is included by reference in the present Reference Document:

- The year 2009 consolidated financial statements of Sartorius Stedim Biotech prepared using international accounting standards and the report of the statutory auditors relating to these statements, and the Group 2009 management report appearing on pages 92 to 131 and 20 to 47, respectively, of the Reference Document filed with the Autorité des Marchés Financiers on March 9, 2010, under the number D.10-0091.

- The year 2008 consolidated financial statements of Sartorius Stedim Biotech prepared using international accounting standards and the report of the statutory auditors relating to these statements, and the Group 2008 management report appearing on pages 90 to 131 and 20 to 47, respectively, of the Reference Document filed with the Autorité des Marchés Financiers on March 11, 2009, under the number D.09-0111.

The sections of these documents not included are not of interest to an investor, and are covered in another part of this Reference Document.

Copies of the present Reference Document can be obtained from the following:

- Sartorius Stedim Biotech S.A.
  Z.I. Les Paluds - Avenue de Jouques
  BP 1051 - 13781 Aubagne Cedex
- Group website: www.sartorius-stedim.com
- Autorité des Marchés Financiers website:
  www.amf-france.org

01 To Our Shareholders

02 Management Report

This Reference Document contains statements concerning the future performance of Sartorius Stedim Biotech S.A. These statements are based on assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, we cannot guarantee that they will actually apply. This is because our assumptions harbor risks and uncertainties that could lead to actual results diverging substantially from the expected ones. It is not planned to update our forward-looking statements.

This is a translation of the original French-language Reference Document "Document de Référence 2010". Sartorius shall not assume any liability for the correctness of this translation. The original French Reference Document is the legally binding version. Furthermore, Sartorius Stedim Biotech S.A. reserves the right not to be responsible for the topicality, correctness, completeness or quality of the information provided. Liability claims regarding damage caused by the use of any information provided, including any kind of information which is incomplete or incorrect, will therefore be rejected.

Throughout the Reference Document, differences may be apparent as a result of rounding during addition.

Contents

To Our Shareholders

01

Dear Shareholders,

I am pleased to report that 2010 was yet another successful year for Sartorius Stedim Biotech (SSB). We continued to systematically execute our long-term strategy and posted new highs again in sales revenue and earnings.

Let me begin by summarizing the Group's key financial results for the reporting year:

Our Group sales revenue for 2010 was €432.9 million and thus 7.9% above the year-earlier figure. The gain in order intake was even slightly stronger, 8.0%. Again, the company's business with single-use products for biopharmaceutical applications fueled this growth. Moreover, unlike in the previous year, business with process-scale biotech equipment also added positive momentum. In particular, we received large equipment orders from the Asian region, where predominantly local biopharmaceutical companies have been expanding their production capacity. While sales results in Europe were not quite satisfactory, partly because of an extraordinary base effect in 2009, business in Asia and in the U.S. showed excellent development.

This positive development of sales revenue was also reflected by our profitability. Operating earnings improved 16.1% to €70.0 million, and our margin rose from 15.0% to 16.2%. Economies of scale drove this strong performance, while favorable exchange rates also had a slightly positive impact. Underlying earnings per share are at €2.81, up 37.4% from €2.04 in 2009.

All relevant balance sheet ratios and key financial figures of Sartorius Stedim Biotech are at highly robust levels. Operating cash flow, which at €72.8 million was strong again in 2010, contributed to this development. Due to the complete execution of our share buyback program with a total volume of €61.3 million, net debt increased by just €15.1 million to €102.8 million. However, reflected by an equity ratio of 55.6%, a gearing ratio of 0.3 and a net-debt-to-underlying-EBITDA ratio of 1.2, the financial position of our Group has remained very robust.

Based on our strong annual results, the Board of Directors will submit a proposal to the Annual General Shareholders' Meeting to raise the dividend by 50% to €0.90 per share. Positive corporate performance and prospects are also underscored by the development of our share prices. We find it encouraging that the capital market assesses SSB as an attractive investment. With the SSB share price up approximately 35% in 2010, our shares significantly outperformed the leading French indexes, and analysts continue to recommend buying our shares.

For 2011, our agenda focuses on a number of challenging projects covering strategy, organization and operational processes.

First, let us consider strategic aspects: In our bioprocess business, which represents the major proportion of our sales revenue, we are a key player worldwide, with a broad product portfolio unmatched throughout the industry. For single-use technologies, in particular, we have pioneered and decisively shaped the market. In the current year, we will continue to pursue our successful strategy, launch many highly innovative single-use products and help our customers unlock the full potential of this technology.

In our Laboratory area, which accounts for a much smaller proportion of our business, we are also recognized as an innovative, high-quality supplier of lab instruments and consumables, but do not yet have the same market position as in Bioprocess. This is why we

see opportunities for future growth in our Laboratory business through cooperation with Sartorius AG, for example, in sales, marketing and services. After all, lab customers use instruments and consumables from both companies in their daily analytical procedures. We have already obtained positive results with this approach in 2010 since we have more closely coordinated both companies' sales activities in Central Europe.

Finally, we are also planning to further enhance our Group-wide business processes and supportive IT systems in order to create powerful platforms for future profitable growth. In the past year, we redefined our business processes with the goal of achieving improvements in throughput times, cost and quality through standardization and optimization. In 2011 and 2012, we will be reconfiguring our enterprise resource planning system and implementing these new, standardized business processes worldwide.

Further operational topics that we are addressing in the current year entail the launch of three relatively large investment projects. We will be expanding our membrane production capacity at our Goettingen, Germany, site, constructing a new building complex for the manufacture of bioreactors and fermentation-related equipment in Guxhagen, also in Germany, as well as expanding and optimizing our filter manufacturing plant in Yauco, Puerto Rico.

Looking at 2011, we are very confident. We got off to a good start in the current year and are forecasting further profitable growth. In constant currencies, we expect to increase sales by 6% to 8% and our underlying EBITA margin to approximately 17%. Furthermore, we project operating cash flow to be significantly positive.

To conclude, I would like to especially thank all staff members of the Group, also on behalf of my colleagues on the Board of Directors, for their exceptionally dedicated work throughout the past fiscal year, their outstanding accomplishments and their tremendous drive to succeed.

My special thanks also go out to you, dear shareholders, for your open dialogue and continued support and trust.

Sincerely,

Joachim Kreuzburg
Chairman of the Board and CEO

Executive Committee

Joachim Kreuzburg, 45, is responsible for Finances, Human Resources, Compliance, Legal Affairs and Corporate Communications. He holds a doctorate in economics and a university degree in mechanical engineering. Joachim Kreuzburg is also the CEO of SSB's parent corporation Sartorius AG and the Chairman of the Sartorius Group Executive Committee.

Reinhard Vogt, 55, heads Marketing, Sales and Services. He holds a vocational diploma in industrial business administration. Reinhard Vogt is also a member of the Executive Board of Sartorius AG and a member of the Sartorius Group Executive Committee.

Volker Niebel, 54, is responsible for Production, Supply Chain Management and IT Demands. He holds a university degree in business administration and economics. Mr. Niebel also belongs to the Sartorius Group Executive Committee.

Oscar-Werner Reif, 46, manages the Group's global Research and Development unit. He holds a doctorate in chemical engineering and has studied chemistry and molecular biology in both Germany and the USA. Oscar-Werner Reif is also a member of Sartorius Group Executive Committee.

Sartorius Stedim Biotech Group headquarters in Aubagne, France

Joachim Kreuzburg
Chairman of the Board and Chief Executive Officer

Reinhard Vogt
Executive Vice President of Marketing, Sales and Services

Volker Niebel
Executive Vice President of Operations and IT

Oscar-Werner Reif
Executive Vice President of Research and Development

Sartorius Stedim Biotech Shares

Facts about the Share

ISIN	FR0000053266
Liquidity provider	Gilbert Dupont
Stock exchange	Euronext Paris
Market segment	Local Securities - Compartment B (Mid Caps)
Indexes	SBF 250; CAC All SHARES; CAC MID & SMALL 190; CAC MID 100; CAC HEALTH CARE
Number of shares[1)]	17,013,448
thereof Sartorius AG	67%
thereof free float	23%
thereof treasury shares	10%
Number of shares outstanding[1)2)]	15,314,738
thereof Sartorius AG	75%
thereof free float	25%
Voting rights[1)]	18,664,042
Voting rights outstanding[1)3)]	16,965,332

[1)] As of December 31, 2010
[2)] Number of issued shares minus number of treasury shares
[3)] Number of voting rights minus number of voting rights connected to treasury shares

Share Price Development

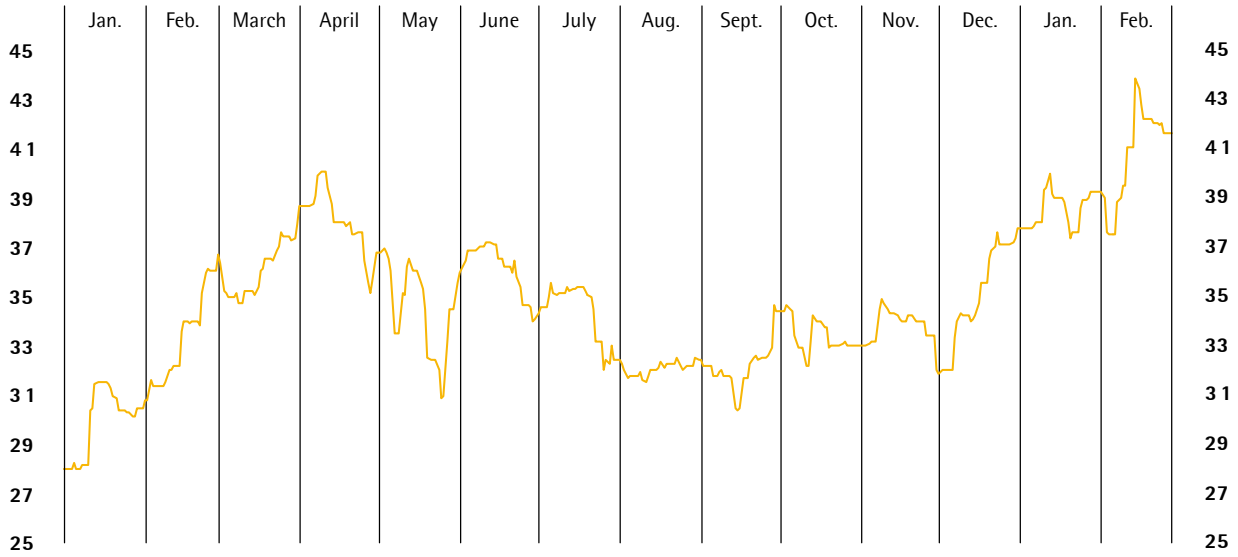
The market price of the Sartorius Stedim Biotech share rose by 34.6% over the reporting year from €28.00 at the end of fiscal 2009 to €37.70 by the end of fiscal 2010.

The share hit its low point for the year of €28.00 twice, on January 4 and 6, before rising sharply over the next few months to peak at €40.00 on April 9, 2010. It then dropped away somewhat before strengthening significantly again toward the end of the year.

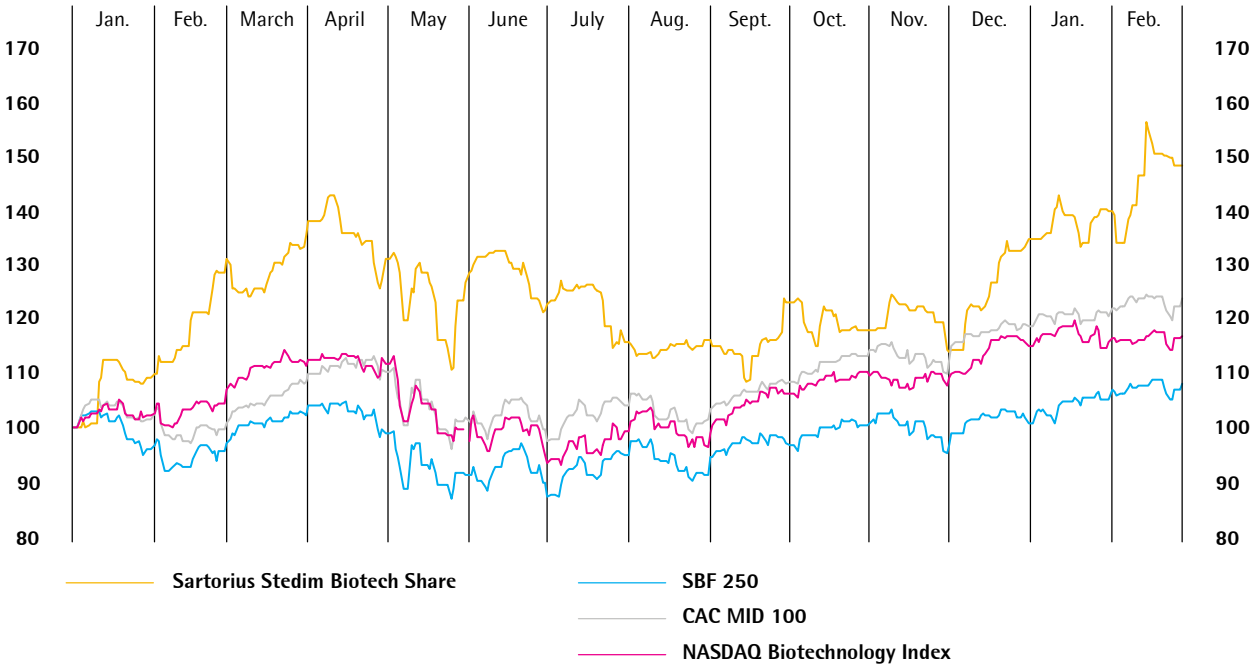
The marked increase in the value of the share coincided with an essentially sideways trend on the French stock market. The broad SBF 250, for example, moved little over the course of the reporting year, while the leading CAC 40 was down 3.3%. The midcap segment showed much better performance with the CAC Mid 100, to which Sartorius Stedim Biotech belongs, rising 1,140 points or 18.7% from its year-end 2009 mark of 6,094 points to stand at 7,234 points on December 31, 2010.

This means that in 2010, the Sartorius Stedim Biotech share again performed significantly better than the French stock market as a whole.

The Sartorius Stedim Biotech Share in €
January 1st, 2010, to February 28, 2011



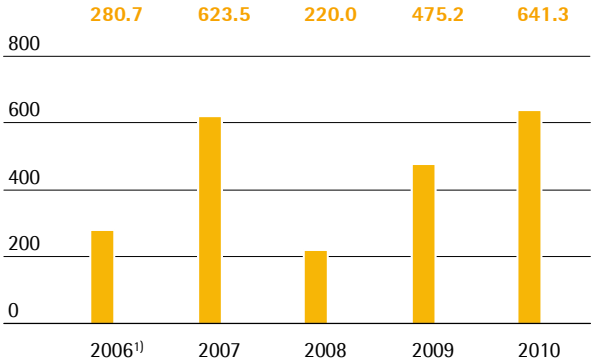
The Sartorius Stedim Biotech Share in Comparison to the SBF 250, CAC MID 100 and NASDAQ Biotechnology Index (indexed)
January 1st, 2010, to February 28, 2011



Market Capitalization and Trading Volume

Reflecting the increase in the Sartorius Stedim Biotech share price, market capitalization surged by 34.9% over the course of the reporting year from €475.2 million on December 31, 2009 to €641.3 million on December 31, 2010.

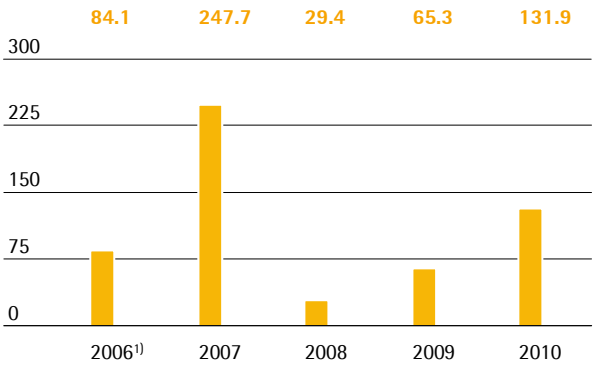
Market Capitalization
€ in millions



[1)] Stedim S.A.

The average number of Sartorius Stedim Biotech shares traded daily on the Paris Bourse in the reporting period was 14,965 and thus significantly above the previous year's figure of 10,427. This and the strong increase in the share price led to the total trading volume on the Euronext stock exchange more than doubling from €65.3 million in 2009 to €131.9 million in 2010.

Trading Volume
€ in millions



[1)]Stedim S.A.
Source: Euronext

The Analysts' View

Interest in the Sartorius Stedim Biotech share remained high during the year ended and we accordingly maintained regular contact with analysts at Société Générale, Gilbert Dupont, Oddo Midcap and Portzamparc, who tracked the Sartorius Stedim Biotech share closely and commented on its performance. The analysts' recommendations for the Sartorius Stedim Biotech share in 2010 were "add" and "buy".

Research Coverage

Institute	Date	Vote
Société Générale	February 10, 2011	Buy
Oddo Midcap	February 10, 2011	Add
Portzamparc	February 10, 2011	Add
Gilbert Dupont	February 9, 2011	Buy

Investor Relations Activities

Effective communication with shareholders and potential investors in Sartorius Stedim Biotech forms the major focus of our investor relations work. We strive to provide the highest possible level of transparency. Our annual and quarterly reports and press releases provide a regular, detailed insight into the latest developments in our business. The members of our Investor Relations team also serve as a direct point of contact for all inquiries relating to the Sartorius Stedim Biotech Group and maintain close links with the Executive Committee to ensure they are able to make important information available to our investors promptly and comprehensively.

A regular teleconference that can be followed on the internet is held to accompany the publication of the quarterly results. These webcast conferences give shareholders and analysts alike the opportunity to find out about the latest developments in the business quickly and in detail.

We presented the company at a variety of conferences and roadshows over the past year. For instance, Sartorius Stedim Biotech participated in the Oddo Midcap Forum in Lyon in the early part of fiscal 2010 and the London European Midcap Event and the Paris Midcap Healthcare Forum in the middle of the year.

We also showcased Sartorius Stedim Biotech at the Euronext Midcap Event in Paris in autumn 2010 and a roadshow in London, and organized two analysts' conferences in Paris to accompany the release of the full-year figures for 2009 and the release of our results for the first half of 2010.

Key Figures for Sartorius Stedim Biotech Share

		February 28, 2011	2010	2009	2008	2007	2006
Share price[1] in €	Reporting date	41.58	37.70	28.00	13.00	36.90	39.78
	High		40.00	31.70	36.85	50.50	40.40
	Low		28.00	13.45	11.60	32.00	25.44
Dividends[2] in €			0.90	0.60	0.30	0.30	0.19
Total dividends paid in millions of €			13.8	10.2	5.1	5.1	1.3
Payout ratio[3] in %			30.5	29.4	29.4	19.5	17.1
Dividend yield[4] in %			3.2	4.6	0.8	0.8	0.8
Market capitalization in millions of €		707.4	641.3	475.2	220.0	623.5	280.7
Average daily trading number of shares			14,965	10,427	4,576	22,785	10,188
Trading volume of shares in millions of €			131.9	65.3	29.4	247.7	84.1
CAC MID 100		7,539	7,234	6,094	4,422	7,652	7,801
SBF 250		3,006	2,801	2,789	2,251	3,955	3,933

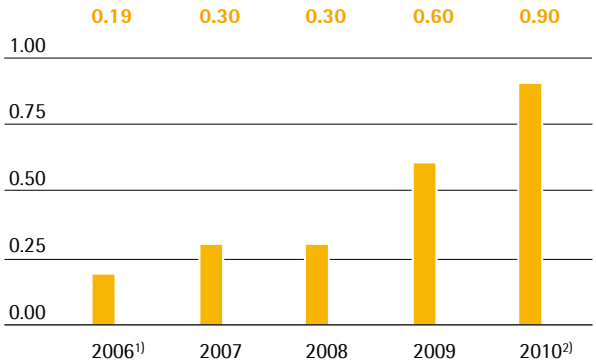
[1] Daily closing price
[2] For 2010, amounts suggested by the Board of Directors (Conseil d'administration) and subject to approval by the Annual General Shareholders' Meeting
[3] Based on the underlying net result excluding amortization (for 2007: pro forma; for 2006: based on net result of Stedim S.A.)
[4] Dividends in relation to the corresponding opening prices of the year
Sources: Euronext; vwd | Stedim S.A. shares until June 29, 2007; Sartorius Stedim Biotech S.A. shares as of June 30, 2007

Dividends

For fiscal 2010 as well, the Board of Directors plans to enable shareholders to participate adequately in the company's success. Therefore, at the Annual General Shareholders' Meeting on April 18, 2011, the Board of Directors will submit a proposal to pay a dividend of €0.90 per share from the net profit of €21.1 million reported by Sartorius Stedim Biotech S.A. This would represent a gain of 50% over the previous year's figure of €0.60. Therefore, the total profit distributed would increase from €10.2 million a year ago to €13.8 million.

Based on the underlying net profit (for more information on underlying net profit, please refer to the business development chapter and to the glossary), the dividend payout ratio would be 30.5% compared to 29.4% in the previous year. This would result in a dividend yield in relation to the opening price of the share on January 4, 2010 (€28.00) of 3.2% (previous year: 4.6%).

Dividends
in €



[1] Corporation distributing dividends: Stedim S.A.
[2] Amount suggested by the Board of Directors (Conseil d'administration) and subject to approval by the Annual General Shareholders' Meeting

Share Buyback Program

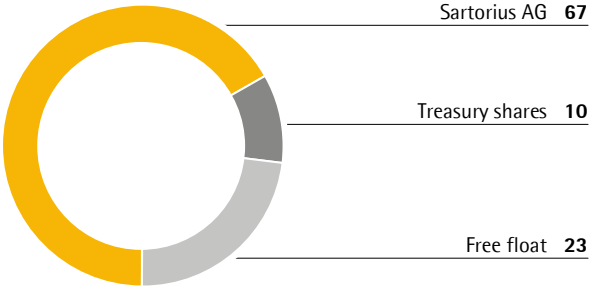
In the reporting year, Sartorius Stedim Biotech S.A. initiated and successfully completed a share buyback program under which it repurchased 1,698,710 shares for €61.3 million in total. This equates to an average price of €36.10 per share. Sartorius AG, as the majority shareholder, participated in this program and sold 1.3 million shares to Sartorius Stedim Biotech S.A.

Shareholder Structure

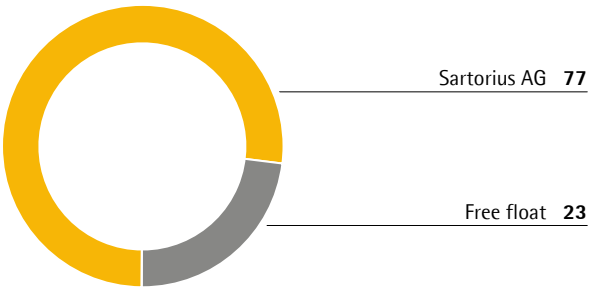
Sartorius Stedim Biotech S.A.'s issued capital amounted to €10.4 million as of the reporting date and is divided into 17,013,448 shares, each with a calculated par value of €0.61. Some of the shares convey double voting rights, with the result that there was a total of 18,664,042 voting rights as of the reporting date.

After the completion of the share buyback program, Sartorius Stedim Biotech S.A. holds 10% of its own shares as of the reporting date. Furthermore, Sartorius AG holds 67% of the shares and approximately 77% of the outstanding voting rights. Around 23% of the shares (23% of the outstanding voting rights) are in free float. Of the outstanding 15,314,738 shares, from which treasury shares are deducted, Sartorius AG owns 75% and free float accounts for the remaining 25%.

Shareholding structure
% of share capital



Shareholding structure
% of voting rights



Management Report

02

About Sartorius Stedim Biotech

Strategy

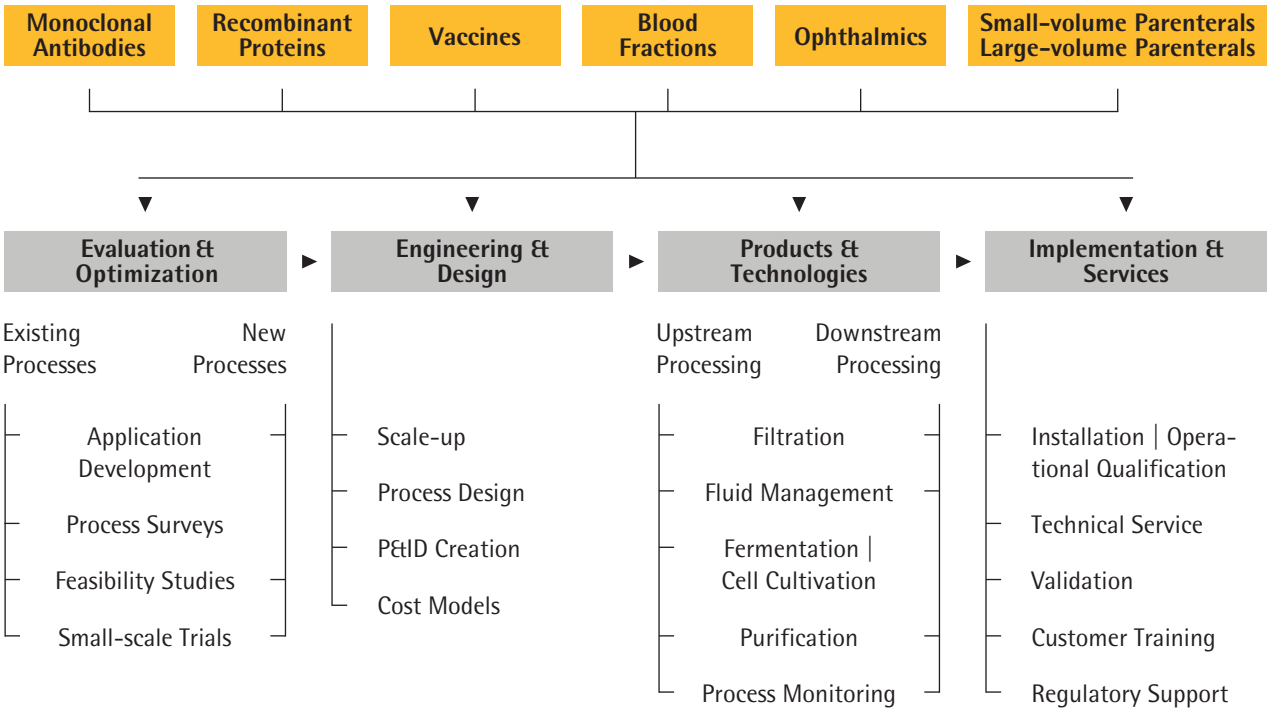
Sartorius Stedim Biotech operates as a total solution provider; i.e., a provider of integrated solutions for all key process steps in the production of biopharmaceuticals. Our extensive range of technologies, products and services helps customers to develop and manufacture medications and vaccines using biological methods – safely and efficiently. We are global leaders in bioprocess filtration, fermentation, fluid management technology and membrane chromatography and in a variety of other purification technologies. Our portfolio features products and solutions for nearly all upstream and downstream steps in the production of active pharmaceutical ingredients.

Single-use products are a particular specialty of our company. We are steadily focusing on offering our biopharmaceutical customers single-use products to serve their needs in production processes. Single-use products, which account for approximately three quarters of our sales revenue, are an innovative alternative to conventional reusable stainless steel systems for our customers thanks to the significant cost- and time-savings they provide. We have the most comprehensive single-use technologies portfolio in the sector. Furthermore, we differentiate ourselves from the competition by offering extensive technical consulting and services, which we tailor specifically to the requirements of individual applications.

We focus a smaller part of our activities on biopharmaceutical laboratories. In addition to conventional laboratory instruments, such as water purification systems, shakers, centrifuges, bioreactors and fermenters, we offer a range primarily consisting of consumables for the laboratory, including filters, bags and cell culture vessels, among other items. The respective products of this range help our customers perform small-scale development and testing of active pharmaceutical ingredients first before fully scaling up to large-volume production. All of our technologies are fully scalable, so customers can easily increase the quantities of different substances as required for the process phase concerned.

The significant growth achieved over recent years stems to a very considerable extent from our "Total Solution Provider" approach and our continuous drive to expand our product range right along our customers' process

Process Solutions for Biomanufacturing of Active Pharmaceutical Ingredients and Drugs



chain. Carefully targeted cooperative arrangements and acquisitions play a central role alongside our own research and development activities in putting this growth strategy into practice. Our R&D department, which has accordingly stepped up its efforts to build up expertise in technology integration, quickly combines the technologies contributed by our partners with our own components to create innovative new products. We expect to see additional growth momentum both from closer collaboration in selected fields with the Mechatronics Division of Sartorius AG – which is the natural choice given our similar customer structures in areas including the laboratory segment – and from the development of new technologies in fields such as process analytics.

Sartorius Stedim Biotech's strong dedicated sales, distribution and service organizations and manufacturing companies give it a global presence with a particularly high profile in the major pharmaceutical markets. All of the products and services offered to our customers, most of which are themselves international companies, from our various production facilities around the world meet the same global quality standards.

Organization

The Sartorius Stedim Biotech Group is organized strictly by function worldwide. The company is accordingly controlled through the core operating functions marketing, sales and distribution, service, research and development, operations, finance, etc. Responsibility for the various functions in the higher tiers of management is assigned at the global level and hence spans both sites and countries.

This global functional organization creates an effective platform for central strategic control and fast and efficient collaboration within the Group, and also makes it easier for the company to realize its total solution provider strategy and position itself effectively in respect of global customers.

Integrated Products Along the Customer's Process Chain

Macroeconomic Environment and Conditions in the Sector

Macroeconomic Environment

The global economic recovery continued in 2010 following the powerful upturn in world trade over the 2009 | 2010 winter half-year, although the pace of growth did slow gradually over the course of the reporting year. The strength of the economic recovery also varied from region to region. The USA saw growth slow appreciably as early as the second quarter of 2010 following rapid expansion in the winter half-year. Economic activity accelerated over the first half of the year in Europe, in contrast, and remained at a high level throughout the year in the emerging countries and, in particular, the Asia region. The global economy grew by 4.8% overall in 2010 according to the latest assessments from the International Monetary Fund (IMF). This follows on from a fall in production across the economy as a whole of 0.6% in 2009.

Economic Development in the Industrialized Countries

Experts report that economic activity in the industrialized countries still remained below the levels seen prior to the onset of the economic crisis in 2008. The combined gross domestic product (GDP) of the industrialized countries increased by 2.7% (previous year: -3.2%).

Structural problems persist in the USA and the rate of economic growth remains moderate. The real estate market has contracted enormously and the financial sector has not yet completely recovered. Economic activity slowed appreciably as the stimulus packages ran out and inventory building dropped off. The labor market has yet to show any significant improvement and private consumption accordingly remained weak. The IMF is forecasting GDP growth of 2.6% for the USA in the fiscal year ended (2009: -2.6%).

The situation in the eurozone varied significantly from country to country. States like Greece, Ireland and Spain, for example, were forced to introduce harsh stabilization measures as a result of the debt crisis and the associated dramatic deterioration in their finances and in some cases also found themselves compelled to draw down large-scale financial support from their eurozone partners and the IMF.

In contrast Germany and France, the two largest eurozone economies, both saw economic output rise, albeit at significantly different rates.

The German economy expanded surprisingly quickly over the fiscal year ended thanks to unexpectedly strong growth in exports. The domestic economy recovered at the same time on the back of private spending, which was boosted by an extraordinarily buoyant labor market. Encouraged by particularly attractive interest rates, corporate investment picked up noticeably too. Pent-up demand will have played a significant role in the strong growth recorded, however, and consequently the tailing off of economic activity experienced over the course of the reporting year should probably be seen more as a return to normality than a renewed slowdown of the economy. Forecasts for 2010 indicate GDP growth of 3.3% (2009: -4.7%).

Output across the French economy as a whole is estimated to have increased by 1.5% in 2010. The French economy contracted by just 2.5% in 2009, which is far less dramatic than the declines witnessed in the other countries of the eurozone, but its current recovery remains comparatively sluggish on account of the negative effect of high unemployment on private consumption.

Economic Development in the Emerging Countries

Expert reports indicate that economic activity in many of the emerging Asian markets was back above pre-crisis levels in fiscal 2010, although the recovery in China has recently slowed appreciably from its initial brisk pace. Fears that their economy might overheat led the Chinese government to introduce counter-cyclical policy measures. These measures were accompanied by moves including more restrictive monetary policy – the base rate, which last increased in 2009, rose from 5.31% to 5.81% in the course of 2010 – and tighter lending conditions. Growth in private consumption, on the other hand, is predicted to have continued all but unaffected as a result of the positive trend in the labor market. According to the IMF, the Chinese economy appears to have expanded by 10.5% overall in the reporting year (previous year: 9.1%).

India likewise posted economic growth in excess of 10% in each of the first two quarters of 2010. Private consumption remained strong and the rate of investment actually increased appreciably despite four hikes in the base rate. The IMF predicts overall GDP growth

of 9.7% for India (previous year: 5.7%). Its estimate for growth in the emerging markets as a whole is 9.4% (2009: +6.9%).

Exchange Rate Trends

The debt crisis and associated loss of confidence in the eurozone weakened the trade-weighted external value of the single currency and the U.S. dollar had consequently strengthened to U.S. $1.19 to the euro by June 2010. The euro subsequently made up some of the ground lost, but the average exchange rate for the year of U.S. $1.33 to the euro still represents a gain for the U.S. dollar (2009: U.S. $1.39). Sartorius generates about a third of its sales revenue in U.S. dollars or currencies pegged to the U.S. dollar, so this trend had a slight positive impact overall on Group profits.

Interest Rate Trends

The global average interest rate was even lower in 2010 than in 2009 and remained almost unchanged at a historically low level. The average 3-month Euribor rate for the year, for example, dropped from 1.2% in 2009 to 0.8% in 2010. Interest rates did rise slightly over the course of the reporting year itself, however, with the 3-month Euribor rate, for example, climbing from 0.7% on December 31, 2009 to 1.0% on December 31, 2010. The majority of the Sartorius Group's loans are variable rate arrangements, so the low level of interest rates had a positive effect on financing costs.

Sources: International Monetary Fund, World Economic Outlook October 2010; Joint Economic Forecast Project Group, Joint Economic Forecast Autumn 2010 prepared for the German Federal Ministry of Economics and Technology.

Sector Conditions

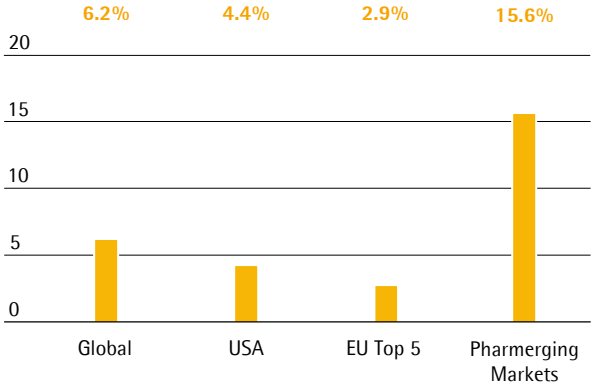
Sartorius Stedim Biotech's position as a leading supplier of products and services for development, quality assurance and production processes for customers in the biopharmaceutical industry makes its business particularly sensitive to trends in this industry.

Growth in Pharmaceutical Markets Generally Stable, Better than Average in the Emerging Countries

The pharmaceutical industry continued to expand in 2010, with international market research institute IMS Health predicting growth of 5% in the reporting year. This would bring the overall value of the global market up to around U.S. $880 billion.

IMS Health's latest estimates for the U.S. market, the world's largest for pharmaceuticals, point to a growth rate of between 3.5% and 4% in 2010. The U.S. market as a whole was worth around U.S. $310 billion in the reporting year according to the experts. The five biggest European pharmaceutical markets – France, Germany, Italy, Spain and the U.K. – grew by around 3.5% over the same period, making their combined market volume approximately U.S. $165 billion in 2010 according to IMS Health. The markets in the emerging economies of Asia, Eastern Europe and Latin America achieved overproportionate growth rates. IMS Health reports that sales revenues in these countries, known collectively as the pharmerging markets, jumped 14% in 2010, making this market as a whole worth around U.S. $150 billion. The list of pharmerging markets currently consists of 17 countries: Argentina, Brazil, China, Egypt, India, Indonesia, Mexico, Pakistan, Poland, Romania, Russia, South Africa, Thailand, Turkey, Ukraine, Venezuela and Vietnam.

Average Annual Growth of the Regional Pharma Markets
Forecast for 2009–2014



Source: IMS Health

Biotechnology a Growth Market

The biotechnology segment of the pharmaceutical market has been experiencing particularly rapid expansion for many years, with growth rates around double those of the market as a whole. According to data from the experts at IMS Health, the biopharmaceutical industry generated global sales revenue of around U.S. $96.5 billion in the period from the beginning of the fourth quarter of 2009 through the end of the third quarter of 2010. This represents a good 9% increase in sales revenue as compared with the same period a year earlier and means that the biopharmaceutical industry accounts for approximately 11% of the pharmaceutical market as a whole.

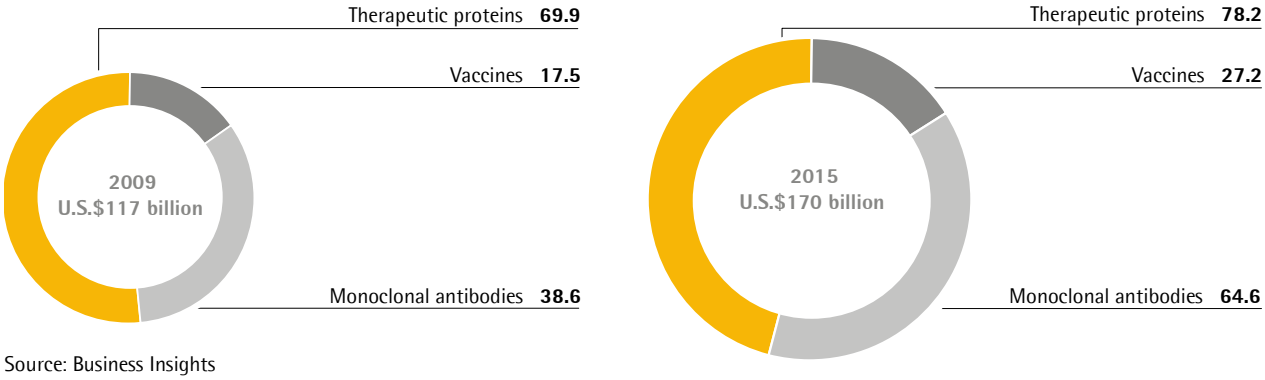
The introduction of numerous new biopharmaceuticals and the emergence of new indications for existing drugs have both contributed to the dynamic growth seen in this market. The PhRMA sector report "Medicines in Development" published in 2008 states that at that time more than 630 medications produced using biotech methods had already reached the clinical trials phase. One in every two newly approved drugs now has its origins in a biotech lab.

Medications produced using biopharmaceutical methods can essentially be divided into three categories based on active ingredient: therapeutic proteins, monoclonal antibodies and vaccines. Therapeutic proteins, which play an important role in the treatment of conditions including diabetes and chronic anemia, currently make up the largest category of active ingredients produced using biotech methods, but experts expect active ingredients from the other categories to become more prominent over the next few years. This is particularly true of monoclonal antibodies, which find applications in the treatment of cancer, HIV and autoimmune diseases like multiple sclerosis and rheumatism. As an example of their potential, the sales revenue generated by cancer drugs based on monoclonal antibodies doubled from around U.S. $24 billion to around U.S. $48 billion in just four years between 2004 and 2008.

Acquisitions and Alliances Between Pharmaceutical and Biotech Companies

Alliances and small- and medium-scale acquisitions featured prominently in the pharmaceutical industry in the reporting year as companies sought to accelerate the development of new drugs or tap into new business areas, most notably in the area of biopharmaceuticals. The prevalence of these measures stems in part from the imminent expiry of patents covering quite a number of blockbuster medications. Sector experts regard what has become known as the "patent cliff" as one of the greatest challenges the industry will face over the coming years. IMS Health reports that drugs due to lose patent protection in the period through 2015 account for sales of U.S. $142 billion. If the predictions are correct, 2011 alone will see medications responsible for bringing in U.S. $30 billion in sales revenue every year lose their patent protection. The prospects for future growth in pharmaceutical markets could also be clouded over the coming years by government-imposed price restrictions associated with healthcare reforms in Europe and the USA.

Forecasted Biotechnology Market Volume Acc. to Substance Group
in billions US$



Source: Business Insights

Mergers and acquisitions in the pharmaceutical industry also affected suppliers of the companies concerned in some cases, with the integration phase frequently involving a review of the supplier structures of the newly combined companies followed by a reduction in the total number of suppliers. A particular preference has emerged for global suppliers with a strategically important product portfolio, a high level of application expertise and better-than-average performance. The key account management function at supplier companies is accordingly assuming ever greater importance, especially in respect of the deployment of new technologies and knowledge of specific applications.

Pharmaceutical and Biotech Industry Continues to Lead the Way in R&D spending

Companies from the pharmaceutical and biotech sector are industry's biggest investors in research and development according to the 2010 EU Industrial R&D Investment Scoreboard. While R&D budgets across large industrial companies as a whole have contracted over the last few years, the pattern of increasing R&D spending has persisted in the pharmaceutical and biotech sector, which finished at the very top of the list in 2009 with a total R&D expenditure of €76 billion. The EU Scoreboard indicates that R&D spending by pharmaceutical companies rose by 5.3% in 2009, a figure backed up by the current edition of the Global Innovation 1000 study conducted by international management consultants Booz & Company. Pharmaceutical companies make up 22% of the 1,000 companies – the world's leading investors in R&D – on the list, which is more than any other sector. The study also places five pharmaceutical and healthcare companies in the top ten overall as ranked by R&D expenditure.

The "World Pharmaceutical and Biopharmaceutical Market, 2010 - 2015" study published by market researcher Kalorama, which specializes in the medical and pharmaceutical markets, reports that the intensive R&D efforts of the pharmaceutical sector, especially in the area of biopharmaceuticals, will lead to the launch of a wealth of new pharmaceuticals over the next few years. It also suggests that the 50 largest pharmaceutical groups currently have around 550 projects in the final phase of development and estimates that the resulting products will add more than U.S. $70 billion to the value of the market. The study indicates that a large proportion of the substances concerned are biopharmaceuticals. U.S. regulatory agency the FDA approved 21 new pharmaceutical active ingredients in the reporting year, down from 27 new approvals in 2009.

Increased Requirements for Approval

Some of the requirements imposed by the regulatory authorities for the approval of medications have been raised in recent years. This applies in particular to medications produced using biotech methods, whose mechanisms of action in and interactions with the body are more difficult to determine than those of chemical active ingredients. The changes introduced by the regulatory authorities in this respect were also to an extent a reaction to cases in which newly approved medications produced unexpected harmful side effects. It is for this reason, for example, that the FDA now requires a significantly larger cohort for trials from the third clinical phase onward. Pharmaceutical companies face a longer time to market and increased development costs as a result. Tougher conditions now also apply to the adoption of new indications for drugs that have already been approved.

Pronounced Move to Single-use Systems in Biopharmaceutical Production

Biotech production methods are much more complex than traditional methods and have so far also proved more cost-intensive. Manufacturers and suppliers are consequently engaged in an intensive search for more productive process technologies to improve the effectiveness and efficiency of the manufacturing processes concerned. Single-use products, which require less capital expenditure, reduce cleaning and validation costs and minimize downtime, have a crucial role to play here. The actual figures vary from application to application, but single-use technology can prune production costs over the full lifecycle by anything from 15% to 40%. Single-use products deliver greater flexibility too and help to bring developments to market faster. The advantages of single-use technologies over permanently installed stainless steel systems are particularly compelling when working with relatively small production volumes.

Thanks to their excellent cost-efficiency, single-use products have now become well established in just about every process step. The clear move to single-use products in the manufacture, transport and storage of

biopharmaceutical products continued in the reporting year. The spread of single-use bioreactors exemplifies the growing popularity of single-use products in general: initially designed for small-volume laboratory solutions, single-use bio-reactors are now becoming a common feature of small- and medium-scale production systems. As single-use equipment has penetrated further and further into the market, so manufacturers have become increasingly interested in integrated system solutions that cover entire process steps and thereby help to bring about a further reduction in the complexity of biotech production methods.

Public Research Sector Responds to the Economic Crisis

A small proportion of demand for our laboratory equipment comes from public-sector research, so public policy in this arena also affects the course of our business. OECD reports indicate that some countries announced and implemented cuts to their research and development budgets as a result of the economic crisis. Other countries, among them Germany, South Korea, Austria and the USA, stepped up their investment for the same reason by targeting science and education in their stimulus packages. The OECD's 2010 Science, Technology and Industry Outlook reports that growth in overall R&D spending across its member countries has slowed in recent years from 4% to 3.1%. The data from the emerging markets paints a rather different picture. China's total spending on R&D was equivalent to just 5% of the combined OECD R&D budget in 2001; by the time of the most recent survey this had risen to 13%.

Competition

The primary means by which companies in the still relatively young and dynamic biotechnology market differentiate themselves from competitors are innovative prowess and the quality and performance of their products. The biotechnology sector is constantly discovering new areas of application and expects suppliers to be equally fast-moving and creative in developing new equipment for the manufacture of biotech products. New suppliers in particular seek to exploit the opportunities inherent in this environment to gain a foothold in the market with carefully targeted niche products. The more established suppliers, meanwhile, are expanding their product range continuously.

We generate round 85% of our sales revenue from validated processes in which replacing products during the production cycle is very expensive, so we receive a high proportion of follow-up and repeat business. The particular strength of Sartorius Stedim Biotech lies in its integrated process solutions: from the investigation and development of substances in the lab to the production of the end product, we offer the broadest range in the industry. Our strategic focus on single-use products gives us another edge over the competition. Sartorius Stedim Biotech occupies a strong position in the market worldwide in the fields of bioprocess filtration, fermentation, fluid management and membrane chromatography.

Most of our competitors are multinationals based in the USA. Merck Millipore, Pall and General Electric Healthcare are among our main rivals in the process arena, Thermo Fisher and Corning the other key players in the laboratory field. We also face competition from smaller companies such as Applikon and ATMI in individual segments.

One of Sartorius Stedim Biotech's major competitors, biotech and pharmaceutical industry supplier Millipore, was taken over by pharmaceutical and specialty chemicals group Merck KGaA in March 2010 and integrated into the latter's Merck Chemicals unit as a new division. The U.S. $7 billion takeover reflects Merck's ambition to become a leading partner for the life science industry. We do not currently anticipate any significant change in our competitive position as a result of this takeover.

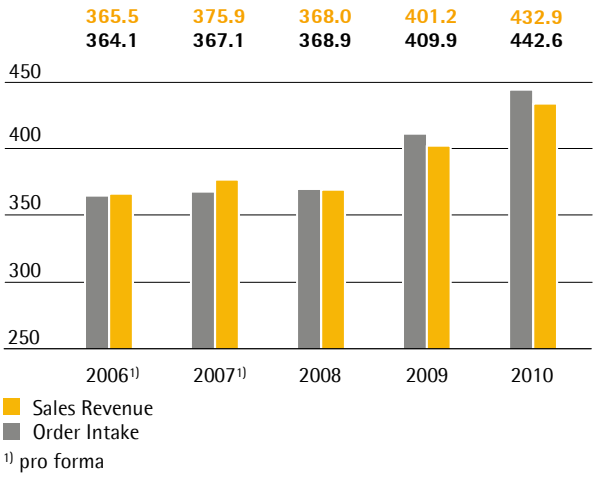
Sources: IMS Health: IMS Global Pharma Market Forecast (200 markets around the world), IMS MIDAS (73 markets around the world); PhRMA sector report; EU Industrial R&D Investment Scoreboard; Booz & Company; Kalorama; OECD Science, Technology and Industry Outlook.

Group Business Development

Order Intake and Sales Revenue

For the Sartorius Stedim Biotech Group, we received orders with a total volume of €442.6 million in the reporting year, which equates to an 8.0% increase over the year-earlier order intake of €409.9 million. Adjusted for currency fluctuations, order volume from January through December of the year under review rose 4.9%. In the same period, sales revenue grew from €401.2 million to €432.9 million and thus by 7.9% or 5.0% on the basis of constant currencies.

Order Intake and Sales Revenue
€ in millions

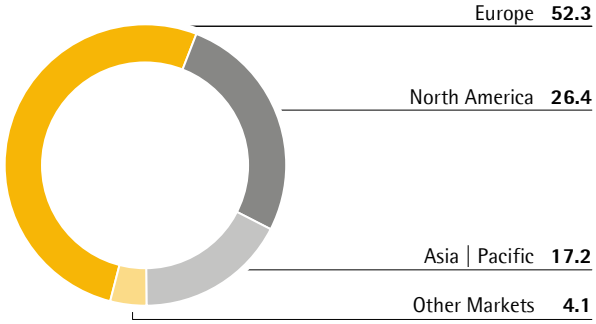


[1)] pro forma

During the reporting year, our single-use technologies as a whole continued to develop very dynamically. In addition to established product solutions, such as single-use filters or bags, integrated system solutions for entire process steps thus played a particular role in this development as did newer-generation products, such as single-use bioreactors, to an increasing extent. In the regions of Asia | Pacific and North America, business with single-use products grew at double-digit rates, while it was flat in Europe. Here, business development was overall below our expectations. Moreover, the pharmaceutical industry's increased demand for single-use products to manufacture H1N1 flu vaccines in 2009 had a corresponding base effect. Without this one-time effect, our sales revenue with single-use products would have risen in the upper single-digit percentage range in 2010, and global sales growth for the Group would have been 2.5 percentage points higher on the whole.

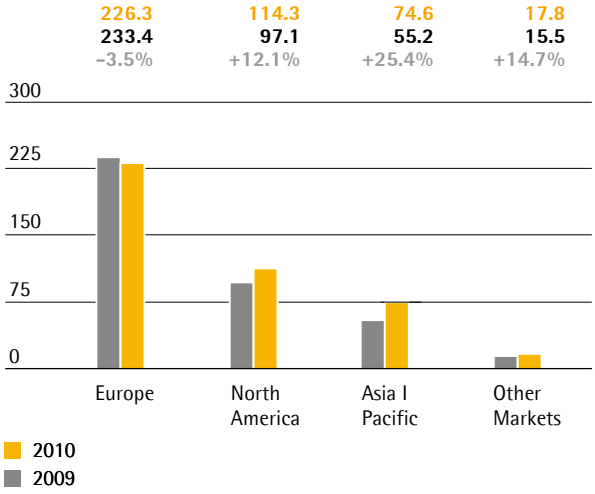
In equipment business, relatively large bioreactor orders from Asia, particularly during the first few months of the year, contributed to growth just as we had anticipated, with placement of further purchase orders unexpectedly delayed somewhat toward the end of the fiscal year.

Sales Revenue by Region
in %



Overall development of the Group showed a divergent pattern in the individual regions. In the Asia | Pacific region, we thus dynamically increased our sales revenue, which accounted for a good 17% of overall business by the end of the reporting year. Here, we posted the strongest currency-adjusted gain among all regions, with order intake significantly up 51.8% and sales revenue up 25.4%. In North America, we earned around 26% of our entire sales. With increases in order intake of 3.8% and in sales revenue of 12.1%, both in constant currencies, the North American market likewise contributed positive growth to the Group. Our region with the highest sales, Europe, which accounts for more than half of our Group business, reported very flat growth in currency-adjusted order intake (+0.1%) and a slight decline in sales revenue in constant currencies (-3.5%). Without the extraordinary effect in connection with H1N1 vaccine production in the previous year, revenue growth in Europe hovered in the lower single-digit percentage range.

Sales Revenue and Growth[1] by Region
€ in millions; unless otherwise specified



	Sales € in millions	Growth in %	Growth[1] in %
Group	**432.9**	**7.9**	**5.0**
Europe	226.3	–3.1	–3.5
North America	114.3	17.7	12.1
Asia | Pacific	74.6	35.0	25.4
Other Markets	17.8	14.7	14.7

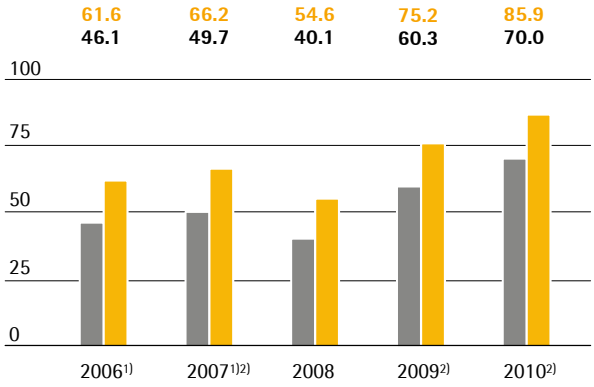
[1] currency-adjusted

Earnings

At the Sartorius Stedim Biotech Group, earnings before interest, taxes and amortization (EBITA) are used as the key profitability measure. Amortization in this context refers exclusively to purchase price allocation (PPA) to intangible assets acquired, as specified by IFRS 3. To provide a complete and transparent presentation of the Group's profitability, we additionally report earnings (EBITDA, EBITA and net result) adjusted for extraordinary items (=underlying or operating earnings). For more information about definitions please refer to the glossary on page 163. Underlying presentation is reconciled with EBITA key indicator on the following page.

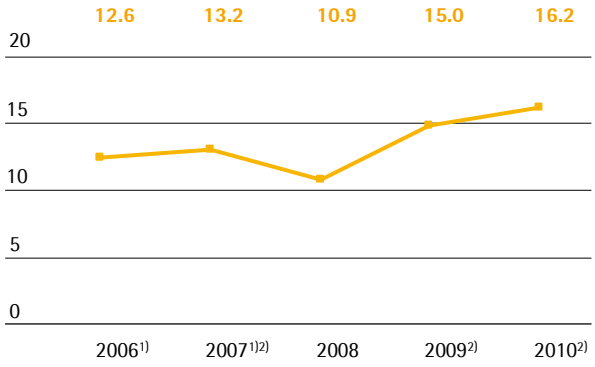
Earnings development for the Sartorius Stedim Biotech Group in fiscal 2010 was highly positive. We increased operating EBITA overproportionately by 16.1% from €60.3 million to €70.0 million and reported approximately double gains in percent compared with sales revenue. Our operating margin improved slightly more than we had originally forecasted, from 15.0% to 16.2%. Essentially, this rise was due to economies of scale entailed by the increase in sales revenue. Moreover, the exchange rates that were more favorable compared to the year earlier had a positive impact of approximately 0.5 of a percentage point on this increase in profitability.

EBITDA and EBITA
€ in millions



[1] pro forma
[2] underlying

EBITA Margin
in %



[1] pro forma
[2] underlying

All regions contributed to the earnings increase posted by the Group. In Europe, we achieved the highest underlying EBITA, €49.5 million, relative to €44.7 million a year earlier. At the same time, Europe proved to be the region with the highest profitability. Here, the underlying EBITA margin jumped from 16.4% a year ago to 18.2% in 2010. In North America, operating earnings rose from €10.4 million to €13.6 million; the respective margin, from 10.7% to 11.9%. In the Asia | Pacific region as well, underlying EBITA climbed from €4.6 million to

€6.0 million. However, the corresponding margin at 12.9% was slightly below the year-earlier figure of 14.5 % because of an altered product mix.

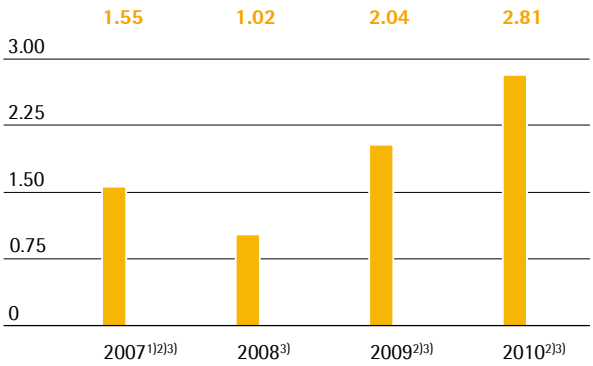
	EBITA[1] € in millions	EBITA Margin[1] in %
Group	**70.0**	**16.2**
Europe	49.5	18.2
North America	13.6	11.9
Asia | Pacific	6.0	12.9
Other Markets	0.9	

[1] underlying

Extraordinary items total -€3.0 million (previous year: -€4.6 million) and essentially include one-time expenses for incorporating the majority of our formerly independent sales representatives in North America, costs incurred in connection with the relocation of our engineering activities there, as well as other non-operating items. Including all extraordinary items, consolidated EBITA amounts to €67.0 million, up from €55.6 million a year ago. The corresponding EBITA margin is at 15.5%, up from 13.9% a year earlier. The unadjusted consolidated net profit after minority interest totals €38.5 million, up from €29.1 million in the previous year.

The relevant underlying consolidated net profit surged from €34.7 million a year ago to €45.2 million in fiscal 2010. This profit figure is yielded by adjustment for extraordinary items and elimination of non-cash amortization of €7.1 million (previous year: €7.0 million). The corresponding earnings per share are at €2.81, up from €2.04 a year earlier.

Earnings per Share
in €



[1] pro forma
[2] underlying
[3] excluding amortization

Reconciliation between Underlying Presentation and EBITA Key Indicator

	2010	2009
EBITA	**67,012**	**55,643**
Extraordinary items	–3,002	–4,642
Underlying EBITA	**70,014**	**60,285**
Amortization	–7,117	–7,033
Financial Result	–3,905	–6,943
Other taxes	–1,575	–2,328
Normalized income tax (30% - 32% in 2009)	–17,225	–14,074
Underlying net result	**40,192**	**29,907**
Amortization	7,117	7,033
Tax on Amortization	–2,135	–2,251
Underlying net result excluding amortization	**45,174**	**34,689**

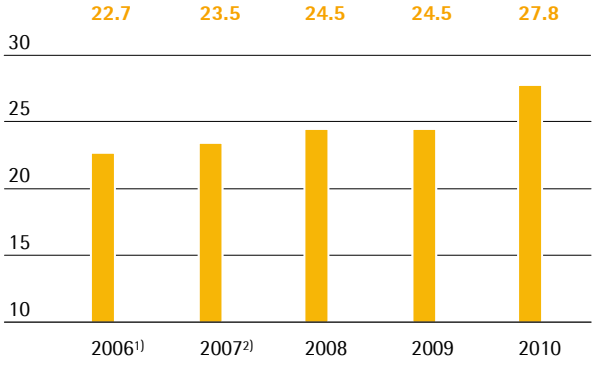
Appropriation of Profits

Management will submit a proposal to the Annual General Shareholders' Meeting on April 18, 2011, for payment of a dividend of €0.90 per share for fiscal 2010, up from €0.60 in the previous year. The total profit distributed would accordingly increase from €10.2 million a year earlier to €13.8 million. In relation to the opening price of the share of €28.00 on January 4, 2010, this would result in a dividend yield of 3.2% (previous year: 4.6%).

Rechearch and Development (R&D)

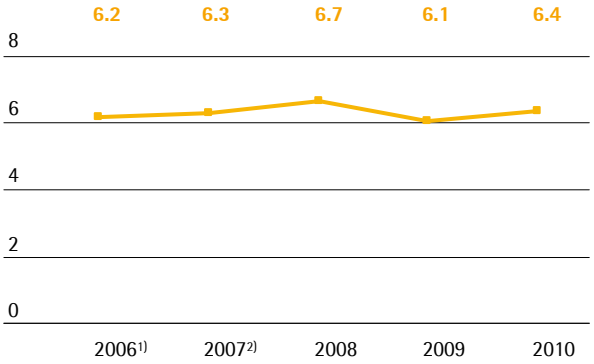
The Sartorius Stedim Biotech Group stepped up its research and development (R&D) activities in fiscal 2010 and increased spending in this area by 13.6% to €27.8 million (previous year: €24,5 million). The ratio of R&D costs to sales revenue rose as a result to 6.4% (previous year: 6.1%).

Research and Development Costs
€ in millions



[1] pro forma
[2] pro forma underlying

Research and Development Costs
in % of sales revenue



[1] pro forma
[2] pro forma underlying

We operate a strategic intellectual and industrial property rights policy in both divisions to protect our expertise. This entails a systematic program to detect any infringements of our rights plus reviews based on a cost | benefit approach to determine which specific individual rights need to be maintained.

	2010	2009
Number of patent and trademark applications	162	120
Registered patents and trademarks	142	79

We filed 162 applications for intellectual and industrial property rights in 2010, which is significantly more than in the previous year (120). We were issued 142 patents and trademarks during the reporting year as a result of applications submitted in previous years (2009: 79). As of the balance sheet date, we had a total of 1,298 patents and trademarks in our possession (previous year: 1,243).

Sartorius Stedim Biotech has made significant additions to its extensive technology portfolio over recent years both through its own development activities and through alliances with external partners. Our core technical expertise lies in the fields of filtration, cell cultivation, fluid management technology, membrane and plastics technology, sensors and automation. In particular, by combining various technologies, we create innovative and integrated products of the type exemplified by our new FlexAct series.

New Bioreactors for the Cultivation of Cell Lines and Microorganisms

We expanded our BIOSTAT STR line of bioreactors in the reporting year with two new models for cell culture volumes of 500 liters and 1000 liters. New sensors have also been integrated into this particular type of bioreactor along with new solutions for process control and handling. We developed small-volume systems based on this bioreactor line especially for high cell density microbial applications too. These are the world's first bioreactors based on single-use equipment to be suitable for microbial cultivation processes.

Customers still use classic methods for certain cell culture applications, and there are some cell lines that cannot currently be cultivated using single-use systems. For these, we have developed a new, standardized bioreactor system based on the DCU control platform called BIOSTAT D-DCU II. Designed for use in process development and production, this new system will initially be offered in working volumes of 10 to 200 liters. Although the bioreactor itself is of stainless steel construction, it supports the utilization of single-use peripheral components for tasks such as the addition of media.

We have in addition been working on the development of a new small-volume single-use bioreactor for use in the laboratory. The result, our UniVessel SU, comes with all of the necessary equipment for cell culture and integrated sensors for optical pH und oxygen measurement already installed and can be deployed straight off the shelf. An economic alternative to glass culture vessels, it has been designed for culture volumes of up to two liters and is also compatible with third-party controllers. We have further variants of the UniVessel SU in development and will be expanding this product line accordingly.

New Single-use Filters and Single-use Bags Introduced

Much of our recent R&D work in the area of filtration has been focused on the development of the new Virosart HC virus filter. Designed specifically for the purification of protein-rich media such as blood plasma, the Virosart HC is used to deplete viral contaminants. The Sartopore XLM high-capacity filter membrane, another new product launched, was developed especially for sterile filtration with simultaneous mycoplasma removal. We developed another innovative adsorber, too – the Sartobind STIC can bind target proteins even in contaminated, undiluted media – in order to reinforce our leading position in membrane chromatography and made additions to the capsule lines for the Sartobind HIC membrane adsorber, the Sartoguard PES prefilter membrane and the Sartopore 2 XLG, to which we added a gamma-sterilizable model.

Highlights in the field of fluid management in the reporting year included the development of a new impeller-based mixing system to expand our range of mixing technologies. Our magnetic mixing system provides fast homogeneous mixing of high-viscosity media in single-use bags and is intended for applications such as the preparation of salt solutions.

Successful Alliances with Development Partners and Customers

Our research and development effort is by no means limited to internal activities; indeed we actively seek out opportunities for alliances with industrial partners as a low-cost and low-risk way of advancing new products and technologies quickly. In the reporting year, we, together with our partner Bayer Technology Services, developed a process-scale UVC virus inactivation system for purifying biopharmaceutical active ingredients, for example. Moreover, we designed a customized bioreactor system making use of a novel mixing method contributed by our partner ExcellGene.

Many customers in the pharmaceutical industry look to Sartorius Stedim Biotech not just as a supplier, but also as a partner with which they work closely on the development of their own products. The fruits of such collaborations include a number of OEM membranes successfully developed by us during the reporting year to meet customer-specific diagnostic requirements.

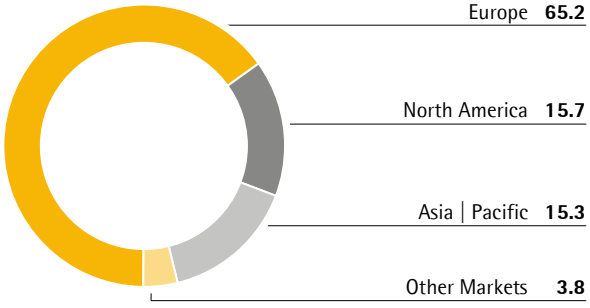
R&D Capacity Expanded at the Bangalore Site

We stepped up R&D activities at our plant in India in the reporting year and added new faces to the team. This will enable us to offer complete validation services for filter products and bioreactor systems and press ahead with the development of new products faster and more flexibly as well as further improving our local support for customers in Asia. We have agreed new alliances in India too: our Indian R&D team is now working on the development of new solutions for upstream and downstream processes together with Bangalore Institute of Technology and the Technical University of Bangalore.

Employees

As of December 31, 2010, the Sartorius Stedim Biotech Group employed a total of 2,581 people. Compared with December 31, 2009 (2,381), head count thus rose by 200 or 8.4%. The number of employees increased in every region.

Employees by Region
Dec. 31, 2010; in %



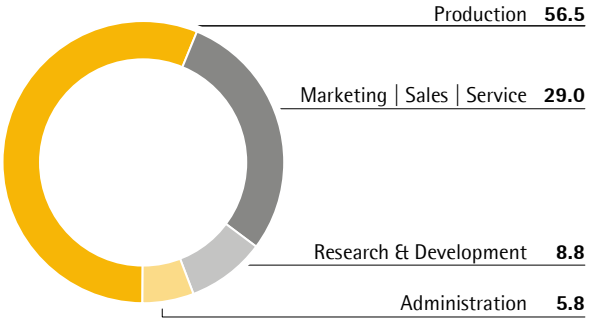
The highest percentage rise came in the Asia | Pacific region, where dynamic growth led us to expand our workforce in China, especially in sales and marketing, and our production staff in India. The number of people employed by the Group in this region rose overall by 74, or 23.1%, to 395 as of December 31, 2010, from 321 as of December 31, 2009.

In North America, we incorporated the majority of our formerly independent sales representatives into our regular workforce, so the head count reported increased accordingly. This was the main reason that the number of people employed by the Group in this region rose overall by 56, or 16.0%, from 349 as of December 31, 2009, to 405 as of December 31, 2010.

The number of employees in Europe increased by 63, or 3.9%, to 1,684 as of December 31, 2010 (December 31, 2009: 1,621). Here in Central Europe, we primarily expanded personnel capacity in sales and marketing.

The number of people employed at our site in Tunisia, which we classify in our Other Markets region, rose by 7 (7.8%) to 97 employees as of the reporting date (December 31, 2009: 90).

Employees by Function
Dec. 31, 2010; in %



The largest percentage of our total workforce, 56.5%, was employed in production and areas directly linked to production as of December 31, 2010 (previous year: 58.0%). The Marketing, Sales and Service units accounted for a further 29.0% (previous year: 27.8%). The proportion of employees in research and development was 8.8% (previous year: 8.6%). The percentage of staff distributed among the administrative functions was 5.8% (previous year: 5.6%). This did not include the additional administrative functions performed by Sartorius Corporate Administration GmbH, which is not part of the Sartorius Stedim Biotech Group.

Marketing | Sales and Distribution | Service

Sartorius Stedim Biotech enhanced its position as a market-leading total solution provider over the course of the reporting period. We cover large parts of the biopharmaceutical process chain with a comprehensive range of products including a very substantial proportion of single-use solutions. Thanks to their excellent cost-efficiency, single-use products are making ever deeper inroads into the market in almost all process steps and are now well established in many biopharmaceutical manufacturing processes. Their importance is such that we focused our marketing and sales and distribution activities in the reporting period on launching additional products in this category. New introductions including our membrane adsorbers and the XLM series filter modules attracted considerable customer interest. One product to make a particularly big impression on the market was the new BIOSTAT STR single-use bioreactor, for which we received a large number of orders.

Integrated Solutions Business Unit Enlarged, new FlexAct Single-use System Solutions

Single-use products open up innovative design possibilities, especially for production plant modernization and new-build projects. We further enlarged our Integrated Solutions business unit, which strategically targets projects in which single-use technologies dominate, to exploit this potential and are now able to advise customers closely on site in Asia and the USA as well as in Europe. We assist customers in all areas from the planning of individual items of plant to the design of new production facilities for applications such as the manufacture of vaccines or monoclonal antibodies.

Demand for single-use solutions in the technical realization of individual process steps, for example cell culture harvest or viral inactivation, also remains strong and we accordingly added two new modules to our FlexAct product line in the reporting year. These single-use system solutions, which are supplied ready configured, can be deployed quickly and enable processes to be operated in a particularly cost-efficient manner. The FlexAct range, which has been designed with a variety of relevant upstream and downstream biopharmaceutical processes in mind, makes it very straightforward for customers to take advantage of single-use products and we consequently intend to expand it further to cover additional process steps.

Intensive Support of Key Accounts, New Sales and Distribution Structure in the USA, Service Successes

We added new people to our team of global key account managers in the reporting year to help us provide even more effective support for key accounts at their sites around the world. We signed contracts with a number of key accounts as a preferred supplier. We expanded our sales and distribution resources in Asia too and reorganized sales and distribution in the USA. Thanks to a sales, distribution and marketing alliance agreed with U.S. company Corning at the beginning of the reporting year, we are now able to offer our range of products for cell culture applications in the laboratory to an even larger pool of customers. Following on from the presentation of a joint product catalog and a successful start for joint sales, distribution and marketing activities in the USA, we intend for this alliance to be extended to Europe and Asia over the course of 2011.

We successfully expanded our laboratory instruments services, which include commissioning, maintenance and repair, in Europe and the USA in the reporting year and plan to establish them in Asia as well in future. The "Expand" training program run at the Goettingen site by our Service unit delivered training for more than 700 customers from the food and biotech industries.

Product Configurators Pave the Way for Standardized Solutions

We would like to be able to supply more of our cell culture systems and fluid management solutions as standardized products in future and have accordingly started work to develop a product configurator. We currently supply a large number of customer-specific products, but once the product configurator is in place, we will be able to meet much of the associated demand quickly and efficiently with configurable solutions instead. We plan to roll the configurator out toward the middle of 2011.

Trade Fair Stands and Company Conventions Attract Great Customer Interest

Attending conferences and international trade shows was once again a key component of our marketing activities in the reporting period and we accordingly had a presence at events including Analytica in Munich, Pharmtech in Moscow, China-Pharm in Beijing and Interphex in New York. We again organized several of our Downstream Technology Forums in Europe and the USA in order to facilitate knowledge transfer and thereby boost the pace of innovation in specifically targeted technical fields including, for example, the purification process. The newly launched "Extractables and Leachables Forum", a customer event focusing on current issues in relation to the validation of single-use products, also proved very popular and is to become a regular feature.

We published numerous contributions in international biotech journals in the reporting year and also stepped up our marketing activities in the online arena in order to reach out to customers more actively via the internet.

Products

Sartorius Stedim Biotech supplies customers in the biopharmaceutical industry with an extensive range of consumables, equipment and systems used in the production of active ingredients for medical applications. Our products are intended principally for medium- and large-scale production processes, but we do additionally supply some in smaller, scaled-down versions for use in the laboratory.

Extensive Range for Process and Lab

We offer a wealth of membranes for sterile filtration, ultrafiltration and depth filtration in upstream and downstream applications and also provide filtration systems and filter integrity testing equipment. The membranes come in a variety of sizes and are supplied as filter elements, primarily single-use products. With our comprehensive line-up of single-use bags, connectors and containers for storing and transporting biopharmaceutical products, we also cover the entire upstream and downstream process. Our particularly extensive range of bioreactors | fermenters for cell culture applications encompasses all size requirements from laboratory and pilot scale to process scale. Innovative single-use systems make up a growing proportion of this range, but we do still offer conventional bioreactors featuring glass or stainless steel culture medium vessels depending on size.

Our products are also used in the laboratory, where our filter units and single-use bags designed for small volumes lend themselves to research and development work in particular. Using products like these in laboratory-scale processes often paves the way for a successful transfer to pilot and, eventually, production scale. We provide a range of other laboratory equipment too, including incubators, homogenizers, shakers and laboratory water purification systems, and offer a wide variety of supporting services for validation, process optimization and quality assurance as well as training programs covering specific applications and individual customer requirements.

New Modules Added to the FlexAct Series

We launched numerous new products and expanded existing product lines during the reporting period. The FlexAct series, for example, gained two new modules: the FlexAct VI and the FlexAct CH. Used for inactivating viruses in biopharmaceutical media and cell culture harvest, these systems are based on fully preconfigured single-use solutions. The fact that components no longer have to be individually matched and validated makes realizing the process step concerned much more straightforward for the customer.

New Membrane Adsorbers and Filter Modules Unveiled

We added another option to our range of membrane chromatography products in the reporting year with the newly unveiled Sartobind STIC. Unlike existing membrane adsorbers, the Sartobind STIC has a high salt tolerance and thus enables therapeutic proteins and vaccines to be purified without the need for diluting the biopharmaceutical medium.

Another of our new products, the Sartoclear L-Drum high-volume single-use depth filter capsule, was introduced to help customers implement highly cost-effective downstream processes. This multilayer depth filter is used for removal of cell contaminants and for clarification in purification processes. The PB model is designed especially for applications downstream of the bioreactor cultivation process, while the PC model particularly suits applications that follow a centrifugation step.

The new Sartocheck 4 plus integrity testing system, helps simplify testing and increase process reliability. This unit checks membrane filters to ensure they are intact and includes a scanner, which enables coded filter-specific data to be read in particularly quickly and easily. Other special features of the Sartocheck 4 plus include automatic test program selection, fast testing times, an automatic test time function and the capability of running cost- and time-saving parallel tests.

Fluid Management Product Lines Enhanced

We expanded our already extensive range of single-use fluid management products once again in the reporting period, adding two-liter and twelve-liter units to our established Celsius FFT line of biopharmaceutical media storage products and extending the range of our Flexboy line of single-use bags with a five-milliliter capacity model for small volume applications. With the launch of the new Flexel single-use bags suitable for use with levitated impeller mixing systems we are now offering a complete solution for applications such as buffer preparation. For aseptic product transport to cleanrooms and into isolators, we expanded our product offering by introducing the Biosafe Biosteam S system.

New Water Purification System Offers Enormous Flexibility

Our newly unveiled arium pro water purification system represents a particularly economic way of producing purified water in the laboratory. Boasting an advanced user interface, it permits both continuous and volume- and time-controlled purified water dispensing to give users maximum flexibility for routine applications.

Production and Supply Chain Management

Sartorius Stedim Biotech is firmly committed to ensuring its products reach its customers all over the world on time, every time, and we accordingly continued to work on improving our business processes in the reporting period. We supply the various markets directly from our production facilities wherever possible to minimize lead and order processing times.

We operate a well-developed global production network. Our largest sites by number of employees, production capacity and production volume are the plants at Goettingen in Germany and Aubagne in France. Next in size order come the production facilities at Bangalore in India, Melsungen in Germany and Yauco in Puerto Rico. We drew up plans for a number of major projects to expand and optimize our production infrastructure in the reporting year, and will begin implementing these projects at the respective Group sites in 2011.

Expansion of Membrane Production Underway in Goettingen

We are increasing our capacity for membrane production at the Goettingen site, where we will be commissioning a new casting machine for the production of polyethersulfone membranes and carrying out a technology upgrade on two existing casting machines to enable us to respond even faster to changing market and quality requirements in future. The new casting machine is to be installed and commissioned in a new building, all of the planning formalities for which were completed in the reporting year.

New Production Facilities for Bioreactors Planned

We have decided to relocate our Sartorius Stedim Systems subsidiary within Germany from Melsungen to nearby Guxhagen in order to optimize our workflows and simultaneously create new production capacity to meet the rising demand for single-use bioreactors. The Guxhagen site – a modern industrial building currently under construction – will have a total area of 8,600 square meters, which is significantly more space than we have had available in the past. We intend to move into the new building in early 2012.

Advanced Production Facilities for Final Assembly Planned for Yauco

Our plant at Yauco in Puerto Rico has been earmarked for modernization and will also undergo further expansion to enhance its logistics center operations. We have opted for a completely new finishing building to make sure we continue to meet the demanding production environment quality requirements imposed by major customers. All of the necessary planning work for the construction of a new building for the production of filter elements and selected laboratory products was completed in the reporting year and our modern new facility, which will provide around 4,000 square meters of additional space, will be ready for occupation during 2012.

Large Orders Make for Good Capacity Utilization in Bangalore

A number of substantial orders received from customers in Asia ensured that our plant at Bangalore in India, which only opened in 2009, was already able to make use of a large part of its production capacity in the reporting year. This GMP-compliant production facility, which manufactures products including larger items of plant and components such as stainless steel vessels, is becoming increasingly important as an internal parts supplier. Not only does it offer cost advantages, but it also gives us greater flexibility in terms of meeting customer requirements and our own internal order processing.

Engineering Activities in the USA Relocated, Site Consolidation in Switzerland

We relocated North American stainless steel systems engineering operations to our New York site during the reporting year. Their former home at Springfield, which was quite small compared to our other sites, is no longer occupied by the Group. We also reorganized our operations in Switzerland by bringing the activities previously distributed across our various locations in the country together at the Tagelswangen site. This simplifies our service logistics processes, for example, and enables us to use our administrative resources more efficiently.

Project for Standardized IT and Management Systems for Business Processes

We analyzed our business processes in detail during the reporting year to ascertain how well suited they are to support sustained and profitable growth throughout the Group. Based on our findings, we now intend to introduce wide-ranging changes, primarily in the areas of production, supply chain management, order processing and quality assurance, in order to make our workflows and structures clearer and more efficient. The reorganization of our SAP systems and the rollout of an inter-divisional customer relationship management system form a part of this work, as does the project to define new management-related key performance indicators (KPI) to help us manage and optimize our business processes more consistently and systematically worldwide.

Sustainability Report

Sustainability is one of the core values that are firmly embedded in Sartorius Stedim Biotech's corporate culture. Ever since the company was established, the sustainable development of the company has been its key objective.

Our primary business responsibility is to offer attractive products and solutions to our customers. Innovation as well as strategic and operational excellence are key to meeting this objective. To us, sustainability in this context means that, in pursuing these business objectives, we take a long-term, broadly based view, which also specifically includes social and ecological interests. We act responsibly toward our various stakeholders and believe in long-term relations that are successful for all parties involved. Accordingly, we regard active management of social and ecological tasks not as compensation for our business activities, but rather as one of our success factors.

In line with this belief, we regard it as essential to comply with legal and ethical standards, manufacture with ecological responsibility, and keep the environmental impacts in mind when developing product innovations. Likewise, our HR policy is aimed at preserving the rights of employees and at actively using and developing the potential of our global workforce. At our company's sites around the world, we support educational activities on a project basis, thus contributing to improving the social infrastructure.

The report below provides, by way of examples, a summary of the projects and measures we implemented in 2010 in three areas: "sustainable corporate management," "ecological sustainability," and "contributing to society."

Sustainable Corporate Management

Detailed information on the economic dimension of sustainability at Sartorius Stedim Biotech is provided in the other sections of the Management Report. On pages 18 through 19 of this Reference Document, we explain the strategies and measures we use to achieve profitable growth.

Conducting Business in Compliance with Legal and Ethical Standards

Sartorius Stedim Biotech conducts its business in accordance with globally accepted legal and ethical standards. Our actions follow the principles of responsible corporate governance and control focused on sustainable value added. This includes compliance with legal and Group-internal regulations, close and focused cooperation among the members of the Board of Directors, guarding the interests of our stakeholders, transparent corporate communications, appropriate risk management, and proper accounting and auditing. Sartorius Stedim Biotech complies with the rules and recommendations of the AFEP-MEDEF Corporate Governance Code. More information can be found in the Chairman's Report chapter, on page 66 onward of the Reference Document.

Our compliance system serves to ensure that members of executive bodies, managers, and employees comply with all legal regulations, codes, and internal guidelines. The compliance system is of a preventive nature. Its aim is, through targeted information and education, to prevent misconduct and avoid financial loss and damage to our image. Important pillars on which our compliance system is based are the Code of Conduct and the Anticorruption Code, both of which were rolled out in all Group companies in the year under review. The Codes comprise the minimum standards for compliant and ethical behavior; they are binding on all employees, as are the anti-corruption guidelines. They are intended to help employees to act legally correctly and morally appropriately in their daily work. Web-based training was developed on the basis of the Codes in the course of the fiscal year. It will be rolled out to all employees worldwide, starting in the first quarter of 2011. On the basis of fictitious examples,

the training makes employees aware of morally or legally questionable situations. It is aimed at improving the way they deal with such situations. Also in 2010, we introduced a whistleblower portal and a telephone hotline. This allows employees, suppliers, customers and partners to report potentially damaging behavior around the clock from anywhere in the world, either anonymously or by giving their name.

Our activities are based on our corporate values: sustainability, openness, and enjoyment. Evolved over many years and firmly embedded in the corporate culture, these values were confirmed and for the first time documented in writing in 2010. In workshops organized around the world, more than 2,500 employees discussed their understanding of these values and developed measures to implement these values even more consistently in day-to-day activities.

Active use of Global Employee Potential

Since we are a global company, the diversity of our markets, business regions, and customers is also reflected in our workforce. In the composition of teams, we therefore ensure that the different perspectives and backgrounds are combined productively. Also, when filling management vacancies, we aim to achieve a mix of cultures, genders and age groups. Managers from Germany, France and the USA are represented on the second management level, that of Vice Presidents. Women meanwhile account for 25% of employees at Sartorius Stedim Biotech. We will continue in the future to award opportunities for promotion on the basis of performance. For this reason, we expect our management to become even more international in the medium term and the proportion of women to increase further.

To grow successfully in a dynamic market environment, we need competent, qualified employees. Sartorius Stedim Biotech invests continuously in the development of its workforce. At its French sites, Sartorius Stedim Biotech invested 3% of its total annual salary expenses to train the employees. In the year under review, a large number of employees took part in further professional development, such as project management training. The aim was, by using IT, to extend project management skills globally according to uniform standards. As part of the "Strategic Selling Program" employees around the world receive training in strategic sales promotion.

A global training concept is essential for the success of Sartorius Stedim Biotech as a global group. The reporting year saw the international rollout of our executive development program, which had been designed on the basis of the management guidelines. All Germany-based executives took part in this program. In this way, the Group drives the integration of its employees from different cultural backgrounds with the aim of developing a shared leadership culture. This integration is also supported by the annual staff dialogs, whose contents and assessment criteria were standardized for all sites in 2010.

Freedom, Flexibility, and Safety at Work

Sartorius Stedim Biotech sets its employees demanding tasks, leaves them the freedom to arrange their daily work, and delegates responsibility to them at an early stage. In this way, the Group motivates its employees for the long term and makes them loyal to the company. That we are successful is evidenced by, among other things, an employee turnover rate of only 4.5% in France and of 5.3% in Germany, both of these rates are well below average. Flexible working hours are a key aspect in achieving a work-life balance. The Sartoflex working time model gives employees at all German SSB sites the option to arrange their working hours flexibly, for example through flextime, part-time work, or tele-working. We continuously adapt job safety and work organization conditions in line with the applicable laws and regulations as well as guidance issued by the German Occupational Health and Safety Agency. In 2010, Sartorius Stedim Biotech in Beijing was also certified according to the OHSAS 18001 occupational health and safety management system.

Ecological Sustainability

Sustainable production and ecological product innovations provide a solid foundation for our long-term financial success. We design our production processes so that they conserve resources, and offer our customers products that are not only efficient and safe, but also provide ecological benefits. In the process, we consider the entire lifecycle of our products, not only our own use of resources. This includes in particular our customers' processes, but also applies to our suppliers. Sartorius Stedim Biotech implements at various levels the premise of sustainable growth that conserves the consumption of natural resources.

High Standards in Quality and Environmental Protection

Sartorius Stedim Biotech is certified according to international standards for environmental protection (ISO 14001) and quality (ISO 9001). These two management systems ensure that we are prudent in our use of resources and comply with quality requirements in the manufacture of our products. Originally introduced at SSB in Goettingen, the two standards today set the benchmarks for our international sites. We continuously work toward the improvement of existing systems and their gradual rollout to all SSB production sites. For example, in the year under review, Sartorius Stedim Biotech in Beijing was certified according to both standards.

Efficient use of Energy

Sartorius Stedim Biotech has made finding ways to improve its energy efficiency a particular priority. Since 2008, we have been operating a combined heat and power plant (CHP plant) at our largest production site in Goettingen, achieving efficiencies of 80%. This is more than twice as efficient as a conventional power plant. The CHP plant generates 15% of the power required by our German site, and the waste heat produced in the process covers 20% of our heating requirements. This plant not only makes a considerable contribution to environmental protection, but also ensures a significant reduction in energy costs. We invest continuously in optimized control programs and modern technology to achieve the greatest possible efficiency while minimizing the use of energy. At our Goettingen plant, for example, we replaced the compressed-air center in the year under review. We use the center to manage and control our production machinery. Compared with the previous system, this step has cut energy consumption by around 45%. This upgrade alone means that we produce 400 t less carbon dioxide every year. In total, the environmental protection measures taken to date at the Goettingen site have reduced carbon dioxide emissions by around 5,500 t. Since 2002, energy consumption in Goettingen has increased significantly more slowly than overall output. Although we have increased the number of buildings and manufacture about twice as many filters, the consumption of power and natural gas has remained nearly constant since 2002.

Return of Recyclable Materials

We have also made further progress with our recycling activities. At the Goettingen plant, where we produce membranes for our filter cartridges, we operate an advanced solvent recycling plant. The alcohol effluents resulting from membrane production are treated directly on site and then reused in the production process. In this way we close material cycles, avoid transport requirements, and reduce water consumption and waste water volumes. By conducting our own research and development, we have in addition achieved an overall reduction in the amount of solvents required in membrane manufacture. The distillation plant is designed in such a way that it has sufficient capacity for the planned expansion of production by adding another casting machine.

As a supplier to the pharmaceutical industry, we are prevented by product safety requirements from using recycled plastics, but we consistently recycle our used plastics or dispose of them in an environmentally responsible way. Thus, 95% of the polymer waste produced in the manufacture of single-use bags at Aubagne, Lourdes, and M'Hamdia was collected in 2010. The burning of the ultra-pure and therefore high-energy plastics in a special power plant produces heat energy. Likewise, single-use composite products made of plastic, such as gloves or plastic cups, were collected for recycling. We reduced paper consumption at the above-mentioned locations by 30% in the year under review and disposed of a total of 120 tonnes of waste paper in an environmentally responsible manner.

At the Sartorius Stedim Biotech sites in Germany, electronic signatures for hazardous waste, such as lyes and acids, were implemented in 2010. This means that the production of hazardous waste and evidence of its disposal are digitally documented and can be tracked from end to end.

Ecological Product Innovations

As early as the research and development stage, we focus on optimizing our products and production methods from an environmental perspective as well. Wherever this can be done without compromising safety and functionality, we increase the proportion of renewable materials and reduce the amount of packaging. In selecting materials for membranes and capsules, we ensure that they contain a maximum proportion of recyclable materials. The integrated solutions of our FlexAct product range are another such example. In addition to the ecological benefits generally offered by single-use technologies, the use of FlexAct reduces equipment and thus the amount of materials consumed. The central control unit, for example, can be used flexibly for several biopharmaceutical processes.

The iF product design award is regarded as an accolade for products that are not only especially well designed but also environmentally compatible. In March 2010, two SSB products received this award as part of the world's biggest design competition: the arium pro ultra-pure water system and the Biostat B-DCU II benchtop fermenter.

Sustainable Products Improve Customers' Environmental Footprint

Single-use products are becoming increasingly widespread in the manufacture of innovative, effective medication. They are, however, not only expedient from a financial point of view. Compared with conventional equipment made of steel and glass, they also provide ecological benefits, because they eliminate the need for resource-intensive cleaning processes with ultra-pure water as well as for subsequent wastewater processing. Studies have shown that single-use products made of plastic are far superior to reusable systems in their consumption of energy, water, and chemicals during their product lifecycles. Experts have compared scenarios including a typical industrial manufacturing process for monoclonal antibodies utilizing predominantly reusable materials and predominantly single-use materials. The result is clear cut: manufacturers employing mostly single-use solutions consume around 87% less water and 30% less energy. In addition, the experts found that the deployment of single-use solutions reduces the size of production units. Manufacturers are said to require 30% less space, thus also saving energy and materials. Other research has confirmed that the energy required for sterilization, cleaning, and materials in processes based on single-use products is around half that of conventional processes. In an effort to get reliable data on the company's own emissions along the value chain, a number of projects were set up at the Aubagne and Goettingen production sites in the year under review. They are aimed at exactly determining the emissions of carbon dioxide and other greenhouse gases, also known as the carbon footprint, for each process step.

Although single-use products have clear ecological benefits in terms of energy and water consumption, their use generates more waste. However, consistent recycling makes it possible to further improve the environmental footprint, even for this environmental criterion, because the ultra-pure plastics we use in the manufacture of filters are a valuable secondary raw material, containing around 80% to 90% of pure crude oil. For this reason, we are discussing suitable recycling approaches with our customers. For example, the high energy content of polymers can be used to generate heat or power through thermal applications.

Our service assists in perfectly adapting solutions to customer requirements on site. In the process, we always conduct a holistic analysis of the customers' processes and identify both financial and ecological optimization potential. In this way, we contribute to making the processes of our customers more efficient and more environmentally compatible.

Short Transport Distances, Environmentally Friendly Building Services

It is part of our corporate strategy to make most deliveries in the respective markets directly from our production sites. By localizing production, we not only cut delivery times and maintain closer contact with customers, but also shorten transport distances, thus reducing carbon dioxide emissions. In expanding our global infrastructure, we integrate advanced building services and often exceed the requirements imposed on us by local environmental regulations. This also applies to the planned construction projects in Yauco, Puerto Rico, and in Guxhagen and Goettingen, both in Germany.

Contributing to Society

In our social activities, we focus on areas related to our core business. Our main area of attention is the promotion of research and education as well as scientific events. At the Group's larger sites, we are also involved in educational activities.

Sartorius Stedim Biotech makes sure it gains young talent through dedicated programs and alliances. Our international Bioscience Scholarship provides financial, technical, and personal support to students and graduates who stand out in scientific and technical disciplines. The program is intended to attract appropriately qualified young people from the global growth markets of Asia, Eastern Europe, and Latin America in particular to our company and enhance international project activities at Sartorius Stedim Biotech. At the Group's headquarters in Aubagne, we cooperate with the École d'Ingénieurs in Marseille to give recently qualified biotechnology engineers the opportunity to start gathering professional experience as application engineers in the marketing area. Sartorius Stedim Biotech offers students internships for training purposes to help them expand their professional know-how, skills, and expertise in a meaningful way. We support our interns, e.g. by giving them the opportunity to take part in training initiatives. Thanks to an alliance with the Euromed Business School in Marseille, the international interns have the opportunity to attend the local Master of Business Administration courses.

In addition to long-term alliances with scientific institutions, we regularly take part in symposia, conventions, and annual conferences. In 2010, these included the annual conferences of the American Society of Gene and Cell Therapy (ASGCT) and of the Society for Neuroscience (SfN). The two non-profit organizations aim to drive the development of modern treatment methods on the basis of the latest scientific insights and to promote professional and public education in their respective fields. To cite an additional example in this regard, we support the symposium on the development of innovative vaccines organized by the National Health Research Institute (NHRI) in Taiwan and the specialists' conference for application-based biotechnology at the Zurich University for Applied Sciences.

Promotion of Social Infrastructure at Group Sites

Equipment for schools, scholarships, help in finding careers and promotion of practice-based learning: at its regional company sites, Sartorius Stedim Biotech gets involved in a variety of education projects.

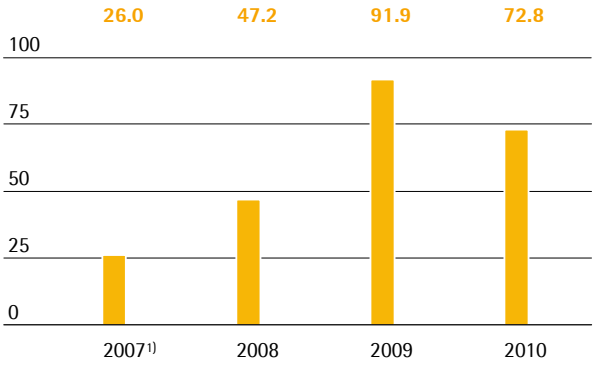
At its production site for filters in Yauco, Puerto Rico, Sartorius Stedim Biotech has for years supported several schools and promoted special talent. In Goettingen as well, Sartorius Stedim Biotech serves as an industrial partner for several high schools, among them Felix-Klein-Gymnasium, which offers the internationally recognized Baccalaureate, as well as the usual German university admission qualifications.

Net Worth and Financial Position

Cash Flow

At €72.8 million, net cash flow from operating activities is significantly positive, though it is below the year-earlier figure of €91.9 million. This is essentially due to the outflow of cash for the buildup in working capital that resulted from sales revenue growth, after an inflow of cash had been generated here in the previous year as a result of successful optimization measures.

Net Cashflow from operating activities
€ in millions



[1)] The cash flow statement for 2007 corresponds to 9 months of business for the former Sartorius Biotech subgroup (from April 1, 2007, to December 31, 2007) and to 6 months of business for the former Stedim Group (from July 1, 2007, to December 31, 2007).

Net cash flow from investing activities at -€15.3 million is approximately at the previous year's level of -€14.7 million.

At -€82.5 million, net cash flow from financing activities is substantially lower than a year earlier (-€35.4 million), as this figure includes payments made in conjunction with a share buyback of €61.3 million. Accordingly, net debt as of the reporting date is up from €87.6 million a year ago to €102.8 million.

Cash Flow Statement
Summary

€ in millions	**2010**	2009
Net cash flow from operating activities	72.8	91.9
Net cash flow from investing activities	–15.3	–14.7
Net cash flow from financing activities	–82.5	–35.4
Cash and cash equivalents	29.7	54.8
Gross debt owed to banks	132.4	142.5
Net debt owed to banks	102.8	87.6

Consolidated Balance Sheet

The balance sheet total of the Sartorius Stedim Biotech Group slightly decreased by €11.5 million to €656.3 million between December 31, 2009, and the reporting date on December 31, 2010.

On the assets side, non-current assets fell from €482.3 million in 2009 to €480.0 million in 2010, essentially as a result of amortization of intangible assets, on the one hand, and the comparatively limited volume of investment projects in 2010, on the other hand. Therefore, investments only slightly increased from €15.8 million to €16.7 million, which is why the investment ratio remained unchanged compared to the previous year, at 3.9%.

Current assets also decreased from €185.6 million to €176.4 million due to a significant reduction of €25.2 million in cash and cash equivalents, coupled with an increase in working capital of €16.1 million.

Key Working Capital Figures
in days

		2010	2009
Rate of turnover for inventories			
Inventories	x 360	42	42
Sales revenue			
Rate of turnover for receivables			
Trade receivables	x 360	69	63
Sales revenue			
Rate of turnover for net working capital			
Net working capital[1)]	x 360	73	76
Sales revenue			

[1)] sum of inventories and trade receivables less the trade payables

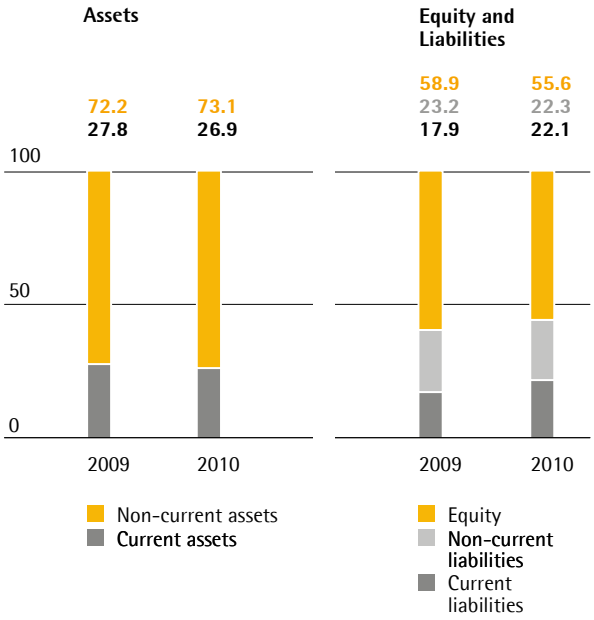
On the equity and liabilities side, equity fell from €393.2 million to €365.1 million because the value of treasury shares was deducted from equity for the first time. The Sartorius Stedim Biotech Group's equity ratio accordingly stands at 55.6% (December 31, 2009: 58.9%), which is still a very comfortable level.

Key Balance Sheet Figures

	2010	2009
Equity ratio		
Equity	55.6%	58.9%
Balance sheet total		
Long-term-capital-to-fixed-assets ratio		
Long-term capital	109.4%	116.4%
Fixed assets		

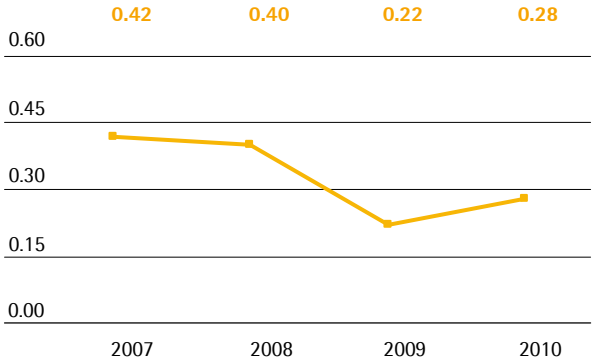
Non-current liabilities declined from €155.0 million as of December 31, 2009, to €146.4 million as of December 31, 2010, mainly because of the reduction in loans and borrowings, while current liabilities rose from €119.7 million to €144.9 million, predominantly as a result of higher trade payables. Overall, gross debt owed to banks decreased from €142.5 million as of December 31, 2009, to €132.4 million as of December 31, 2010.

Balance Sheet Structure
in %



The long-term-capital-to-fixed-assets ratio declined from 116.4% to 109.4%. The gearing ratio, which is calculated as the ratio of net debt to equity, remained at a very strong level of 0.3 (December 31, 2009: 0.2).

Gearing



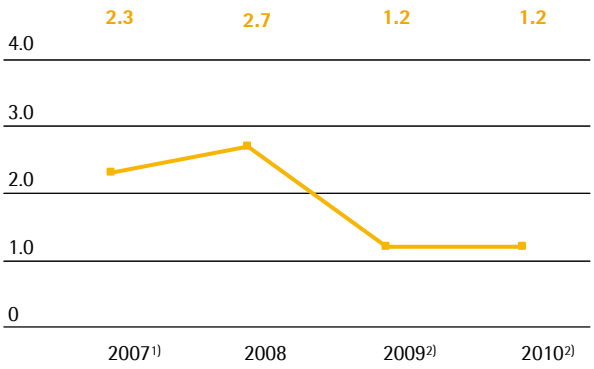
Financing | Treasury

The financing of the Sartorius Stedim Biotech Group is on a broad-based and long-term footing. The key element of this financing consists of a syndicated credit facility closed in September 2008. This credit line, which is for an aggregate total of currently €194.0 million and a term until September 2013, is provided by a syndicate of twelve banks led by the German banks Commerzbank and WestLB.

To diversify our financing structure, we are additionally participating in a factoring program with a maximum volume of €35.0 million, which we utilized nearly 100% as of the reporting date. Moreover, we have diverse bilateral credit lines of approximately €25 million in total.

The ratio of net debt to underlying EBITDA is 1.2 for the year ended December 31, 2010, and is thus unchanged from December 31, 2009 (1.2). The interest coverage ratio (ratio of underlying EBITDA to interest payable) stands at 25.8 (December 31, 2009: 12.6). The key financials are therefore at a very comfortable level.

Ratio of Net Debt to EBITDA



[1)] pro forma underlying
[2)] underlying

As a consequence of our global sales and distribution structure, we generate payments in various foreign currencies. Essentially, these are payments in U.S. dollars, Japanese yen and British pounds. Because of this, we are affected by currency fluctuations, especially in the exchange rate of the euro to the U.S. dollar. Using our global manufacturing network with production facilities outside Germany and France – in North America, the U.K. and India – we can compensate for the majority of currency fluctuations (natural hedging). We generally hedge parts of the remaining net currency exposure up to 1.5 years ahead through suitable currency transactions. Compared to 2009, during which we were highly circumspect in concluding hedge contracts, we again significantly increased our hedge level during 2010.

In view of the historically low interest rates, we additionally entered into extensive interest rate hedge agreements in 2010. As a result, nearly two-thirds of our bank loans that we have taken out so far at variable interest rates are now hedged against an increase in the general interest rate level.

Key Financials

	2010	2009
Net-debt-to-EBITDA ratio[1)]		
Net debt / EBITDA[1)]	1.2[2)]	1.2[2)]
Interest coverage		
EBITDA[1)] / Interest payable	25.8[2)]	12.6[2)]
Gearing		
Net debt / Equity	0.3	0.2

[1)] For more information on EBITDA, please refer to the group business development chapter and to the glossary.
[2)] underlying; For more information on underlying, please refer to the group business development chapter and to the glossary.

Risk and Opportunities Report

The company proceeded to review risks that may have an impact on its business activities, its financial situation or its results (or on its capacity to attain its goals) and presents them in the following paragraphs.

Risk Management System

As a group that operates internationally, the Sartorius Stedim Biotech Group is inevitably exposed to various risks associated with these operations. To help us track existing and potential risks efficiently, we implemented a risk management system (RMS). It keeps the executive management informed about the overall risk situation at all times so that executive management can take suitable action when required.

The prescribed reporting process obligates the managing directors and general managers of the individual Group companies and the business area managers and the managers of our central departments to review the risk situation of their areas of responsibility regularly and to report any risks when defined critical threshold values are reached.

Where expedient and feasible, we adopted countermeasures and | or arranged for balance sheet measures during the reporting year to cover all discernible risks within the Sartorius Stedim Biotech Group that had the potential to negatively impact our net worth, financial situation and | or profitability.

Explanation of the Risk Situation

Supply Chain Risks

Our supply chain extends all the way from procurement to production to sales and distribution. Problems within this sequence can have consequential effects, including delays in deliveries. The global supply chain management system we have introduced to prevent such problems largely minimizes the associated risks by analyzing and controlling all of the operations involved. The various risks encountered within our supply chain are explained in detail below.

Procurement Risks

We purchase a wide range of raw materials, components, parts and services from suppliers and are consequently exposed to the risks of unexpected delivery bottlenecks and | or price increases. Our global supply chain management system reduces these risks by enabling us to monitor and supervise procurement activities. Moreover, we conduct regular supplier audits and also use early warning systems. In addition, we maintain reserve inventories for strategic raw materials, and work with alternative suppliers where possible.

Production Risks

We manufacture a large proportion of the products that belong to our core areas of technical expertise and involve a high level of vertical integration ourselves. Examples include filters. Other products, such as reusable fermenters and bioreactors, are manufactured in collaboration with suppliers such that some of the production risk is transferred to external third parties. When we manufacture products ourselves, we also bear the associated risks of capacity bottlenecks | overcapacity, production downtimes, excessive reject rates and high levels of tied-up working capital. We limit and reduce these risks by planning production capacities carefully, using versatile machines, semi-automated individual workstations and flextime work schedules, and by continuously monitoring our production processes. Moreover, our global manufacturing sites enable us to compensate for any capacity bottlenecks by shifting production to other regional plants.

Sales and Distribution Risks

The sale and distribution of our products is organized worldwide through various channels. The potential risks entailed are unexpected changes in the demand structure, growing price pressure and non-compliance with supply agreements concluded with customers. We employ targeted market analyses to identify emerging demand trends in individual segments early on so that we have time to respond appropriately. Our technical innovations and our focus on less price-sensitive sales markets, such as products for validated production processes in the biopharmaceutical industry, reduce our exposure to the risk of growing price pressure. In the area of logistics, we have also minimized our risk exposure in recent years by setting up and using central warehouses to optimize distribution logistics.

Quality Risks

Our customers use Sartorius Stedim Biotech products in a wide range of critical production processes, including the manufacture of pharmaceuticals, foods and chemicals, and in research and development laboratories. The main risk encountered in these areas is non-compliance with prescribed quality criteria, which can lead to losses for our customers for which we may be made liable through damage claims. We employ rigorous quality checks and modern production methods and processes, such as cleanroom technology, to ensure that our products satisfy the most stringent quality requirements. These production methods and processes are subject to constant review under our continuous improvement processes, moreover, and are refined appropriately as requirements evolve. Our successful completion of a host of annual audits by customers and our accreditation under ISO 9001 and ISO 13485 together document the high level of quality achieved in Sartorius Stedim Biotech products and processes. Irrespective of these measures, we also maintain significant insurance coverage against product liability risks.

R&D Risks

We use a considerable part of our resources for research and development. Potential risks in this area may arise from development results that diverge from market needs, exceeding planned development deadlines or unintentional transfer of know-how to competitors. Our advanced project management, intensive R&D controlling and early involvement of our customers in the development process substantially limit these R&D risks. Our policy of patent portfolio management and continuous tracking of the technologies and competitors relevant to us secure our technology position.

Customer Risks

At Sartorius Stedim Biotech, we draw our key customers from the pharmaceutical, chemical and food industries as well as from research and educational institutions of the public sector. These customers are usually relatively large organizations that have been in existence for some time and have strong credit ratings. As most of our business areas have a highly diversified customer base, our dependence on individual key accounts remains relatively low across the Group as a whole. We are working to expand our customer base for the products concerned by targeting them at other existing customers to establish our products in even wider target group ranges. Our factoring program, which continued to operate in fiscal 2010, keeps our risk exposure with respect to accounts due from customers at a constant low level. We also work continuously to enhance our trade receivables management and make use of external rating agencies to improve control of our credit risks.

Competitive Risks

Sartorius Stedim Biotech has a leading competitive position in most of its markets. Some of our competitors are large and share our status as a globally operating company, particularly Merck Millipore and Pall. As we serve a considerable number of customers from highly regulated sectors like the pharmaceutical and food industries, and the technological barriers to market entry are substantially high, we regard the risk of new relevant competitors emerging as low. Furthermore, our global presence gives us a significant competitive edge.

Personnel Risks

As an innovative technology group, Sartorius Stedim Biotech employs a large number of highly qualified people. We counter the threat of losing employees, especially those in key positions, by offering performance-related remuneration models, targeted continuing professional training options, interesting development opportunities and a range of other attractive employee benefits. The success of these measures is evident from the exceptionally low attrition rates registered in recent years. Employment contracts in certain cases contain a clause prohibiting any move to a direct competitor. We introduced both the Sartorius Code of Conduct and the Sartorius Anti-Corruption Code worldwide in 2010 and discussed the company's three core values with all employees. These measures enable employees to act with greater certainty, help to create a sense of identity and strengthen loyalty to the company.

Financial Risks

The global nature of the Sartorius Stedim Biotech Group's operations means that its business activities are inevitably exposed to financial risks. The most significant of these, aside from specific risks associated with Group accounting, are exchange rate risks, interest rate risks and liquidity risks, all of which are described below and addressed in detail in the following and in the Notes to the Consolidated Financial Statements (see pages 118 to 121).

Specific Risks Associated with Group Accounting

Specific risks associated with Group accounting can arise, by way of example, from the arrangement of unconventional or complex transactions that cannot be processed by routine means and from the discretion granted to employees involved in the preparation of the consolidated financial statements in respect of the recognition and measurement of assets and liabilities. The outsourcing and transfer of tasks of specific relevance to accounting to external service providers, such as actuaries and management consultants, may also entail risks. Risks associated with accounting that stem from derivative financial instruments are explained in the Notes to the Consolidated Financial Statements.

Exchange Rate Risks

We generate approximately one third of consolidated sales revenue in U.S. dollars or in currencies pegged to the U.S. dollar and a smaller proportion in other foreign currencies. Therefore, exchange rate fluctuations are a matter of concern, especially when currencies are converted for balance sheet and income statement items. Yet our global production network enables us to offset the lion's share of sales revenues received in foreign currency within the Group against costs incurred in foreign currency. For example, we manufacture a large proportion of our products for the North American market locally, and are therefore not disadvantaged in any way in competition with our U.S. rivals. We use derivative financial instruments to hedge against net currency exposure; i.e., the proportion of our foreign currency sales revenue that remains after we have settled our costs. Our hedging strategy provides for exposures to be hedged up to 1.5 years in advance. Hedging transactions are set up by one group of staff and monitored by another, separate group (see pages 118 to 119).

Interest Rate Risks

We have concluded fixed interest agreements for a comparatively small portion of our outstanding loans, and these consequently pose no risk of fluctuations in cash flows. However, the major portion of the loans outstanding on the reporting date is subject to interest based on the market rate. Almost two thirds of these are hedged with interest caps, so interest rate risks apply only to the remainder. We monitor interest rate trends constantly and have the facility to arrange hedging transactions where we consider it necessary and economically advisable to do so (see pages 119 to 120).

Liquidity Risks

The Sartorius Stedim Biotech Group's solvency is secured by a syndicated loan put in place in September 2008. Its financing is therefore based on a broad and long-term footing. The overwhelming majority of our fixed assets are covered by long-term capital. We ensure solvency at all times throughout the Group by short-, mid- and long-term liquidity planning and the use of advanced treasury software. The company specifically reviewed its liquidity risk and considers that it is in a position to meet its future payment obligations (see pages 120 to 121).

Regulatory Risks

Our role as a supplier to the biopharmaceutical industry and health care providers means that the Sartorius Stedim Biotech Group can also be affected by underlying developments in these areas. The possibility of the regulatory authorities (FDA, EMEA) adopting a more restrictive approach to the approval of new medications remains the principal source of risk in this context. Such a move would reduce the number of new pharmaceutical products to be marketed and would consequently downgrade future prospects for Sartorius Stedim Biotech over the medium term.

To respond rapidly to any product defects and minimize any adverse consequences, Sartorius Stedim Biotech established a traceability system that enables us to recall an entire product batch immediately, if necessary.

Environmental Risks

The nature of the Sartorius Stedim Biotech Group's business is such that our operations constantly have the potential to cause pollution or otherwise harm the environment. All staff with relevant responsibilities across our global sites are expected to reduce and prevent negative environmental impacts. The Central Department Environment, Health and Safety supports this effort by observing and monitoring operations affecting the environment. Sartorius has an environmental management system certified under DIN EN ISO 14001 that encompasses, and is integrated into, all divisions and covers a whole series of environmental regulations to minimize risks in this area.

IT and Other Risks

Besides the risks mentioned above, we face potential risks in the area of IT. We reduce IT risks by continuously enhancing IT security policies and using advanced hardware and software. These rules and measures are based on the requirements of ISO 27001 and the standards of the German Federal Office for Information Security (BSI Standards).

Our company's existing IT applications and IT systems are checked for potential risks in regular external and internal IT audits, moreover, and appropriate measures are taken to minimize any risks identified. Continuous alignment of our IT strategy and business strategy, tracking of new technical developments and the use of advanced hardware and software minimize the risk inherent in the operation of our IT system environment.

Process Risks

There are no legal disputes or proceedings that could have a substantial negative impact on Group results, and allowances have been made on our balance sheet to cover the cost of any such potential proceedings.

Insurance

Where possible and economically advisable, we have taken out insurance policies to cover a wide range of risks. These insurance policies include coverage against liability, business interruption, transport, material and pecuniary damages and other risks, and provide comprehensive coverage for legal costs. An independent department working in conjunction with an external insurance broker regularly reviews the nature and extent of our insurance protection and makes any adjustments necessary.

Assessment of the Overall Risk Situation and Risk Outlook

After thorough analysis of the entire risk situation and according to our current review, there are no discernible risks that could jeopardize the continued existence of the Group in the future.

Similarly, based on our current review, there are no discernible risks that could jeopardize the existence of the Group in future.

Forecast Report

Future Macroeconomic Environment

Economists expect the global economic recovery to continue in 2011, but at a slower pace; indeed many industrialized countries and even several emerging markets had already begun to show signs of a slowdown in economic growth by the end of 2010. Global output is predicted to increase by 2.7% overall in fiscal 2011 (2010: +4.8%). According to economists, however, there are a number of risk factors that could impact this forecast: the possibility of the USA sliding back into recession cannot be ruled out, for example; the debt crises and associated loss of confidence in several eurozone countries have not yet run their course; and there is also a danger of a correction in the overheated real estate markets of the emerging Asian countries, most notably China.

Future Economic Development in the Industrialized Countries

Estimates suggest the combined gross domestic product (GDP) of the industrialized countries will grow by 2.2% in 2011 (2010: 2.7%).

Economists suggest that based on the evidence of previous recoveries, the U.S. economy is unlikely to see any rapid return to pre-crisis levels. Part of the reason for this, they say, is that only moderate growth is expected in private consumption due to high unemployment and the associated poor prospects for earnings coupled with efforts to bring about a further reduction in private debt. It is, however, anticipated that the recent package of tax measures approved in December 2010 will give the economy a further boost. The International Monetary Fund (IMF) estimates that gross domestic product (GDP) in the USA will grow by 2.3% in 2011 (2010: +2.6%).

The upturn in economic activity also seems likely to remain rather muted in Europe. Growth here is predicted to be strongest in Germany, although the rate of economic expansion in 2011 is expected to be appreciably lower than in the reporting year. Economists do believe the recovery will spread onto a broader footing, however, with the role of exports fading and accelerating domestic demand taking more of the strain. IMF forecasts indicate GDP growth of 2.0% for Germany in 2011 (2010: +3.5%).

France also faces a slowdown in growth according to economists, who suggest among other factors that private consumption will continue to rise much more slowly in 2011 than in the years prior to the crisis. Overall economic output in France in 2011 is expected to increase by 1.6% (2010: 1.5%).

Future Economic Development in the Emerging Countries

Monetary policy at the central banks in Asia is expected to grow steadily tighter and tighter. Chinese economic policy will probably constrain growth again in 2011, although the level of economic activity should remain high according to the experts. The IMF expects the Chinese economy to expand by 9.6% in 2011 (2010: +10.5%). India too seems virtually assured of further strong growth according to the experts, who are predicting an increase of 8.4% in GDP for the country in 2011 (2010: +9.7%). IMF estimates put overall growth in the emerging markets at 8.4% (2010: +9.4%).

Future Exchange and Interest Rate Trends

The major central banks are not expected to begin increasing base rates again until the end of 2011 at the earliest, so annual average interest rates will probably remain at a relatively low level despite an anticipated rise over the course of the year.

Forecasts vary widely in respect of U.S. dollar exchange rates, spanning the range between U.S. $1.15 | euro and U.S. $1.55 | euro.

Sources: International Monetary Fund, World Economic Outlook October 2010; Joint Economic Forecast Project Group, Joint Economic Forecast Autumn 2010 prepared for the German Federal Ministry of Economics and Technology; Reuters.

Future Sector Outlook

Stable Growth for the Pharmaceutical Industry, Dynamic Expansion in the Emerging Markets

Market researchers continue to predict stable growth for the global pharmaceutical market. International market research institute IMS Health expects the global pharmaceutical market to grow by a good 6.5% in 2011, up from between 4% and 6% in 2010. Growth of this magnitude would increase total sales revenue in the sector in 2011 to a good U.S. $935 billion. The pharmerging markets, including China, India, Brazil, Mexico and Russia, are forecast to achieve better-than-average growth in 2011. IMS Health expects these countries to post annual growth rates of around 16% and for their combined markets to be worth approximately U.S. $175 billion. Growth in the Chinese market is predicted to be especially strong, with forecasts pointing to a growth rate of 25% to 27% and a market volume of U.S. $50 billion. This would make China the third largest pharmaceutical market in the world. IMS Health's predictions for the USA put growth at a good 5% and market volume at around U.S. $330 billion. The five largest European markets are expected to see moderate growth of 3%, which would make the market here worth around U.S. $170 billion in total.

Experts anticipate that the combination of a steadily increasing global population, aging populations in the western industrialized countries and improvements in medical care in emerging countries will ensure continued growth in the global pharmaceutical market in the medium to long term as well. IMS Health, for example, predicts an average annual overall growth rate for the period 2009 through 2014 of a good 6%, which would boost the value of the global pharmaceutical market by around U.S. $300 billion to approximately U.S. $1.1 trillion by 2014. The corresponding figures for the USA, according to IMS Health forecasts, are growth of around 4.5% leading to a market worth a good U.S. $370 billion by 2014. Growth across the western industrialized countries as a whole is expected to average just short of 3%.

Growth in the pharmerging markets will be much more dynamic according to IMS Health. Expert forecasts here suggest average annual growth rates of a good 15.5% in the period through 2014. IMS Health also predicts that aggregate growth in value terms in the pharmerging markets in the period 2009 through 2014 will be effectively equal in magnitude to growth in industrialized countries, with both markets increasing in value by between U.S. $120 billion and U.S. $140 billion.

Strong Growth Momentum Continues in the Biotechnology Sector

The sector experts at IMS Health expect the biopharmaceutical segment to continue growing faster than the rest of the market. This view is endorsed by the US Biopharmaceutical Market (2009 - 2016) study, which indicates average annual growth rates in the USA of 11.2%. Growth on this scale would push the value of the biopharmaceutical market up to U.S. $144 billion by 2016. The global biotech market is likely to see average annual growth of 11.6% over the period 2008 through 2014 according to analysts at Frost & Sullivan. The Global Biopharmaceutical Market Report (2010 - 2015) produced by IMARC, the International Market Analysis Research and Consulting Group, suggests the global market for biopharmaceuticals will be worth U.S. $167 billion in 2015. Here too the burgeoning importance of the emerging markets is clearly evident: while the market share of the eight most important markets – the USA, Germany, Japan, France, Italy, Spain, the U.K. and Canada – is expected to decline by 4% to around 79% between 2009 and 2015, that of the pharmerging markets, including Brazil, Russia, India and China, will increase from less than 5% to more than 8%.

Both new medications and new indications for existing drugs are expected to contribute to the above-average growth rates for biopharmaceuticals. Of the three categories of substance produced using biotech methods, namely therapeutic proteins, monoclonal antibodies and vaccines, it is the latter two that are expected to drive most of the anticipated growth. Monoclonal antibodies are used chiefly in the development of innovative therapeutics for treating cancer, autoimmune diseases and HIV. Experts have predicted that the sales revenue for cancer drugs will increase of a good 45% to U.S. $70 billion for the period 2008 through 2014. The rising profile of personalized medicine, which also currently has most relevance in the treatment of cancer, is viewed as another source of impetus for the development of the biopharmaceutical market. Personalized medicine involves identifying molecular parameters at the diagnostic stage that cane used as a basis for the development of therapies that take

individual characteristics of patients, such as elements of their genetic makeup, into account. Both the investigation and realization of the diagnostic procedures involved and the development and investigation of the corresponding medications rely on biotech methods. Industry experts suggest the requirements imposed by the healthcare regulatory agencies in respect of gaining approval for medications of this nature are likely to remain demanding and might even be raised in certain fields.

Move to Single-use Technologies, Focus on Safe and Efficient Processes

Producing drugs using biotech methods is relatively cost-intensive because of the complexity of the development and production processes involved. Therefore, the persistently high prices of such drugs prevent them from making further inroads into the market. The pharmaceutical industry is challenged with maintaining its earnings, moreover, so all manufacturers are consequently endeavoring to optimize and improve the efficiency of their biotech processes. Single-use technologies help manufacturers to cut their capital expenditure, reduce cleaning and validation costs and minimize unproductive downtime. The actual figures vary from application to application, but single-use technology can trim anything from 15% to 40% off a pharmaceutical company's production costs over the full lifecycle. Sector watchers believe the move to single-use systems will consequently continue in future. As single-use equipment penetrates further and further into the market, so demand for integrated system solutions that cover entire process steps with single-use products will swell. Ultimately, integrated system solutions represent the only way to realize all of the potential reductions in the complexity and cost of biotech production processes that single-use technology can deliver.

Pharmaceutical companies seeking to optimize their manufacturing processes are also going to become increasingly interested in process analytics equipment and methods that promise to help them keep critical parameters within a specified range through intelligent management. The U.S. Food and Drug Administration (FDA) in particular has ramped up the pressure on U.S. pharmaceutical companies to step up investment in this area through its Process Analytical Technology (PAT) Initiative.

Slow Increase in Investment in Public-Sector Research

Research economists believe public investment in research and development will rise in the long term because of the importance attached to innovativeness as a driver of national economic performance. Emerging countries with large markets, such as China and India, have made substantial funding available for business, science and education, as have several of the industrialized nations. The emerging economies of Asia, in particular, will continue to invest in their research institutions as part of their effort to catch up with Western countries in advanced fields like biotechnology, nanotechnology and aerospace and reduce their dependence on foreign technologies.

Sources: U.S. Biopharmaceutical Market - Trends, Forecast, Competition & Strategic Analysis (2009 - 2016), Frost & Sullivan, IMS Health: IMS Global Pharma Market Forecast (200 markets around the world), IMS MIDAS (73 markets around the world), International Market Analysis Research and Consulting Group: Global Pharmaceutical Report (2010 - 2015).

Future Business Development

As we supply the biopharmaceutical industry, our business development is less impacted by cyclical trends than, for example, by the decisions of regulatory agencies, such as granting or denying approval of new medications. Assuming that the trends toward biomanufacturing of pharmaceuticals and increasing utilization of single-use technologies will continue, we forecast that sales revenue will rise between 6% and 8% in constant currencies in 2011. We expect our business with single-use products to grow more strongly again than our equipment business. Along with this increase in revenue, we are projecting that our operating earnings margin will rise to approximately 17% in constant currencies. Furthermore, our operating cash flow is targeted to be significantly positive (See on page 27 the definition of the operating earnings margin and | or in the glossary).

Financial Statements of the Parent Company Sartorius Stedim Biotech S.A. as of December 31, 2010

Financial Statements of the Parent Company

Sartorius Stedim Biotech S.A. is the parent company of the Group. In addition to its own operations that it conducts in close cooperation with corporate support functions based in Germany, it also acts as the Group's head office and performs some or all corporate functions, which include Finances, Human Resources, Research and Development, Information Systems, Quality Management and Purchasing.

In 2010, sales revenue generated at Sartorius Stedim Biotech S.A. was €65,026 K relative to €64,626 K in 2009, a gain of 0.6%. This weak growth can be primarily explained by the difficulty in comparing this figure with that of the previous year, which saw business activity increase exceptionally based on the fact of production of the H1N1 flu vaccines. The operating profit was €3,481 K. The net financing income totaled €17,325 K and includes the effects of reorganizing its U.S. companies.

The net profit for 2010 is €21,066 K compared to €14,160, K in 2009.

Appropriation of the Net Profit

The Annual General Shareholders' Meeting (AGM) will suggest to appropriate the net profit of €21,066,290.13 for the reporting year of 2010 as follows:

- Legal reserves: €2,484.34
- Balance resulting from deduction of legal reserves: €21,063,805.79
- The following amount is to be added to this balance: Year-earlier profit carried forward: €3,827,367.30

This would yield a distributable profit of €24,891,173.09

- Total amount of dividends to be disbursed to shareholders: €13,783,264.20
- Balance resulting from disbursement: €11,107,908.89 is to be carried forward to the next year.

Therefore, considering that our company holds treasury shares, a net dividend of €0.90 will be paid for every share with a par value of €0.61. Individual shareholders resident in France for tax purposes are eligible to receive the tax rebate provided in under Article 158-3-2 of the French General Tax Code.

The AGM acknowledges receipt of this information that individual shareholders resident in France, who are eligible to receive this tax rebate, may opt to pay 19% withholding tax "prélèvement forfaitaire libératoire" on this dividend income to fully satisfy their tax liability imposed on such income and to exempt them from French personal income tax.

The dividend will be paid out on April 29, 2011.

The amounts distributed after January 1, 2008, and eligible for a tax rebate were as follows:

		Income eligible for a tax rebate
Fiscal year ended on	Dividends in €	Other income distributed
Dec. 31, 2009	10,183,633	
Dec. 31, 2008	5,076,746	
Dec. 31, 2007	5,069,396	

Sartorius Stedim Biotech S.A. Share Capital

Share Capital as of December 31, 2010

Total capital amounts to ten million three hundred and seventy-eight two hundred and three euros and twenty-eight cents (€10,378,203.28). It is divided into 17,013,448 shares worth sixty-one cents (€0.61) each, all fully subscribed and paid up (Heading I, Article 6 of the bylaws).

Movements in Sartorius Stedim Biotech S.A. Share Capital

The increase in share capital during 2010 is exclusively attributable to the exercise of stock options.

Date	Nature of the transaction	Share par value	Share capital increase	Share premium	Number of new shares	Number of shares after the transaction	Share capital after the transaction
1st half of 2006	Exercise of share subscription options	0.6	39,747.6	612,943.9	65,160	7,052,555	4,302,058.6
2nd half of 2006	Exercise of share subscription options	0.6	3,050.0	43,100.0	5,000	7,057,555	4,305,108.6
1st half of 2007	Exercise of share subscription options	0.6	48,354.7	818,031.9	79,270	7,136,825	4,353,463.3
June 29, 2007	Reverse merger between Sartorius and Stedim	0.6	5,948,209.4	44,102,031.0	9,751,163	16,887,988	10,301,672.7
2nd half of 2007	Exercise of share subscription options	0.6	6,050.0	134,400.0	10,000	16,897,988	10,307,722.7
1st half of 2008	Exercise of share subscription options	0.6	3,222.0	30,186.3	5,200	16,903,188	10,310,944.7
2nd half of 2008	Exercise of share subscription options	0.6	11,773.0	119,158.0	19,300	16,922,488	10,322,717.7
1st half of 2009	Exercise of share subscription options	0.6	19,459.0	269,126.0	31,900	16,954,388	10,342,176.7
2nd half of 2009	Exercise of share subscription options	0.6	11,183.1	190,160.6	18,333	16,972,721	10,353,359.8
1nd half of 2010	Exercise of share subscription options	0.6	16,266.9	486,939.4	26,667	16,999,388	10,369,626.7
2nd half of 2010	Exercise of share subscription options	0.6	8,576.6	228,599.9	14,060	17,013,448	10,378,203.3

Sartorius Stedim Biotech S.A. Shareholdings as of December 31, 2010

Situation of Sartorius Stedim Biotech S.A. Shareholdings

Shareholders	Shares	Voting rights
More than 50%	Sartorius AG	Sartorius AG
More than 10%, but less than 50%	None	None
More than 5%, but less than 10%	None	None

The table below discloses the distribution of the company's share capital as of the reporting date on December 31, 2010.

Over the past three years, the ownership of Sartorius Stedim Biotech share capital has been distributed as follows:

	December 31, 2008			December 31, 2009			**December 31, 2010**		
Shareholders	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights	**Number of shares**	**% of share capital**	**% of voting rights**
Sartorius AG	10,025,360	59.2%	52.9%	10,166,950	59.9%	53.5%	9,770,178	57.4%	57.6%
Single voting rights	10,025,360	59.2%	52.9%	10,166,950	59.9%	53.5%	9,770,178	57.4%	57.6%
Double voting rights									
VL Finance[a]	2,012,095	11.9%	21.3%	2,012,095	11.9%	21.2%	1,642,095	9.7%	19.4%
Single voting rights									
Double voting rights	2,012,095	11.9%	21.3%	2,012,095	11.9%	21.2%	1,642,095	9.7%	19.4%
Total Sartorius Group	**12,037,455**	**71.1%**	**74.2%**	**12,179,045**	**71.8%**	**74.7%**	**11,412,273**	**67.1%**	**76.9%**
Financière de la Seigneurie	902,744	5.3%	4.8%	902,744	5.3%	4.8%	[b]	[b]	[b]
VAL Invest	608,884	3.6%	3.2%	608,884	3.6%	3.2%	[b]	[b]	[b]
Treasury shares							1,698,710	10.0%	0.0%
Personnel and other shareholders								0.0%	
General public	3,373,405	19.9%	17.8%	3,282,048	19.3%	17.3%	3,902,465	22.9%	23.1%
Total shares	**16,922,488**	**100.0%**	**100.0%**	**16,972,721**	**100.0%**	**100.0%**	**17,013,448**	**100.0%**	**100.0%**

[b] Considering that the 5% threshold was crossed on February 12, 2010, the Sartorius Stedim Biotech Group no longer communicates this information. The Financière de la Seigneurie & Val Invest shares are included in the item designed as "General public"

Legal Disclosure of Thresholds Crossed

By letter received on February 12, 2010, the Financière de la Seigneurie SAS (Athelia 4, Le Forum B, avenue de La Tramontane, 13600 La Ciotat) declared that it went below the lower threshold limit of 5% of the share capital of Sartorius Stedim Biotech S.A. on February 11, 2010, because of a disposal of Sartorius Stedim Biotech S.A. shares on the market, and declared that it held 826,532 shares representing the following rights of Sartorius Stedim Biotech S.A.; i.e. 4.87% of the share capital and 4.35% of voting rights of this company.

Control of the Company as of December 31, 2010

Sartorius AG holds, directly or indirectly, 67.08% of the share capital and 76.89% of the voting rights. Treasury shares are without voting rights.

Staff Shareholdings

With the exception of stock subscription plans (stock option plans), the company does not run any employee profit-sharing schemes.

Treasury Shares Held by Sartorius Stedim Biotech S.A.

According to a resolution passed during the Annual General Shareholders' Meeting (AGM) on April 19, 2010, a share buyback program was implemented by Sartorius Stedim Biotech S.A. during the past financial year.

Number of shares bought	1,698,710
Average purchase price (in €)	36.10
Amount of negotiation cost (in €)	2,243
Number of shares held at the end of the year	1,698,710
Value at the purchase price (in €)	61,327,190
Nominal value (in €)	0.61
Corresponding fraction of share capital	9.98%

Unpaid Capital

None

Authorized but Unissued Capital

None

Securities Not Representative of the Share Capital

None

Authority Delegated by the Annual General Shareholders' Meeting to the Board of Directors

The Annual General Shareholders' Meeting did not delegate any authority to the Board of Directors to increase capital.

Other Securities Giving Access to the Share Capital

Stock Options

Share Subscription Plan

The stock option plans are detailed in the tables below. The authority delegated to the Board of Directors for setting up a new plan has recently expired. The Board of Directors no longer has any such delegated authority to set up any new plan.

Date on which the AGM* authorized the plan	Board meeting	Total number of options granted	Total options granted to senior executives	Number of senior executive beneficiaries	Number of beneficiaries	Subscription price (€)	Number of shares subscribed from Jan. 1, 10 to Dec. 31, 10	Number of options granted and exercisable	Number of target performance-based options	Number of beneficiaries with valid options
June 23, 2000	Aug. 2, 2000	139,105			5	8.59				
June 23, 2000	Sept. 28, 2001	142,855			7	11.94	4,060			
June 23, 2000	Oct. 14, 2002	12,100			1	6.78				
June 23, 2000	Sept. 10, 2003	22,000			1	7.9				
June 23, 2000	Feb. 11, 2004	66,000			1	6.42				
June 23, 2000	July 23, 2004	140,000			19	9.23		25,000		3
June 10, 2005	Sept. 15, 2005	127,500	10,000	1	15	18.87	36,667	10,000		2
June 10, 2005	Nov. 10, 2005	35,000			2	29.51		17,500		2
Total		**684,560**	**10,000**	**1**	**51**		**40,727**	**52,500**	**0**	**7**
									52,500	

* AGM = Annual General Shareholders' Meeting

Development of the number of stock options between January 1, 2008, and December 31, 2010:

	2010	2009	2008
Outstanding shares at January 1	93,227	143,460	179,027
Allocated during the period		0	0
Cancelled during the period	0	0	–11,067
Exercised during the period	–40,727	–50,233	–24,500
Lapsed during the period	0	0	0
Outstanding at December 31	**52,500**	**93,227**	**143,460**

Share Capital Dilution

At December 31, 2010, the total number of shares capable of being issued on the basis of performance-based share subscription options was a potential 52,500 shares, or 0.31%, of the fully diluted share capital.

Share Subscription Options Granted to Each Senior Executive of the Company and Options Exercised by them in Fiscal 2010

Mrs Liliane de Lassus exercised 10,000 subscribed shares options during fiscal 2010 at a price of 18.87 euros.

Share Subscription Options Granted to the Ten Top Non-senior Executive Beneficiaries and Options Exercised by them in the 2010 Fiscal Year

None

Options Exercised during the Fiscal Year

Of the 40,727 options exercised during the fiscal year, the ten most significant beneficiaries accounted for a total of 40,727 options.

Share Subscription Warrants

Sartorius Stedim Biotech S.A. has not issued any share subscription warrants.

Pledging of Shares

No Sartorius Stedim Biotech S.A. shares were pledged.

Pledging of Assets

None

Dividend Distribution Policy

The company has a dividend distribution policy based on net profit generated at the Group level during the relevant fiscal year as well as on the Group's foreseeable growth and profitability.

On April 19, 2010, the Annual General Shareholders' Meeting voted for payment of a net dividend of €0.60 per share. The dividend was available for payment on April 30, 2010.

Dividends and interim dividends unclaimed after five years following the payment date must be paid to the State, i.e., France (Article 2277 of the French Civil Code).

in €	2009	2008	2007	2006	2005
Dividend per share for the fiscal year	0.60	0.30	0.30	0.19	0.19
Number of shares	16,972,721	16,922,488	16,897,988	7,057,955	6,987,395
Dividend corrected per share[1)]	**0.60**	**0.30**	**0.30**	**0.08**	**0.08**

[1)] Compared to the number of shares as of December 31, 2009

Senior Executives

Information on Sartorius Stedim Biotech S.A. senior executives and a list of the positions they hold or have held over the past five years are included in the Corporate Governance report.

Directors' Meeting Attendance Fees

Directors' meeting attendance fees are calculated on an annual basis. The method of calculating these fees was changed in 2010 pursuant to the Fifth Resolution of the Annual General Shareholders' Meeting (AGM) held on April 19, 2010. The meeting attendance fees are calculated as follows:

The directors receive directors' meeting attendance fees whose amount and allocation are established by the Board of Directors in consideration of the limits set by the AGM:

- Each member of the Board of Directors will receive fixed remuneration of €10,000.00 per year, to be paid after the annual financial statements have been adopted by the AGM and which shall be due for payment after this meeting. This remuneration will be increased by €200.00 for every €0.01 of dividends paid to the ordinary shareholders, provided that this amount exceeds the amount of €0.30. The chairman of the Board shall receive double these amounts. Furthermore, members of the Board will receive an attendance fee of €1,000.00 per meeting and reimbursement of their expenses in addition to their annual remuneration.

- For their membership of any committee, each director will receive a lump sum of €3,000.00 per full year of membership in addition to his attendance fee of €1,000. Insofar as a director chairs a committee, he will instead receive a lump sum of €6,000.00 per full year that he is chairperson, in addition to his attendance fee. Remuneration for the activities on any committee is due together with the remuneration under the terms of previous paragraph.

- Any value-added tax shall be reimbursed by the corporation, insofar as the members of the Board of Directors are entitled to invoice the corporation separately for the value-added tax and they exercise this right.

A total of €157 K will be paid in directors' meeting attendance fees for 2010.

Compensation of the Executive Management Team

		Base | fixed salaries € in K	Annual incentive[6] € in K	Long Term Incentive € in K	Other[2] € in K	Stock options	Departure Indemnity € in K	Directors' meeting attendance fees € in K
	2009	1,276.0	528.0	31.0	300.0	0.0	0.0	0.0
Total	**2010**	**1,397.0**	**943.0**	**562.0**	**326.0**	**0.0**	**0.0**	**0.0**
Joachim Kreuzburg[1] 2009		418.0	308.0	31.0	242.0	0.0	0.0	0.0
Joachim Kreuzburg[1] 2010		525.0	392.0	382.0	211.0	0.0	0.0	0.0
Reinhard Vogt[3] 2009		350.0	89.0	0.0	58.0	0.0	0.0	0.0
Reinhard Vogt[3] 2010		334.0	213.0	180.0	115.0	0.0	0.0	0.0
Volker Niebel[4] 2009		306.0	84.0	0.0	0.0	0.0	0.0	0.0
Volker Niebel[4] 2010		270.0	169.0	0.0	0.0	0.0	0.0	0.0
Oscar-Werner Reif[5] 2009		202.0	47.0	0.0	0.0	0.0	0.0	0.0
Oscar-Werner Reif[5] 2010		268.0	169.0	0.0	0.0	0.0	0.0	0.0

[1] Dr. Joachim Kreuzburg receives his salary from Sartorius AG for his duty for the entire Sartorius Group including Sartorius Mechatronics. His remuneration is determined annually by the Executive Task Committee of the Sartorius AG Supervisory Board.

[2] The phantom stock plan is used as the variable long-term incentive component that incorporates risk. This remuneration component depends on the development of the Sartorius AG share price over a period of at least four (formerly three) years and is payable only if this price exceeds at least 7.5% (formerly 10%) per year relative to the time the phantom stock was assigned or if the share price outperformed the TecDAX® as a comparative index. The amount to be paid is capped at a maximum of 2.5 times the share price at the time the phantom stock was assigned, based in each case on the actual annual tranche concerned. The use of a component that is designed to have a long-term incentive effect and incorporates risk corresponds to a suggestion from the French and German Corporate Governance Code. To date no payment has been made to Joachim Kreuzburg or Reinhard Vogt according to this phantom stock plan.

[3] Reinhard Vogt receives his salary from Sartorius AG for his duty for the entire Sartorius Group including Sartorius Mechatronics. His remuneration is determined annually by the Executive Task Committee of the Sartorius AG Supervisory Board.

[4] Volker Niebel receives his salary from the subsidiary Sartorius Stedim Biotech GmbH for his work in the entire Sartorius Stedim Biotech Group. His remuneration is determined annually by the shareholders of Sartorius Stedim Biotech GmbH.

[5] Oscar-Werner Reif receives his salary from the subsidiary Sartorius Stedim Biotech GmbH for his work in the entire Sartorius Stedim Biotech Group. His remuneration is determined annually by the shareholders of Sartorius Stedim Biotech GmbH.

Independent Auditors

The independent auditors for Sartorius Stedim Biotech S.A. are:

- Ernst & Young, represented by Anis Nassif
  Alternate auditor: Auditex

- Deloitte & Associés, represented by Vincent Gros
  Alternate auditor: BEAS

Current and Regulated Agreements

The shareholders of the Sartorius Stedim Biotech Group are requested to approve the agreements that are covered by Article L.225 - 38 of the French Commercial Code and duly authorized by the Board of Directors, in the form submitted to them.

Payment Terms for Trade Payables

At December 31, 2010, the balance of trade payables totaled €7,457,940 these trade payables were comprised of the following:

- 53.07% of invoices to be paid in 30 days regarding the invoice issue dates,

- 30.25% of invoices to be paid in 60 days regarding the invoice issue dates.

At the same date, the cumulative overdue trade payables amounted to 16.68%.

Five-Year Financial Results of the Parent Company Sartorius Stedim Biotech S.A.

€ in K	2006	2007	2008	2009	**2010**
Share capital at end of period					
Share capital (capital stock)	4,305	10,308	10,323	10,353	10,378
Number of shares outstanding	7,057,555	16,897,988	16,922,488	16,972,721	17,013,448
Transactions and financial performance					
Sales revenue (excl. VAT)	52,158	48,616	46,655	64,626	65,026
Profit before tax, employee profit sharing plan, amortization, depreciation and provision expenses (and reversals)	13,401	6,502	–6,298	16,067	25,884
Income tax	4,499	–282	–1,364	1,813	1,185
Contribution to employee profit-sharing plan	944	0	0	0	0
Net profit	7,858	–11,481	5,654	14,160	21,066
Dividends	1,351	5,071	5,077	10,183	13,783
Earnings per share					
EPS after tax and employee profit-sharing, but before amortization, depreciation and provision expenses	2.67	0.37	–0.29	1.05	1.59
EPS after tax and employee profit-sharing, amortization, depreciation and provision expenses	1.11	–0.68	–0.38	0.84	1.24
Dividend per share	0.19	0.30	0.30	0.60	0.90
Personnel					
Workforce size	240	246	285	299	293
Personnel costs	8,973	9,990	10,577	11,381	11,177
Social security costs	4,576	5,112	5,431	5,758	6,007

Corporate Governance

03

The Board of Directors and Its Committees

The Board of Directors

The Board of Directors is composed of eight members, one of whom is independent. The directors are appointed for a three-year period.

Composition of the Board of Directors as of December 31, 2010

Joachim Kreuzburg

Chairman and Chief Executive Officer
Date of birth: April 22, 1965
Nationality: German

Appointed on: April 19, 2010
Appointed until: date of the Annual General Shareholders' Meeting in 2013 to approve the financial statements for the fiscal year ending December 31, 2012

Number of Sartorius Stedim Biotech Shares held: 1

Other current directorships and positions within the Group:
Chairman of the Executive Board (Vorstand) of Sartorius AG;
Vice Chairman of the Supervisory Board of Sartorius Stedim Biotech GmbH;
Member of the Board of Directors of Sartorius Stedim North America Inc.;
Member of the Board of Directors of Sartorius Stedim SUS Inc.;
Member of the Board of Directors of Sartorius Stedim Filters Inc.;
Member of the Board of Directors of Sartorius Stedim Japan K.K.;
Member of the Board of Directors of Sartorius Stedim Lab Ltd.;
Président of VL Finance S.A.S.;
Member of the Board of Directors of Sartorius Mechatronics Japan K.K.;
Member of the Board of Directors of Denver Instrument (Beijing) Co. Ltd.;
Member of the Board of Directors of Sartorius Scientific Instruments (Beijing) Co. Ltd.;
Member of the Board of Directors of Sartorius Mechatronics Hong Kong Ltd., Hong Kong, China

Other current directorships and positions outside the Group:
Member of the Advisory Board (Regionalbeirat) of Commerzbank AG;
Member of the Advisory Board (Beirat) of Hameln Group GmbH, Germany;
Member of the Economic Advisory Board (Wirtschaftsbeirat) of Norddeutsche Landesbank, Germany

Past directorships (held during the past five years) within the Group:
Managing Director (Geschäftsführer) of Sartorius Corporate Administration GmbH;
Member of the Board of Directors of Sartorius North America Inc.;
Member of the Board of Directors of Sartorius Mechatronics Corp.;
Member of the Board of Directors of Sartorius TCC Company;
Member of the Board of Directors of Denver Instrument Inc.;
Member of the Board of Directors of Sartorius Omnimark Instrument Corporation;
Member of the Board of Directors of Sartorius Stedim Freeze Thaw Inc.;
Member of the Board of Directors of Sartorius Mechatronics UK Ltd.;
Member of the Board of Directors (Comité Exécutif) of Sartorius Stedim France S.A.S.;
Member of the Board of Directors (Comité Exécutif) of Sartorius Mechatronics France S.A.S.;
Member of the Board of Directors (Consiglio di Amministrazione) of Sartorius Stedim Italy S.p.A.;
Member of the Board of Directors (Consiglio di Amministrazione) of Sartorius Mechatronics Italy S.R.L.;
President of the Board of Directors (Verwaltungsrat) of Sartorius Mechatronics Switzerland AG;

Past directorships (held during the past five years) outside the Group:
Member of the Supervisory Board (Aufsichtsrat) of E.ON Mitte AG

Educational and professional background:
Diplom-Maschinenbau-Ingenieur, Dr. rer. pol.
(University degree in mechanical engineering, doctorate in economics)

1992–1995	Research associate at the Institute for Solar Energy Research in Hamelin, Germany
1995–1999	Research associate at the Faculty of Economics and Management at the University of Hannover, Germany
Since May 1, 1999	Sartorius AG, Goettingen, Germany Most recent position before promotion to the Executive Board: Vice President, Finances and Investor Relations
Since Nov. 11, 2002	Member of the Executive Board of Sartorius AG, Goettingen, Germany
May 1, 2003, to Nov. 10, 2005	Spokesman (Sprecher) of the Executive Board of Sartorius AG, Goettingen, Germany
Since Nov. 11, 2005	CEO and Executive Board Chairman of Sartorius AG, Goettingen, Germany; currently responsible for Operations, Human Resources, Legal Affairs, Compliance and Corporate Communications

Volker Niebel

Executive member
Executive Vice President of Operations and IT
Date of birth: August 14, 1956
Nationality: German

Appointed on: April 19, 2010
Appointed until: date of the Annual General Shareholders' Meeting in 2013 to approve the financial statements for the fiscal year ending December 31, 2012

Number of Sartorius Stedim Biotech shares held: 1

Other current directorships and positions within the Group:
Managing Director (Geschäftsführer) of
Sartorius Stedim Biotech GmbH;
Member of the Board of Directors of
Sartorius Stedim North America Inc.;
Member of the Board of Directors of
Sartorius Stedim SUS Inc.;
Member of the Board of
Sartorius Stedim Filters Inc.;
Member of the Board of Directors of
Sartorius Stedim India Pvt. Ltd.;
Member of the Board of Directors of
Sartorius Stedim Lab Ltd.;
Member of the Board of Directors
(Conseil d'administration) of
Sartorius Stedim Aseptics S.A.;
Managing Director (Gérant) of
Sartorius Stedim SUS SARL

Past directorships (held during the past five years) within the Group:
Member of the Board of Directors of
Sartorius Stedim Systems Inc.;
Member of the Board of Directors of
Sartorius Stedim Freeze Thaw Inc.;
Managing Director (Geschäftsführer) of
Sartorius Stedim Plastics GmbH;
Managing Director (Gérant) of
Sartorius Stedim Industries SARL

Educational and professional background:
Diplom-Betriebswirt (university degree in business administration and economics)

1983–1985	Schmidt & Clemens, Lindlar, Germany Sales Manager at Petro Chemical Industry (USA)
1985–1998	Gambro AB, Lund, Sweden
1998–2001	Skanska AB, Malmö, Sweden Member of the Executive Management Team of Poggenpohl GmbH in Herford, Germany
2001–2007	Sartorius AG, Goettingen, Germany Most recent position: Senior Vice President, Operations, Biotechnology Division
Since 2007	Managing Director of Sartorius Stedim Biotech GmbH in Goettingen, Germany

Oscar-Werner Reif

Executive member
Executive Vice President of Research and Development
Date of birth: November 11, 1964
Nationality: German

Appointed on: April 21, 2009
Appointed until: date of the Annual General Shareholders' Meeting in 2012 to approve the financial statements for the fiscal year ending December 31, 2011

Number of Sartorius Stedim Biotech shares held: 1

Other current directorships and positions within the Group:
Managing Director (Geschäftsführer) of Sartorius Stedim Biotech GmbH;
Member of the Board (Verwaltungsrat) of Sartorius Stedim Switzerland AG, Switzerland

Past directorships (held during the past five years):
None

Educational and professional background:
Diplom-Chemiker, Dr. rer. nat. (university degree M.S. degree in chemistry and molecular biology, doctorate in chemical engineering)

1991–1995	Research associate at the Institute of Chemical Engineering at the University of Hannover. Germany
1995–2009	Sartorius AG, Goettingen, Germany Most recent position: Vice President of R&D and Technology
2007 - 2009	Sartorius Stedim Biotech GmbH Most recent position: Vice President of R&D and Technology
Since 2009	Managing Director of Sartorius Stedim Biotech GmbH in Goettingen, Germany

Reinhard Vogt

Executive member
Executive Vice President of Marketing, Sales and Service
Date of birth: August 4, 1955
Nationality: German

Appointed on: April 19, 2010
Appointed until: date of the Annual General Shareholders' Meeting in 2013 to approve the financial statements for the fiscal year ending December 31, 2012

Number of Sartorius Stedim Biotech shares held: 1

Other current directorships and positions within the Group:
Member of the Executive Board (Vorstand) of
Sartorius AG;
Managing Director (Geschäftsführer) of
Sartorius Stedim Biotech GmbH;
Member of the Board of Directors of
Sartorius Stedim North America Inc.;
Member of the Board of Directors of
Sartorius Stedim SUS Inc.;
Member of the Board of Directors of
Sartorius Stedim India Pvt. Ltd.;
Member of the Board of Directors of
Sartorius Stedim Biotech (Beijing) Co. Ltd.;
Member of the Board of Directors of
Sartorius Stedim Malaysia Sdn. Bhd.;
Member of the Board of Directors of
Sartorius Stedim Australia Pty. Ltd.;
Member of the Board of Directors of
Denver Instrument (Beijing) Co. Ltd.;
Member of the Board of Directors of
Sartorius Scientific Instruments (Beijing) Co. Ltd.;
Member of the Board of Directors of
Sartorius Mechatronics Hong Kong Ltd., Hong Kong, China;
Member of the Board (Verwaltungsrat) of
Sartorius Stedim Switzerland AG, Switzerland

Past directorships (held during the past five years) within the Group:
Managing Director (Geschäftsführer) of
Sartorius Technologies & Services GmbH;
Managing Director (Geschäftsführer) of
Sartorius Stedim F&B GmbH
Managing Director (Geschäftsführer) of
Sartorius Stedim Poland sp. z o. o.;
Managing Director (Geschäftsführer) of
Sartorius Stedim Hungária Kft.;
Member of the Board of Directors of
Sartorius Mechatronics UK Ltd.;
Member of the Board of Directors of
Sartorius Stedim Lab Ltd.;
Member of the Board of Directors of
Sartorius Stedim Freeze Thaw Inc.;
Member of the Board of Directors of
Sartorius Stedim Japan K.K.;
Member of the Board of Directors (Comité Exécutif) of
Sartorius Stedim France S.A.S.;
Member of the Board of Directors (Comité Exécutif) of
Sartorius Mechatronics France S.A.S.;
Member of the Board of Directors of
Sartorius Mechatronics Australia Pty. Ltd.

Educational and professional background:
Industriekaufmann (vocational diploma in industrial business administration)

1979–1983	Sarstedt AG, Nuembrecht, Germany General Manager of Sarstedt AB, Sweden
1983–2007	Sartorius AG, Goettingen, Germany Most recent position: Senior Vice President, Sales & Marketing, Biotechnology Division
Since 2007	Managing Director of Sartorius Stedim Biotech GmbH in Goettingen, Germany
Since 2009	Member of the Executive Board (Vorstand) of Sartorius AG in Goettingen, Germany; currently responsible for Marketing, Sales and Services

Liliane de Lassus

Non-executive member
Date of birth: December 29, 1943
Nationality: French

Appointed on: April 19, 2010
Appointed until: date of the Annual General Shareholders' Meeting in 2013 to approve the financial statements for the fiscal year ending December 31, 2012

Number of Sartorius Stedim Biotech shares held: 10,001

Other current directorships and positions outside the Group:
Managing Director (Gérant) of L2L Conseil SARL (management consulting services; human resources management)

Past directorships (held during the past five years) within the Group:
Member of the Board of Directors of Sartorius Stedim SUS Inc.;
Member of the Board of Directors of Sartorius Stedim Freeze Thaw Inc.;
President (Président) and Member of the Board of Directors (Conseil d'administration) of Sartorius Stedim Aseptics S.A.;
Managing Director (Gérant) of Integrated Biosystems SARL

Educational and professional background:
Ph.D. in organic chemistry (1972)
MBA (1966)
Masters' degree in Sanskrit (1969)

1969–1977	Scientific employee in charge of research at the French CNRS (National Center for Scientific Research), later at the University of California, Berkeley (California, USA)
1977–1981	PSA – Automobiles Citroën Head of department; in charge of overall manufacturing planning and programming
1981–1985	Renault Automation (Robotics) Vice President of Strategic Planning
1985–1989	CEO and Chairman of the Board of a high-tech startup company specializing in artificial intelligence (Cognitech)
1989–2005	Consultant in human resources management for company executives, especially in a multi-cultural environment
2005–2007	CEO of Stedim Biosystems
2007–2008	Executive Vice President of Sartorius Stedim Biotech
Since May 2008	Managing Director (Gérant) of L2L Consei SARL (management consulting services; management of human resources)

Bernard Lemaître

Non-executive member
Date of birth: December 16, 1938
Nationality: French

Appointed on: April 19, 2010
Appointed until: date of the Annual General Shareholders' Meeting in 2013 to approve the financial statements for fiscal year ending December 31, 2012

Number of Sartorius Stedim Biotech shares held: 252,744

Other current directorships and positions outside the Group:
Président of Financière de La Seigneurie S.A.S.;
Member of the Board of Directors of Senova Systems Inc.

Past directorships (held during the past five years) within the Group:
President of VL Finance S.A.S.;
Chairman of the Board and CEO of Stedim S.A.;
Chairman of the Board of Isolateur Dénominateur Commun (IDC) S.A.;
Chairman of the Board of Stedim Inc.;
Chairman of the Board of Integrated Biosystems Inc.;

Past directorships (held during the past five years) outside the Group:
Member of the Supervisory Board of Intrasense S.A.

Educational and professional background:

1979–2007	Founder, CEO and Chairman of Stedim S.A.

Arnold Picot

Non-executive member
Date of birth: December 28, 1944
Nationality: German

Appointed on: April 19, 2010
Appointed until: date of the Annual General Shareholders' Meeting in 2013 to approve the financial statements for the fiscal year ending December 31, 2012

Number of Sartorius Stedim Biotech shares held: 1

Other current directorships and positions within the Group:
Chairman of the Supervisory Board (Aufsichtsrat) of Sartorius AG;
Chairman of the Supervisory Board (Aufsichtsrat) of Sartorius Stedim Biotech GmbH

Other current directorships and positions outside the Group:
Member of the Supervisory Board (Aufsichtsrat) of Takkt AG;
Member of the Supervisory Board (Aufsichtsrat) of Wissenschaftliches Institut für Infrastruktur und Kommunikationsdienste GmbH und WIK-Consult GmbH

Past directorships (held during the past five years) outside the Group:
Chairman of the Supervisory Board (Aufsichtsrat) of Datango AG;
Vice Chairman of the Supervisory Board (Aufsichtsrat) of etelon e-solutions AG

Educational and professional background:
Bankkaufmann, Diplom-Kaufmann (banker, university degree in business administration), Dr. rer. pol., post-doctoral lecture qualification | Venia Legendi (Betriebswirtschaftslehre) = authorization to teach business and managerial economics at a university

1970–1975	Research assistant and assistant professor, University of Munich
1976–1984	University professor, Faculty of Business Administration, University of Hannover, Germany Director of the Institute for Management and Organization
1980–1981	Visiting scholar, Stanford University, California, USA
1984–1987	University professor, Faculty of Business Administration, Technical University of Munich; Director of the Institute for General and Industrial Business Administration
Since 1988	University professor, Faculty of Business Administration, University of Munic Director of the Institute for Information, Organization and Management
2004–2005	Konrad Adenauer visiting professor, Georgetown University, Washington, D.C., USA

Henri Riey

Non-executive member
Independent member
Date of birth: November 5, 1961
Nationality: Monegasque

Appointed on: April 19, 2010
Appointed until: date of the Annual General Shareholders' Meeting in 2013 to approve the financial statements for the fiscal year ending December 31, 2012

Number of Sartorius Stedim Biotech Shares held: 400

Other current directorships and positions outside the Group:
Member of the Board of Hendyplan S.A., Belgium;
President of Aidea
President of Groupe HR S.A.S.

Past directorships (held during the past five years) outside the Group:
Member of the Supervisory Board of Groupe Ginger S.A.;
Member of the Board of Technofirst S.A.,
Vice President, member of the Board of Barclays Asset Management

Educational and professional background:
Diplôme Institut Supérieur de Gestion (France) (degree earned at the French Higher Institute of Business Management "Institut supérieur de gestion")

1985–1988	Fund Manager at Banque Paribas
1988–1996	Fund Manager, responsible for the European Equity Fund Management Team at Barclays Bank, France
1996–1999	Head of Research of Barclays Asset Management Europe
1999–2004	Executive Vice President of Barclays Asset Management; in charge of all fund management businesses
Since 2004	CFO of Hendyplan S.A.

Independent Directors

Pursuant to the principles of good corporate governance, the independent members may not be principal shareholders, employees, former Group employees, suppliers or bankers of the Group or major customers, nor may they have any other link likely to impair their judgment.

The Sartorius Stedim Board of Directors includes one independent director, Mr. Henri Riey.

The criteria needed to qualify as an independent director are the following:

- May not be an employee or senior executive employee or director of his or her parent company or of one of its consolidated companies and may not have been so during the five previous years;
- May not be a senior executive of a company in which the company directly or indirectly holds a director's position or in which an employee as such or a senior executive of the company (either currently or having been so for less than five years) holds a director's position;
- May not be a significant client, supplier, business banker or investment banker of the company or of its group, for which the company or its group represents a significant part of its business;
- May not have any close family ties with one of the senior executives;
- May not have been an auditor of the company for the five past years;
- May not have been a director of the company for more than twelve years.

Other Information:

To the company's knowledge, no member of the Board of Directors:

- has been convicted of fraud during the last five years or has been subject to any official public investigation or sanction by statutory regulatory authorities;
- has been associated in his | her capacity of manager in any bankruptcy, receivership or liquidation for the past five years;
- has been disqualified by a court from acting in the capacity of a member of an administrative, management or supervisory body of an issuer or from acting in the capacity of a management executive or conducting the business of any issuer for the past five years.

To the company's knowledge, no family relationships exist among the members of the company's Board of Directors.

Furthermore, to the company's knowledge, there is no conflict of interest between any duty of the members of the Board of Directors and their private interests and | or other duties. A Director must inform the Board as soon as he | she is aware of any conflict of interests, or even the possibility of a potential conflict, and must refrain from any participation in discussions on the relevant subject matter and from voting on any associated resolutions.

To the company's knowledge, no settlement or agreement has been reached with shareholders, clients, suppliers or others to appoint a member of the Board of Directors.

To the company's knowledge, there is no service contract linking a Board member to the Sartorius Stedim Biotech Group and granting him or her benefits.

The Audit Committee

The Audit Committee is currently composed of three members:

Mr. Henri Riey
Chairman of the Committee since December 5, 2007

Mr. Arnold Picot

Mr. Bernard Lemaître

The Chairman of the Audit Committee is independent. The Chairman of the Board of Directors, who is also the CEO of the Group, is a permanent guest of the Audit Committee, but has no voting rights.

The Audit Committee met five times during fiscal 2010.

Remuneration Committee

The Remuneration Committee is currently composed of four members:

Mr. Arnold Picot, Chairman of the Committee since June 29, 2007

Dr. Joachim Kreuzburg

Mr. Henri Riey

Mr. Bernard Lemaître

One of the four members of the Remuneration Committee is independent.

The Remuneration Committee met once in fiscal 2010.

For more information on the organization, functions and activities of each Committee during fiscal 2010, please refer to the Chairman's Report Pursuant to Article L. 225-37 of the French Commercial Code included in this publication (page 66).

The Executive Committee

The Executive Committee manages the operational business of the company. It decides on strategic and important topics relating to the company, provided that these decisions do not interfere with the responsibilities of the Board of Directors. The Executive Committee also implements decisions and resolutions of the Board of Directors in daily business. Since April 22, 2009, it has been composed of the following persons:

- Joachim Kreuzburg
- Volker Niebel
- Reinhard Vogt
- Oscar-Werner Reif

The Executive Committee met twelve times during fiscal 2010.

Chairman's Report Pursuant to Article L. 225-37 of the French Commercial Code

Pursuant to Article L. 225-37 of the French Commercial Code, the Chairman of the Board of Directors uses this report, which covers the fiscal year ended December 31, 2010, to present the conditions of the preparation and organization of the work of the Board of Directors and the internal controlling and control procedures implemented by the company within the Group.

Pursuant to the last paragraph of Article L. 225-235 of the French Commercial Code, the company's independent auditors prepare their own report concerning the report by the Chairman of the Board of Directors on the internal control procedures relative to the preparation and processing of accounting and financial information.

Corporate Governance Code

During the course of fiscal 2008, it was decided by the French Authorities that listed French stock corporations were to adhere to a Corporate Governance Code. The Sartorius Stedim Biotech S.A. Board of Directors therefore decided to adopt the AFEP-MEDEF recommendations (see www.medef.fr).

The AFEP-MEDEF Corporate Governance Code (the "Code") defines a set of regulations for good and responsible corporate governance. It follows the "comply or explain" principle that is implemented in most countries of the European Union. If a listed company does not comply with a recommendation of this Code, it must explain this in its corporate governance report.

Sartorius Stedim Biotech S.A. essentially complies with the Code, though Sartorius Stedim Biotech S.A. needs to explain certain divergences from this Code.

The Board of Sartorius Stedim Biotech S.A. is not composed of at least one third of independent members, nor are its Board committees comprised of at least two thirds, or a majority of, independent members. As Sartorius Stedim Biotech S.A. was established in 2007 by a merger, it required the strong involvement of the management team in the integration process. The Board is currently examining whether the number of its members needs to be increased in the future, particularly by appointing independent members. The integration process is also the reason that explains why the company has a Président-Directeur général (Chairman and CEO) instead of separating the functions of Président (Chairman) and CEO. We have not implemented any gradual renewal of the Board because the company was completely reorganized in 2007 by the merger and all Board members had to be elected. Possible changes to the structure of the Board may be considered at a later date.

Conditions for Preparation and Organization of the Work of the Board of Directors

Internal Rules and Regulations

The procedures governing the organization and functioning of the Board of Directors are defined by the Internal Rules and Regulations of the Board.

The Board of Directors deals with all matters concerning the proper operation of the company and takes decisions on subjects that concern it.

Its Missions

The main missions of the Board of Directors are as follows:

- The Board of Directors shall define the company's strategic goals and assess them from an overall perspective at least once a year, as proposed by the CEO, and ensure that these goals are implemented. It shall also appoint the corporate officers responsible for managing the company in pursuit of this strategy and review all delegations of authority;

- The Board of Directors shall review the management of the Group and monitor the quality of information provided to shareholders and to the market through the financial statements or when material events occur, especially about the company's shareholdings;

- The Board of Directors is responsible for approving all strategic investment projects and any transaction, in particular acquisitions or disposals, likely to materially affect the company's results, the structure of its balance sheet or risk profile;

- The Board of Directors shall deliberate prior to making any changes to the management structure of the company, and shall be informed of the principal organizational changes;

– The Board of Directors shall examine the corporate and consolidated accounts and approve the management report and the sections of the annual report dealing with corporate governance and those setting out the company's policies with respect to remuneration and stock options;

– The Board of Directors shall convene general shareholders' meetings and propose changes to the articles of association.

The missions mentioned above summarize the internal bylaws of the Board of Directors.

Activity Report of the Board for Fiscal 2010

The Board of Directors met six times during the fiscal year. The average attendance was 100%.

The Board reviewed and approved the corporate and consolidated accounts for 2009.

The Board of Directors considered and debated on the following at its meetings:

- Strategic direction and major Group projects (Investments on a casting machine in Goettingen; extension of our site in Puerto Rico);
- The annual, half-year and quarterly financial statements;
- Budgets presented by executive management;
- Information on the financial structure and cash flow items;
- Renewal of the factoring contract;
- Setting up a long-term credit line for acquisition of the casting machine;
- Significant off-balance sheet commitments;
- Risk indicators for the Group;
- Internal organization projects;
- Stock market performance;
- Self assessment of the Board members.

For the first time in 2010, the Board members carried out a formal assessment of the work of the Board of Directors. A questionnaire was sent to each Board member. A summary of the results shows a very positive overall assessment of board performance.

The committee chairmen submitted their committee work reports to the Board for discussion.

The independent auditors were invited to two Board meetings.

Information to Be Provided to Directors

Before each Board Meeting, Directors receive a report on the agenda items that require prior consideration, in due time and following notification.

Preliminary figures of the annual and interim statements are generally sent to all Directors at least one week before the meeting of the Audit Committee, which is always held on the day of or on the day before the Board meeting.

In addition to Board meetings, the Chairman regularly informs the Directors of any event or development that may have a material impact on Group operations or on any information previously communicated to the Board.

The Directors receive copies of any press releases that are issued by the company and have not been specifically approved by the Board. The Directors may, at any time, request further information from the Chairman of the Board, who shall assess the relevance of the request.

Board Committees

The Audit Committee and the Remuneration Committee are responsible for studying and making preparations for the Board's main deliberations in order to improve the Board's efficiency.

Each Board meeting is preceded by a meeting of at least one of the two Committees, depending on the items on the agenda. The Committees report to the Board on their work and observations and submit their opinions, proposals and recommendations.

The procedures of each Committee are also defined by Internal Rules and Regulations.

Duties of the Audit Committee:

The Audit Committee assists the Board of Directors with the company's accounting policy, reporting, treasury and hedging instruments, internal and external controlling, financial communication and risk management.

The Audit Committee has used the report dated July 22nd, 2010 to define the duties of the Committee.

The Audit Committee's duties in the field of accounting policy and internal controlling consist mainly of:

- Examining the annual corporate and consolidated accounts: reviewing half-yearly and annual corporation and consolidated accounts, including the notes to the financial statements and the management report presented by the Board of Directors to the Annual General Shareholders' Meeting convened to approve the statements for fiscal 2010; and presenting its observations and recommendations to the Board of Directors;
- Ensuring the suitability and consistent application of the accounting methods and procedures chosen by the company, and guaranteeing their correct application; and
- Examining the accounting treatment of any significant transactions carried out by the company.

The Audit Committee's duties in the area of external controlling consist of:

- Submitting recommendations to the Board of Directors concerning the statutory auditors and their appointment or reappointment by the Annual General Shareholders' Meeting.
- Analyzing and issuing an opinion on the definition, scope and timetable of their assignment and fees.
- Analyzing the independence of the legal auditors.

The Audit Committee's duties in the field of risk analysis and prevention consist of:

- Defining the internal audit plan for the Group companies, obtaining a report on the audits carried out and defining, if necessary, action plans for implementing new procedures in the respective companies.
- Examining the company's exposure to significant risks (risk mapping); and
- Verifying appropriate application of internal controls and accounting and financial reporting procedures.

The Audit Committee's duties in the area of financial communication consist of:

– Reviewing the company's proposed financial communication with respect to publication of its half-yearly and annual corporate accounts and its quarterly results.

The Committee may also perform any other activities deemed necessary or appropriate by the Committee and the Board of Directors.

Activity Report of the Audit Committee on Fiscal 2010

The Audit Committee met five times during the fiscal year. The average attendance was 100%.

The Audit Committee dealt with the following major topics:

- Examining the corporate and consolidated annual accounts: reviewing all financial statements, quarterly, half-yearly and annual corporate and consolidated accounts, including the implementation of specific actions related to IFRS standards;
- Working on hedging instruments.
- Review of the internal audit work
- Review of the quarterly risk management report.
- Approval of the auditors fees.

Duties of the Remuneration Committee:

The purpose of the Remuneration Committee is to help the company's Board of Directors to establish the remuneration policy for corporate officers and, in particular, the incentive mechanisms (granting of share subscription options, share purchase options or free allotment of shares) that the company may introduce.

Since the beginning of 2010, the Remuneration Committee has enlarged its functions, recommending new potential Directors and committee members.

Activity Report of the Remuneration Committee for 2010:

The Remuneration Committee met once during the fiscal year. The average attendance was 100 %.

The Remuneration Committee deliberated on the main following topics:

- Reviewing the remuneration for corporate officers;
- Reviewing payment of directors' fees;
- Reviewing the nominations | renewals of the members of the Board of Directors.

Within this scope, the Remuneration Committee is consulted by the Board of Directors on any proposal concerning:

- The total budget allotted to directors' fees and the terms of allocation thereof, taking into account the actual presence of the Directors at Board meetings and possibly at Committee meetings.
- The fixed remuneration for corporate officers and the terms of variable remuneration.
- The general policy on the granting of share subscription options, share purchase options or free allotment of company shares.

In 2010, the Remuneration Committee recommended renewing the mandates of Joachim Kreuzburg, Arnold Picot, Reinhard Vogt, Volker Niebel, Bernard Lemaître, Liliane de Lassus and Henri Riey for a three-year period until the 2013 ASM deciding upon the financial statements ended December 31, 2012.

Limitations on the Powers of the Chairman and Chief Executive Officer

On June 29, 2007, the Board of Directors voted to combine the functions of Chairman and Chief Executive Officer without any limitations on powers other than those included in the internal regulations of the Board of Directors, which are mainly strategic investment projects and any transactions, especially acquisitions or disposals, which may lead to a material profit and loss impact. This procedure concerns operations above one million euros.

Remuneration of Senior Executive and Senior Non-Executive Board members ("Mandataires sociaux")

The total remuneration, including all benefits paid during the year to each senior executive (Chairman of the Board of Directors, Chief Executive Officer, Directors) including share-based payments, is disclosed in the Corporate Governance Report of the Sartorius Stedim Biotech Group (see page 73).

A Remuneration Committee has been set up to review the remuneration of Board of Directors' executive members. Furthermore, the Remuneration Committee is also responsible for checking the annual directors' fees paid to directors.

Dr. Joachim Kreuzburg's and Reinhard Vogt's remuneration is determined annually by the Executive Task Committee of Sartorius AG's Supervisory Board. Their remuneration consists of fixed and variable components and is in line with their respective areas of responsibility. The variable portion contains short-, mid- and long-term components. The short-term components are paid out every year. The mid term component is paid out every three years based on the average of the achieved target for the three-year term. The long term component is comprised of a phantom stock plan that is subject to risk. This remuneration component depends on the development of the Sartorius AG share price over a period of at least four (formerly three years) years and is payable only if this price exceeds at least 7.5% (formerly 10%) per year relative to the time the phantom stock was assigned or if the share price outperformed the TecDAX® as a comparative index. The amount to be paid is capped at a maximum of 2.5 times the share price at the time the phantom stock was assigned, based in each case on the actual annual tranche concerned. The use of a component that is designed to have a long-term incentive effect and entails risk is a recommendation adopted from the German and French Corporate Governance Codes. To date, no payment has been made to Dr. Kreuzburg or Reinhard Vogt according to this phantom stock plan.

The remuneration for Oscar-Werner Reif and Volker Niebel is discussed within the Remuneration Committee and subsequently voted on by the Annual General Shareholders' Meeting of Sartorius Stedim Biotech GmbH, with which Oscar-Werner Reif and Volker Niebel have employment contracts. Their remuneration consists of fixed and variable components and is in line with their respective degrees of responsibility.

Internal Control Procedures

Introduction

The objectives defined by the Chairman for the internal control system of Sartorius Stedim Biotech are as follows:

- Prevent risks that would endanger the quality of the assets of Sartorius Stedim Biotech or even its existence;
- Ensure that the executive management activities, the transactions completed and the conduct of employees comply with the guidelines defined by executive management, applicable laws and regulations, the fundamental values, standards and internal rules of the business and the ethical codes and conventions of the healthcare industry;
- Ensure that accounting and financial information and management data provided to the executive management of the company accurately reflect the operations of Sartorius Stedim Biotech; and
- Prevent risks arising from operations, errors or fraud, especially in the accounting and financial area.

Scope of Internal Control

The internal control system described covers the parent company and its affiliates.

Components of Internal Control

Environment for Internal Control

The core of any business is its people – their individual attributes, including integrity, ethical values and expertise – and the environment in which they operate. They are the engine that drives the organization and the foundation that supports the company.

Risk Assessment Process – Risk Mapping

The company must be aware of, and deal with, the risks it faces. It must set itself objectives and integrate them into its sales, production, marketing, financial and other activities so that the organization operates in concert. It must also establish mechanisms to identify, analyze and manage the related risks.

Control Activities

These control activities are undertaken at every level of the Group to ensure that internal control is efficient: checking the accuracy, completeness, authorization, validation and recording of transactions and ensuring that different people discharge different duties so as to reduce the risk of errors or fraud.

Information and Communication

The availability of accurate, reliable and complete information is essential both to achieve business objectives and to enable proper reporting to all parties concerned in compliance with the applicable laws and regulations.

Monitoring, Control and Management

Responsibilities and authorities must be defined and understood at all levels of a company for internal control to function effectively. Duties must be assigned in such a way that a person's work is always checked and approved by a different person. Where the size of the local unit concerned permits, responsibility for initiating, authorizing, recording and processing transactions must always be assigned to different individuals.

Unit management is responsible for maintaining internal checks and internal control at all times.

Internal Controlling Roles

Executive Management

The Chairman and Chief Executive Officer is responsible for the internal control system and management at all levels. He is also responsible for the development, operation, monitoring and management of the internal control and controlling systems and for providing the necessary assurances that these steps have been implemented.

Audit Committee

The Audit Committee is responsible for carrying out any necessary reviews and evaluations of the internal controlling procedures, including those relating to financial information, and also assists with the preparation of the Group's consolidated financial statements. For further information about the Audit Committee, see page 67 to 68.

Risk Management

The Sartorius Stedim Biotech Group is inevitably exposed to a wide variety of risks by the nature of its operations around the world. Accordingly, an internal risk management system has been set up to help identify, assess and manage these risks efficiently. Within this risk management system, an ad hoc committee comprised of representatives of different departments regularly studies current issues of risk management. This enables the committee to provide executive management with an overview of the risk to which the company is exposed, enabling it to take appropriate action when required.

Internal Auditing Department

The Internal Auditing Department is in charge of monitoring the effectiveness and suitability of risk management and the internal control system in Sartorius Stedim Biotech Group companies, as well as compliance of all activities and processes with internal and external rules and standards. It provides independent auditing and consulting services that focus primarily on compliance with all relevant legal provisions and the improvement of business processes at the company. To ensure the independence of the internal auditors, the Audit Committee receives at least once a year a report from the Internal Auditing Department on the work they have done (according to the audit plan established by this committee) and their findings with regard to Group affiliates.

Finance and Controlling Departments

The Finance and Controlling Departments track and monitor operations and projects to optimize the Group's profitability and cash flow, providing both internal and external stakeholders with reliable information.

These two departments define the Group's accounting rules and methods and its principle financial processes (five-year business plan, budget, etc.) as well as reporting tools, in order to monitor the day-to-day business.

Procedures for Preparing the Group Financial Statements and Other Accounting and Financial Information

The accounts of subsidiaries are prepared in accordance with the Group's accounting policies. The data is then adjusted, where necessary, to produce company accounts that comply with the applicable local legal and tax provisions. Integrated consolidation software is used both for management reporting purposes and to produce the Group financial statements.

Accounting Standards

The consolidated financial statements are prepared in accordance with IFRS accounting standards as currently adopted by the European Union. The consolidated financial statements comply with accounting rules and methods as detailed in the Notes to the Consolidated Financial Statements.

Roles of the Group's Finance and Controlling Departments

The Finance and Controlling Departments check the quality of the reporting packages submitted by subsidiaries, focusing primarily on the following elements: checking corporate data and consolidated adjustments entered locally, inter-company eliminations, the accounting treatment of non-recurring transactions for the reporting period, and verifying principal movements between the opening and closing balance sheets to prepare the cash flow statement.

The Finance Department also verifies the results of procedures, including currency translation, inter-company eliminations, etc.

Key points of review include the preparation and validation of the statement of changes in shareholders' equity and the cash flow statement.

Financial Information and Reporting

The Group's rules and procedures in relation to financial reporting and accounting are set out in the Accounting and Reporting Manual. Application of and compliance with these principles, rules and procedures are the direct responsibility of the finance director of each subsidiary. They must ensure that information provided via the Management Information System complies fully with all applicable disclosure requirements.

Executive Management reviews the effectiveness of the internal controlling of financial reporting regularly. In particular, it verifies that transactions have been recorded consistently, in accordance with IFRS international accounting standards as applied by the Group and as set out in the Accounting and Reporting Manual, in order to ensure the pertinence of transactions and assets recognized within the times set.

Internal Control in 2010

From an internal control perspective, the Group focused on the following this year:

Implementation of a Code of Conduct and an Anti-Corruption Code, new Internal Control Systems | Compliance Department

An indispensable element of Sartorius Stedim Biotech S.A.'s corporate culture is to act sustainably from economic, ecological and social perspectives. To ensure consistent standards of behavior throughout the entire Group, the Sartorius Code of Conduct entered into force at all Sartorius Stedim Biotech sites in 2010. Along with the Sartorius Code of Conduct, the Sartorius Anti-Corruption Code was introduced to improve employees' awareness of this topic against an increasingly complex international economic environment. Both Codes apply equally to all persons employed at the Group, whether they are members of the Executive Board, managing directors, officers, managers, non-managerial staff or other employees. The Codes set standards intended to provide guidance in meeting ethical and legal challenges encountered during daily work. In the interest of all employees and the company, any violations of these Codes are to be investigated and their causes eliminated.

For this purpose, the Group's compliance organization has been centralized within its own Internal Control Systems | Compliance Department as of March 2010, reporting directly to the CEO and Chairman of the Board. Alongside the monitoring duties and other responsibilities mentioned above, the Internal Control Systems | Compliance department has assumed responsibility for the Group's internal auditing and risk management.

Mid-term Prospects

The Group will continue to work on Internal Control issues by strengthening its approach to risk mapping and risk management. This process will be based on elements of the AMF Internal Control Reference Framework.

Aubagne, March 3, 2011

The Chairman and the members of the Board of Directors

Joachim Kreuzburg

Volker Niebel

Reinhard Vogt

Oscar-Werner Reif

Liliane de Lassus

Bernard Lemaître

Arnold Picot

Henri Riey

Remuneration of the Executive and Non-executive Members of the Board

Tables Summarizing the Remuneration and Options and Shares Granted to Each Corporate Officer

Joachim Kreuzburg
(Chairman of the Board and Chief Executive Officer)

€ in K	**Year 2010**	Year 2009
Due remuneration	1,299	757
Options valuation granted during the reporting period	0	0
Valuation of the performance shares granted during the reporting period	211	242
Total	**1,510**	**999**

Volker Niebel
(Executive Vice President of Operations and IT)

€ in K	**Year 2010**	Year 2009
Due remuneration	439	390
Options valuation granted during the reporting period	0	0
Valuation of the performance shares granted during the reporting period	0	0
Total	**439**	**390**

Reinhard Vogt
(Executive Vice President of Marketing, Sales and Service)

€ in K	**Year 2010**	Year 2009
Due remuneration	727	439
Options valuation granted during the reporting period	0	0
Valuation of the performance shares granted during the reporting period	115	58
Total	**842**	**497**

Oscar-Werner Reif
(Executive Vice President Research and Development)

€ in K	**Year 2010**	Year 2009
Due remuneration	437	249
Options valuation granted during the reporting period	0	0
Valuation of the performance shares granted during the reporting period	0	0
Total	**437**	**249**

Summary of the Remuneration for Each Corporate Officer

Joachim Kreuzburg[1)]
(Chairman of the Board and Chief Executive Officer)

	Year 2010		Year 2009	
€ in K	**Due amounts**	**Paid amounts**	Due amounts	Paid amounts
Fixed remuneration		507		400
Variable remuneration[2)]	392	0	308	0
Long-Term Incentive [3)]	382		31	
Exceptional remuneration				
Director fees				
Benefits in kind[4)]		18		18
Total	**774**	**525**	**339**	**418**

[1)] Joachim Kreuzburg receives his salary from Sartorius AG for its duties performed for the entire Sartorius Group including Sartorius Mechatronics. His remuneration is determined annually by the Executive Task Committee of the Sartorius AG Supervisory Board

[2)] The variable remuneration contains components that are based on the economic success of the Group, in particular sales revenue and profit, and in addition, individually defined targets that reflect the operating and strategic goals of the Group.

[3)] Addition to the pension plan, the addition to the Phantom Stock Plan and one other long-term component

[4)] Company car

Volker Niebel[1]
(Executive Vice President of Operations and IT)

	Year 2010		Year 2009	
€ in K	**Due amounts**	**Paid amounts**	Due amounts	Paid amounts
Fixed remuneration		260		260
Variable remuneration[2]	169	0	84	36
Exceptional remuneration				
Director fees				
Benefits in kind[3]		10		10
Total	**169**	**270**	**84**	**306**

[1] Volker Niebel receives his salary from Sartorius Stedim Biotech GmbH for its duties performed for the Sartorius Stedim Biotech Group.
[2] The variable remuneration contains components that are based on the economic success of the Group, in particular sales revenue and profit, and in addition, individually defined targets that reflect the operating and strategic goals of the Group.
[3] Company car

Oscar-Werner Reif[1]
(Executive Vice President Research and Development)

	Year 2010		Year 2009	
€ in K	**Due amounts**	**Paid amounts**	Due amounts	Paid amounts
Fixed remuneration		262		176
Variable remuneration[2]	169	0	47	20
Exceptional remuneration				
Director fees				
Benefits in kind[3]		6		6
Total	**169**	**268**	**47**	**202**

[1] Oscar-Werner Reif receives his salary from Sartorius Stedim Biotech GmbH for its duties performed for the Sartorius Stedim Biotech Group.
[2] The variable remuneration contains components that are based on the economic success of the Group, in particular sales revenue and profit, and in addition, individually defined targets that reflect the operating and strategic goals of the Group.
[3] Company car

Reinhard Vogt[1]
(Executive Vice President of Marketing, Sales and Service)

	Year 2010		Year 2009	
€ in K	**Due amounts**	**Paid amounts**	Due amounts	Paid amounts
Fixed remuneration		320		275
Variable remuneration[2]	213		89	61
Long-Term Incentive[3]	180			
Exceptional remuneration				
Director fees				
Benefits in kind[4]		14		14
Total	**393**	**334**	**89**	**350**

[1] Reinhard Vogt receives his salary from Sartorius AG for its duties performed for the entire Sartorius Group including Sartorius Mechatronics. His remuneration is determined annually by the Executive Task Committee of the Sartorius AG Supervisory Board
[2] The variable remuneration contains components that are based on the economic success of the Group, in particular sales revenue and profit, and in addition, individually defined targets that reflect the operating and strategic goals of the Group.
[3] Addition to the pension plan, the addition to the Phantom Stock Plan and one other long-term component
[4] Company car

Table on Directors' Meeting Attendance Fees and Other Remuneration Received by Non-Executive Corporate Officers

€ in K	**Year 2010**	Year 2009
Bernard Lemaître		
Director fees	41	13
Other remuneration		
Arnold Picot		
Director fees	44	16
Other remuneration		
Liliane de Lassus		
Director fees	28	16
Other remuneration		
Henri Riey		
Director fees	44	16
Other remuneration		
Total	**157**	**61**

Stock Options Granted During the Reporting Period to the Executive Corporate Officers by the Issuer or Any Other Company of the Group

Name of the executive corporate officer	Date of the plan	Nature of options	Valuation of these options with regard to calculation method	Number of options granted during the rerpoting period	Price of exercised options	Window period
Joachim Kreuzburg						
Volker Niebel			NONE			
Reinhard Vogt						
Oscar-Werner Reif						
Total						

Stock Options Exercised During the Reporting Period by Each Corporate Officer

Name of the executive corporate officer	Date of the plan	Number of exercised stock options	Price of exercise
Joachim Kreuzburg			
Volker Niebel		NONE	
Reinhard Vogt			
Oscar-Werner Reif			
Total			

Performance Shares Available for Each Corporate Officer

Performance shares available for each corporate officer[1)]	Date of the plan	Number of shares available during the reporting period	Acquisition conditions
Joachim Kreuzburg		none	
Volker Niebel		not applicable	
Reinhard Vogt		none	
Oscar-Werner Reif		not applicable	
Liliane de Lassus		not applicable	
Bernard Lemaître		not applicable	
Henri Riey		not applicable	
Total			

[1)] The performance shares are bonus shares allocated to the corporate officers within the framework of the L225 - 197 - 1 articles and following of the commercial law, and which are subjected to additional requirements laid down by recommendations AFEP | MEDEF of October 2008.

Performance Shares Granted to Corporate Officers

Performance shares granted by the ASM during the reporting period to any corporate officer by the issuer or any other company of the Group	Date of the plan	Number of shares granted during the year	Valuation of the shares according to the consolidated accounts methodology	Date of acquisition	Date of availability	Performance conditions[1)]
Joachim Kreuzburg		8,715	211	Jan. 01, 2010	Jan. 01, 2014	
Volker Niebel		0				
Reinhard Vogt		4,754	115	Jan. 01, 2010	Jan. 01, 2014	
Oscar-Werner Reif		0				
Liliane de Lassus						
Bernard Lemaître						
Henri Riey						
Total		**13,469**				

[1)] The performance shares are comprised of a phantom stock plan. The phantom stock plan is used as the variable incentive component that includes a risk portion. This remuneration component depends on the development of the Sartorius AG share price over a period of at least four (formerly three) years and is payable only if this price exceeds at least 7.5% (formerly 10%) per year relative to the time the phantom stock was assigned or if the share price outperformed the TecDAX® as a comparative index. The amount to be paid is capped at a maximum of 2.5 times the share price at the time the phantom stock was assigned, based in each case on the actual annual tranche concerned. The use of a component that is designed to have a long-term incentive effect and entails risk is recommended by the French and German Corporate Governance Code.

Stock Options Granted | Historical Information

	Plan N°2	Plan N°3	Plan N°4	Plan N°5	Plan N°6	Plan N°7	Plan N°8	Plan N°9
Annual Shareholders Meeting							June 10, 2005	
Board of Directors Meeting							Sept. 15, 2005	
Total number of stock suscribed or bought | thereof for the following people :							127,500	
Joachim Kreuzburg CEO and Chairman of the Board								
Reinhard Vogt								
Volker Niebel								
Arnold Picot								
Bernard Lemaître								
Liliane de Lassus							30,000	
Henri Riey								
Starting point of the stock options							Sept. 15, 2005	
Expiration date							Sept. 14, 2014	
Price							18.87	
Exercised modalities								
Number of stock options suscribed as of Dec. 2010							10,000	
Number of erased stock options							20,000	
Stock options not yet exercised							0	

Liliane de Lassus exercised 10,000 stock options at the beginning of January 2010.

Stock Options Granted to the Top Ten Non-corporate Officers and Exercised by Them

Stock options granted to the top 10 employees non corporate officers and exercised by them	Total number of granted stock options	Average price	Plan N°2	Plan N°3	Plan N°4	Plan N°5	Plan N°6	Plan N°7	Plan N°8	Plan N°9
Option granted, during the reporting period, by the issuer or other companies in the Group, to the top 10 employees to the issuer of the companies of the Group that lead to the maximum number	0	0	0	0	0	0	0	0	0	0
Options owned on the issuer or other companies of the Group, exercised during the reporting period by the top 10 employees, which lead to the maximum number	40,727	18.18	0	4,060	0	0	0	0	36,667	0

Additional Information about the Executive Board Members

Corporate officer	Employment contract		Additional pension plan		Indemnities or due compensations with regard to termination contracts or positions		Non compete clause indemnities	
	Yes	No	Yes	No	Yes	No	Yes	No
Joachim Kreuzburg CEO and Chairman	[1]		[4]		[5]		[6]	
Reinhard Vogt	[2]			none	[5]		[6]	
Oscar-Werner Reif	[3]			none	[5]		[7]	
Volker Niebel	[3]			none		none	[7]	

[1] Joachim Kreuzburg has an employment contract with Sartorius AG for his duties performed as CEO of the entire Sartorius Group, including Sartorius Mechatronics. This is standard practice in Germany.

[2] Reinhard Vogt has an employment contract with Sartorius AG for his duties performed as a member of the Executive Board of the entire Sartorius Group, including Sartorius Mechatronics. This is standard practice in Germany.

[3] Oscar-Werner Reif and Volker Niebel each have an employment contract with Sartorius Stedim Biotech GmbH for their duties performed as managing directors of the company. This is standard practice in Germany.

[4] There is a common pension plan in place at the Sartorius AG level for Joachim Kreuzburg. The level of his entitlement to benefits paid under a company pension plan depends on his respective tenure.

[5] The severance cap for the members of the Executive Committee is the remuneration for two years based on the actual remuneration at the time of the termination of the employment contract. In case of the employment contract lasts less than two years, the severance payment is capped at an amount of the remaining remuneration of the employment contract.

[6] Joachim Kreuzburg and Reinhard Vogt have a mandatory non-compete clause for the time they are appointed as members of the Executive Board of Sartorius AG. For the time period of two years after the end of their appointments as members of the Executive Board of Sartorius AG, they have got an additional non-compete clause, which grants them an indemnity of half of the received gross salary per year of the non-compete period. The non-compete period is two years.

[7] For a two-year period after the end of his employment contract with Sartorius Stedim Biotech GmbH, he is bound by a non-competition clause, which grants him compensation equal to half of his annual gross salary during the non-competition period. This non-competition period is two years.

Additional Information about the Remuneration of the Executive Board Members

General and Fixed Remuneration

The total value of the remuneration of an Executive member reflects the scope of the responsibilities of the Executive member concerned, the Executive member's personal performance, the company's economic situation and sustainable progress. In addition, the extent to which this amount of remuneration is typical is considered, taking into account peer companies and the remuneration structure in place in other areas of the company and in similar companies. Remuneration is comprised of both fixed and variable components and is reviewed annually to ensure that it remains appropriate. The variable remuneration components paid in addition to the fixed base salary represent approximately half of the total remuneration excluding pension commitments and fringe benefits in the case of 100% target achievement.

Variable Remuneration

The variable portion of this remuneration contains components that are paid annually (subordinate targets measured against sales revenue/order intake, EBITA, ratio of net debt to EBITDA and individual goals) and components determined by multi-year assessment (measured against consolidated net profit).

a) Annually paid variable remuneration

The portion of the variable remuneration that is to be paid annually depends on the degree to which the target is achieved. Thus, target achievement is subdivided into the previously mentioned four subordinate targets, which are each separately paid.

Sales Revenue | Order Intake

If the degree of target achievement is below 90%, no remuneration is paid. If 90% is achieved, 50% of the awarded sum is paid out. Thereafter, payment increases linearly up to a target achievement of 104%, at which a maximum of 120% of the awarded sum is paid out. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

EBITA

If the degree of target achievement is below 70%, no remuneration is paid. If 70% is achieved, 70% of the awarded sum is paid out. Thereafter, payment increases linearly up to a target achievement of 120%, at which a maximum of 120% of the awarded sum is paid out. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

Ratio of Net Debt to EBITDA

No remuneration is paid if the ratio of net debt to EBITDA achieved is below the lower limit defined. If this defined value is achieved, 50% of the awarded sum is paid out. Thereafter, payment increases linearly up to a target achievement of 120%, at which a maximum of 120% of the awarded sum is paid out. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

Individual Goals

Reasonable quantitative and qualitative targets are agreed upon annually according to the area of responsibilities of each member of the Executive Board and in line with the current priority projects and objectives of the Group. At the end of a fiscal year, the Supervisory Board individually determines this component of variable remuneration, where a degree of payment exceeding 100% can be attained only if it is in adequate proportion to the situation of the company.

b) Variable remuneration: Consolidated Net Profit

Components determined by multi-year assessment depend on the degree to which the target is achieved. Consolidated net profit has to be considered in this context.

Consolidated Net Profit

For this subordinate target, the basis for assessment is the consolidated net profit after minority interest excluding amortization (impairment of the value of intangible assets, such as customer databases or patents, which results from purchase price allocation within the scope of business combinations pursuant to IFRS 3). Target achievement for assessing annual variable remuneration is based on the average taken over a period of three fiscal years, beginning with the present fiscal year. To smooth the amounts to be paid out, a partial payment amounting to 50% of the target achievement for a fiscal year will be effected. Any overpayments as a result of these partial payments will be offset in the following year against other remuneration components (fixed or variable). No partial payment will be made in the year prior to an Executive Board member's resignation. Full account is thus taken of any negative results and the effects thereof continue to have an impact on the remuneration of the Executive Board member concerned even after he or she has left the company. If a defined minimum value is attained, payment of the awarded sum will increase linearly from 0% to a maximum of 120% of the subordinate target achievement value defined. The degree of payment of 120% constitutes the cap for this subordinate target at the same time.

c) Variable remuneration: Phantom Stock Plan

Phantom Stock Plan

Joachim Kreuzburg and Reinhard Vogt have access to the Phantom Stock Plan because of their responsibilities at the Sartorius AG level.

Through the issue of shadow shares, called phantom stock, Executive members are treated as if they were owners of a certain number of shares in Sartorius AG, without, however, being entitled to receive dividends. The development of the value of this phantom stock is linked with the development of the Sartorius share; both increases and decreases in the share price are taken into account. Later, this phantom stock is valuated based on the share price at the time and its equivalent is paid out, provided that the associated conditions are met. Phantom stock cannot be traded and does not entail any share subscription rights.

According to the Sartorius phantom stock plan, each Executive member is credited at the beginning of every year with phantom stock units valued at an agreed monetary sum. The value of this phantom stock can be paid out only as an entire annual tranche. Payment can be requested, at the earliest, after a period of four years and no later than after eight years.

An Executive member is entitled to receive payment for phantom stock units only if the share price at the time of the payment request has appreciated at least 7.5% per year relative to the time the phantom stock was assigned or if the share price outperformed the TecDAX® as a comparative index. The phantom stock plan rules out subsequent changes to the parameters used for comparative stock valuation. The amount to be paid is capped at a maximum of 2.5 times the share price at the time the phantom stock was assigned, based in each case on the actual annual tranche concerned.

Assignment of this phantom stock and payment of its monetary equivalent depend on the mean value calculated from the average prices of both classes of Sartorius AG share in the closing auction of Xetra trading on the Frankfurt Stock Exchange over the last 20 days of trading of the previous year or the 20 days of trading prior to submission of the payment request. This serves to compensate for any short-term fluctuations in the share price.

Payment for phantom stock is blocked for the four weeks preceding the scheduled publication date of quarterly and preliminary yearend results and for 20 days of trading on the stock exchange following the actual publication of quarterly and preliminary year-end results. These blackout periods are intended to prevent Executive Board members profiting from their insider knowledge.

Statutory Auditors' Report Prepared in Accordance with Article L. 225–235

Statutory Auditors' Report, Prepared in Accordance with Article L. 225 - 235 of the French Commercial Code (Code de Commerce), on the Report Prepared by the Chairman of the Board of Directors of Sartorius Stedim Biotech

(Freely translated from the French original by the auditors)

To the Shareholders,

In our capacity as statutory auditors of Sartorius Stedim Biotech and in accordance with article L. 225-235 of the French commercial code (Code de commerce), we hereby report on the report prepared by the Chairman of your company in accordance with article L. 225 - 37 of the French commercial code (Code de commerce) for the year ended December 31, 2010.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by article L. 225 - 37 of the French commercial code (Code de commerce) relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- confirm that the report also includes the other information required by article L. 225 - 37 of the French commercial code (Code de commerce). It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with article L. 225 - 37 of the French commercial code (Code de commerce).

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by article L. 225 - 37 of the French commercial code (Code de commerce).

Marseilles, March 4, 2011

The Statutory Auditors

Deloitte & Associés	ERNST & YOUNG Audit
French original signed by Vincent Gros	French original signed by Anis Nassif

Independent Auditors' Fees

Principal Independent Auditors

Ernst and Young Audit

408, avenue du Prado – BP 116 – 13267 Marseille Cedex 08 – France
Represented by Anis Nassif.
First commissioned by the Combined General Shareholders' Meeting on June 28, 1985. Date commission expires: 2015 Annual General Shareholders' Meeting to approve the 2014 financial statements. Member of Compagnie régionale de Versailles.

Deloitte et Associés

10, Place de la Joliette – Les Docks – Atrium 10.4 – BP 64529 - 13567 Marseille Cedex 02 – France
Represented by Vincent Gros.
First commissioned by the Annual General Shareholders' Meeting on May 19, 2006. Date commission expires: 2012 Annual General Shareholders' Meeting to approve the 2011 financial statements.

Independent Auditors' Fees

	Ernst & Young				**Deloitte**			
€ in K		**2010**		2009		**2010**		2009
Audit								
Independent audit, certification, parent company & consolidated financial statements								
Parent company	108	78.8%	105	75.0%	113	19.8%	110	21.6%
Subsidiaries	9	6.6%	31	22.1%	315	55.1%	370	72.5%
Services directly related to audit services								
Parent company								
Subsidiaries								
Subtotal	**117**	**85.4%**	**136**	**97.1%**	**428**	**74.8%**	**480**	**94.1%**
Other services								
Legal, tax, corporate	0		2	1.4%	71	12.4%	30	5.9%
Information technology, other	20	14.6%	2	1.4%	73	12.8%		
Subtotal	**20**	**14.6%**	**4**	**2.9%**	**144**	**25.2%**	**30**	**5.9%**
Total	**137**	**100%**	**140**	**100%**	**572**	**100%**	**510**	**100%**

Substitute Independent Auditors

Auditex

Tour Ernst & Young – Faubourg de l'Arche – 92037 Paris-La Défense Cedex
Member of Compagnie régionale de Versailles.
First commissioned by the Annual General Shareholders' Meeting on April 21, 2009. Date commission expires: 2015 Annual General Shareholders' Meeting to approve the 2014 financial statements.

BEAS

7/9, Villa Houssay – 92200 Neuilly sur Seine – France
Represented by Alain Pons.
Commissioned by the Annual General Shareholders' Meeting on May 19, 2006. Date commission expires: 2012 Annual General Shareholders' Meeting to approve the 2011 financial statements.

			Other				Total
	2010		2009		**2010**		2009
	0.0%		0.0%	221	20.1%	215	19.1%
260	66.5%	249	52.1%	584	53.1%	650	57.6%
260	**66.5%**	**249**	**52.1%**	**805**	**73.2%**	**865**	**76.7%**
131	33.5%	229	47.9%	202	18.4%	261	23.1%
				93	8.5%	2	0.2%
131	**33.5%**	**229**	**47.9%**	**295**	**26.8%**	**263**	**23.3%**
391	**100%**	**478**	**100%**	**1,100**	**100%**	**1,128**	**100%**

Consolidated Financial Statements and Notes

04

Statement of Financial Position

Assets	Notes	**Dec. 31, 2010 € in K**	Dec. 31, 2009 € in K
A. Non-current assets			
I. Goodwill	[13]	250,277	250,277
II. Intangible assets	[13]	102,067	106,590
III. Property, plant and equipment	[14|15]	112,683	111,765
IV. Investments	[16]	2,247	2,248
		467,274	**470,880**
V. Receivables and other assets	[19]	806	1,396
VI. Deferred tax assets	[17]	11,882	10,013
		479,962	**482,289**
B. Current assets			
I. Inventories	[18]	50,776	46,718
II. Trade receivables	[19]	82,508	70,458
III. Current tax assets	[19]	3,363	3,353
IV. Other assets	[19]	10,066	10,191
V. Cash and cash equivalents		29,661	54,849
		176,373	**185,568**
Total assets		**656,335**	**667,857**

Equity and Liabilities	Notes	**Dec. 31, 2010 € in K**	Dec. 31, 2009 € in K
A. Equity			
I. Issued capital	[20]	10,378	10,353
II. Capital reserves	[21]	278,199	338,810
III. Retained earnings (including net profit)	[21]	76,491	44,036
IV. Non-controlling interest		0	0
		365,068	**393,199**
B. Non-current liabilities			
I. Pension provisions	[22]	15,984	12,888
II. Deferred tax liabilities	[17]	34,202	34,641
III. Other provisions	[23]	3,946	3,195
IV. Loans and borrowings	[24]	92,133	104,075
V. Other liabilities	[24]	87	169
		146,352	**154,967**
C. Current liabilities			
I. Provisions	[25]	4,789	4,929
II. Trade payables	[26]	45,999	32,725
III. Loans and borrowings	[26]	40,285	38,417
IV. Current tax liabilities	[26]	16,094	10,848
V. Other liabilities	[26]	37,748	32,773
		144,915	**119,692**
Total equity and liabilities		**656,335**	**667,857**

Income Statement

	Notes	**2010 12 months € in K**	2009 12 months € in K
1. Sales revenue	[30]	432,949	401,231
2. Cost of sales	[31]	–217,292	–210,901
3. Gross profit on sales		**215,657**	**190,330**
4. Selling and distribution costs	[32]	–94,792	–84,510
5. Research and development costs	[33]	–27,824	–24,493
6. General administrative expenses	[34]	–24,887	–24,420
7. Other operating income and expenses	[35]	–1,142	–1,264
8. Earnings before interest, taxes and amortization (EBITA)[2)]		**67,012**	**55,643**
9. Amortization[1)]		–7,117	–7,033
10. Earnings before interest and taxes (EBIT)		**59,894**	**48,611**
11. Interest and similar income	[36]	431	354
12. Interest and similar expenses	[36]	–4,336	–7,297
13. Financial result		**–3,905**	**–6,943**
14. Profit before tax		**55,989**	**41,667**
15. Deferred tax income I expenses	[37]	2,245	3,429
16. Income tax expenses	[37]	–18,148	–13,676
17. Other taxes		–1,575	–2,328
18. Taxes		**–17,478**	**–12,575**
19. Net profit for the period		**38,511**	**29,092**
Attributable to:			
20. Equity holders of Sartorius Stedim Biotech		**38,511**	**29,092**
21. Non-controlling interest		0	0
Earnings per share (€)	[38]	2.39	1.71
Diluted earnings per share (€)	[38]	2.39	1.70

[1)] Amortization refers only to amortization of goodwill (if applicable) and of intangible assets recognized in connection with purchase price allocation (PPA) according to IFRS 3.

[2)] The Sartorius Stedim Biotech Group uses earnings before interests, taxes, and amortization (EBITA) as the key figure for measuring performance and profitability of the Group.

Statement of Comprehensive Income

	2010 12 months € in K	2009 12 months € in K
Net profit for the period	38,511	29,092
Net gain	(loss) on cash flow hedges	1,158	620
Actuarial gains I (losses) from pension provisions	–2,016	–575
Currency translation differences	5,165	–714
Net investment in a foreign operation	–963	64
Deferred taxes	532	–37
Net income recognized directly in equity	3,876	–642
Comprehensive income	**42,387**	**28,450**
Attributable to:		
Equity holders of Sartorius Stedim Biotech	42,387	28,450
Non controlling interest	0	0

Statement of Changes in Equity

€ in K	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Retained earnings	Foreign currency translation reserves	Group equity	Non-controlling interest	**Total equity**
Balance at Jan. 1, 2009	**10,323**	**338,352**	**–538**	**218**	**26,066**	**–4,653**	**369,768**	**1,878**	**371,646**
Comprehensive income	**0**	**0**	**434**	**–407**	**29,137**	**–714**	**28,450**	**0**	**28,450**
Stock options	30	458	0	0	0	0	488	0	488
Dividends	0	0	0	0	–5,077	0	–5,077		–5,077
Acquisition of additional shares in subsidiaries	0	0	0	0	–458	0	–458	–1,878	–2,336
Other changes	0	0	0	0	28	0	28	0	28
Balance at Dec. 31, 2009 I Jan. 1, 2010	**10,353**	**338,810**	**–104**	**–189**	**49,696**	**–5,367**	**393,199**	**0**	**393,199**
Comprehensive income	**0**	**0**	**811**	**–1,497**	**37,837**	**5,236**	**42,387**	**0**	**42,387**
Stock options	25	716	0	0	0	0	741	0	741
Dividends	0	0	0	0	–10,183	0	–10,183	0	–10,183
Acquisition of additional shares in subsidiaries	0	0	0	0	0	0	0	0	0
Share buyback program[1)]	0	–61,327	0	0	0	0	–61,327		–61,327
Other changes	0	0	0	–14	265	0	251	0	251
Balance at December 31, 2010	**10,378**	**278,199**	**707**	**–1,700**	**77,615**	**–131**	**365,068**	**0**	**365,068**

[1)] See specific paragraph in the Notes to the Financial Statements (please refer to Notes 10 and 20).

Cash Flow Statement

	Notes	**2010 12 months € in K**	2009 12 months € in K
Cash flows from operating activities			
Net result		38,511	29,092
Non-controlling interest		0	0
Tax expenses	[37]	17,477	12,575
Financial expenses	[36]	3,905	6,943
Depreciation | amortization of fixed assets		22,982	22,685
Increase | decrease in provisions	[23 | 25]	191	–361
Increase | decrease in receivables	[19]	–7,611	4,532
Increase | decrease in inventories	[18]	–2,589	13,909
Increase | decrease in liabilities	[26]	12,803	8,908
Income taxes paid	[37]	–12,911	–6,428
Net cash flow from operating activities		**72,759**	**91,855**
Cash flows from investing activities			
Payments for financial assets	[16]	–10	–420
Payments for property, plant and equipment	[14 | 15]	–12,346	–10,841
Income from the disposal of fixed assets	[14 | 15]	1,397	1,776
Payments for intangible assets	[13]	–4,339	–4,913
Acquisition of intangible assets		0	–291
Net cash flow from investing activities		**–15,298**	**–14,689**
Cash flows from financing activities			
Changes in capital		741	488
Interest received	[36]	431	316
Interest paid and other financial charges	[36]	–1,949	–8,278
Payments for derivative financial instruments	[36]	0	–151
Dividends paid to:			
- Shareholders of the parent company		–10,183	–5,077
- Minority shareholders		0	0
Changes in non-controlling interest		0	–1,878
Share buyback program	[20]	–61,327	0
Loans and borrowings	[24 | 26]	–10,212	–20,813
Net cash flow from financing activities		**–82,499**	**–35,393**
Net increase | decrease in cash and cash equivalents		–25,039	41,773
Cash and cash equivalents at the beginning of the period		54,849	13,222
Net effect of currency translation on cash and cash equivalents		–150	–146
Cash and cash equivalents at the end of the period		**29,661**	**54,849**
Gross debt owed to banks		**132,418**	**142,492**
Net debt owed to banks		**102,758**	**87,643**

Notes to the Financial Statements

1. Corporate Information

Sartorius Stedim Biotech is a leading provider of cutting-edge equipment and services for the development, quality assurance and production processes of the biopharmaceutical industry. Its integrated solutions covering fermentation, filtration, purification, fluid management and lab technologies are supporting the biopharmaceutical industry around the world to develop and produce drugs safely, timely and economically. For next-generation processes, Sartorius Stedim Biotech focuses on single-use technologies and added-value services to meet the rapidly changing technology requirements of the industry it serves. Strongly rooted in the scientific community and closely allied with customers and technology partners, the company is dedicated to its philosophy of "Turning science into solutions."

Headquartered in Aubagne, France, Sartorius Stedim Biotech S.A. is listed on the Euronext Paris (ISIN code: FR 0000053266).

2. Accounting Principles

In compliance with the European Regulation 1606/202 of July 19, 2002, requiring listed companies to use International Accounting Standards, the consolidated financial statements of the Sartorius Stedim Biotech Group for the year ended December 31, 2010, are compliant with the Standards and Interpretations IFRS and IFRIC of the IASB as adopted by the European Union on December 31, 2010, and that are available at the following site:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

As of December 31, 2010, the Standards and Interpretations adopted by the European Union are similar to the Standards and Interpretations that are to be obligatorily applied and were published by the IASB, except for the point concerning the carve-out pursuant to IAS 39 and for the Standards not yet adopted or in progress, which does not affect the Group's accounts. Therefore, the consolidated financial statements of the Sartorius Stedim Biotech Group are established in conformity with the IFRS Standards and Interpretations published by the IASB.

These consolidated financial statements were approved by the Board of Directors on March 3, 2011.

These accounting principles applied are consistent with those used in the preparation of the consolidated statements for the year ended December 31, 2009, with the exception of the following new Standards and Interpretations that were obligatorily adopted as of December 2010:

- IFRS 3 (revised in 2008) Business combinations
- IAS 27R (revised in 2008) Consolidated and Separate Financial Statements
- Amendments to IAS 39 – Financial Instruments: Recognition and Measurement – Eligible Hedged Items
- Amendments to IFRS 2 – Share-based Payment – Group Cash-settled Share-bases Payment Transactions
- Amendments to IFRS 5 resulting from IFRS improvements of May 2008
- IFRS Improvements – April 2009
- IFRIC 12 — Service Concession Arrangements
- IFRIC 15 — Agreements for the Construction of Real Estate
- IFRIC 16 — Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 - Distribution of Non-cash Assets to Owners
- IFRIC 18 — Transfer of Assets from Customers

Regarding the Standards and Interpretations adopted by the European Union for which the application is not obligatory as of January 1, 2010, the Sartorius Stedim Biotech Group decided not to apply the following by anticipation:

- Amendment to IAS 32 - Classification of emission rights
- IAS 24 (Revised) - Related Party Disclosures

– IFRIC 19 — Extinguishing Financial Liabilities with Equity Instruments

– IFRIC 14 — Prepayments of Minimum Funding Requirements

Moreover, the Group does not apply the following texts, which were not adopted by the European Union on December 31, 2010:

– IFRS 9 - Financial Instruments

– Amendments to IFRS 7 - Transfers of Financial Assets

– Amendments to IAS 12– Plan Assets Recoverability

– IFRS Improvements (May 2010)

The process of measuring the potential impact of these Standards and Interpretations on the consolidated financial statements of the Sartorius Stedim Biotech Group is in progress. The Group does not anticipate, at this stage of analysis, any significant impact on its consolidated accounts. Presently, first-time application is planned for each reporting period in which the Standards, Interpretations or Amendments enter into force.

3. Critical Accounting Judgment and Key Sources of Estimation Uncertainty

During the preparation of consolidated financial statements, management uses estimates and assumptions based on their best knowledge of the current and future situation of the period. However, actual results may differ from these estimates. These estimates and assumptions are revised on a regular basis, and the impact of all changes is immediately recognized as income or expense for the period.

In addition, Group management exercises its judgment in defining the accounting treatment of specific transactions when the existing Standards and Interpretations do not specifically treat the accounting problems concerned.

Assumptions and estimates primarily concern the following standards:

– IAS 12: Income Taxes: Deferred tax assets have to be recognized for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. Therefore the application of IAS 12 involves certain assumptions and estimations, e.g. with regard to the projection of future taxable profits of the entities concerned. These primary estimations are explained in Note 17.

– IAS 19: Employee Benefits: The valuation of pension provisions depends on assumptions, including the future development of salaries and interest rates. These primary estimations are explained in Note 22.

– IAS 36: Impairment of Assets: An impairment test is conducted, if certain events lead to the assumption that an asset might be impaired. In this case, the carrying amount of the asset is compared to the recoverable amount, which is the higher of the net realizable value and the value in use. The calculation of the value in use takes into account cash flow projections made on the basis of the information available on the balance sheet date. These projections include assumptions on future sales revenue and cost developments. If the carrying amount exceeds the recoverable amount, an impairment loss is recorded. These primary estimations are explained in Notes 13 and 14.

– IAS 37: Provisions, Contingent Liabilities and Contingent Assets: Provisions are recognized for legal or constructive obligations that exist as of the balance sheet date. To determine the amount of the obligations, certain estimates and assumptions have to be applied, including the evaluation of the probability and the amount of costs incurred. Furthermore, calculation of the present value of non-current provisions includes the application of an estimated interest rate. These primary estimations are explained in Notes 23 and 25.

– IAS 38: Intangible Assets: The capitalization of self-constructed intangible assets also includes a certain level of estimations and assumptions, e.g., the evaluation of feasibility of a development project, the expected market prospects and the determination of useful lives. These primary estimations are explained in Note 13.

4. Cash Flow Statement

In the cash flow statement, cash flows are presented in tabular form, according to operating activities, investing activities and financing activities.

In this instance, cash flows from operating activities are determined using the indirect method; i.e., expenses without an effect on payments are added to the net profit, while income without an effect on payments is subtracted. The cash flows from financing activities are composed primarily of changes in equity and additions or repayments of loans.

The item "Cash and cash equivalents" essentially includes all liquid assets, i.e., cash on hand and deposits in banks. Gross debt comprises all liabilities to banks; net debt is the amount of gross debt less the "Cash and cash equivalents" item.

5. Operating Segments

According to IFRS 8, Operating Segments, applicable as of January 1, 2009, the identification of reportable operating segments is based on the "management approach"; i.e., segments are defined according to the internal governance and reporting structures of an entity. A reportable operating segment is therefore a component of an entity that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the chief operating decision maker (= the Executive Committee of the Board of Directors) to make decisions about the allocation of resources and to assess its performance; and for which discrete financial information is available. Internal management and reporting within Sartorius Stedim Biotech is based on the approach of operating as a "total solution provider" for our customers. Accordingly, the identification of reportable operating segments remains unchanged in comparison with IAS 14: Sartorius Stedim Biotech's reportable segment is Biopharm.

The segment result that is the key profitability measured used internally is EBITA, or earnings before tax, interest and amortization (see Note 10). Therefore, taxes and financing expenses are not included in the segment's measure of profit or loss. The accounting and measurement principles for the segments correspond to the general Group accounting principles. Segment liabilities are not provided regularly to the chief operating decision maker; thus, no respective disclosures are made in the segment information.

The key profitability indicators EBIT and EBITDA are described in Note 11.

Segment Report by Division

	Biopharma			Non-allocated assets and liabilities			Group		
€ in K	**2010**	2009	Change	**2010**	2009	Change	**2010**	2009	Change
Order intake	442,568	409,928	8%				442,568	409,928	8%
Sales revenue	432,949	401,231	8%				432,949	401,231	8%
as a total %	100.0%	100.0%					100.0%	100.0%	
EBITDA	82,877	71,295	16%				82,877	71,295	16%
as a % of sales revenue	19.1%	17.8%					19.1%	17.8%	
Depreciation and amortization	15,865	15,652	1%				15,865	15,652	1%
EBITA	67,012	55,643	20%				67,012	55,643	20%
as a % of sales revenue	15.5%	13.9%					15.5%	13.9%	
Amortization	7,117	7,033					7,117	7,033	1%
EBIT	59,894	48,611	23%				59,894	48,611	23%
as a % of sales revenue	13.8%	12.1%					13.8%	12.1%	
Segment assets	611,430	599,643	2%	44,905	68,214	–34%	656,335	667,857	–2%
Segment liabilities	106,859	86,118	24%	184,408	188,541	–2%	291,267	274,659	6%
Investments	16,686	15,746	6%				16,686	15,746	6%
as a % of sales revenue	3.9%	3.9%					3.9%	3.9%	
R&D costs	27,824	24,493	14%				27,824	24,493	14%
No. of employees at December 31	2,581	2,381	8%				2,581	2,381	8%

6. Supplementary Information by Region

To provide additional information required by the IFRS 8 Standard, the table below presents the supplementary information by geographical region. The European region includes the markets of Western and Eastern Europe. The North American region is comprised of the U.S. marketplace and the Canadian market. Japan, China, Australia and India, as well as other countries, were allocated to the Asia | Pacific region. The Other Markets segment primarily consists of Latin America and Africa. The key figures of the geographical areas refer to the company location, except for sales revenue, which is also reported according to the customer's location.

Supplementary Information by Region

	Europe			North America		
€ in K	**2010**	2009	Change	**2010**	2009	Change
Sales revenue						
acc. to customers' location	226,276	233,401	–3%	114,313	97,088	18%
as a total %	52.3%	58.2%		26.4%	24.2%	
acc. to company location	272,404	273,066	0%	114,032	96,615	18%
EBITDA	62,002	55,960	11%	13,140	9,532	38%
as a % of sales revenue	22.8%	20.5%		11.5%	9.9%	
EBITA	48,557	42,213	15%	11,608	8,206	41%
as a % of sales revenue	17.8%	15.5%		10.2%	8.5%	
Amortization	6,933	6,857	1%	184	176	5%
Investments	13,623	11,337	20%	1,310	1,749	–25%
as a % of sales revenue	5.0%	4.2%		1.1%	1.8%	
No. of employees at December 31	1,684	1,621	4%	405	349	16%

Asia | Pacific				Other Markets			Non-allocated assets and liabilities			Group		
2010	2009	Change	**2010**	2009	Change	**2010**	2009	Change	**2010**	2009	Change
74,565	55,228	35%	17,795	15,514	15%				432,949	401,231	8%
17.2%	13.8%		4.1%	0.0					100.0%	100.0%	
46,513	31,551	47%	0.0%	0.0%					432,949	401,231	8%
6,587	4,899	34%	1,148	904	27%				82,877	71,295	16%
14.2%	15.5%		--	--					19.1%	17.8%	
5,942	4,560	30%	905	664	36%				67,012	55,643	20%
12.8%	14.5%								15.5%	13.9%	
0	0		0	0					7,117	7,033	1%
1,674	2,625	–36%	79	35	126%				16,686	15,746	6%
3.6%	8.3%		--	--					3.9%	3.9%	
395	321	23%	97	90	8%				2,581	2,381	8%

7. Principles and Methods of Consolidation

The consolidated financial statements of the Sartorius Stedim Biotech Group include the annual financial statements of all companies, which are controlled directly or indirectly by Sartorius Stedim Biotech S.A. In terms of IAS 27, Consolidated Financial Statements and Accounting for Investments in Subsidiaries, a controlling interest exists if Sartorius Stedim Biotech S.A. or its subsidiaries have the power to govern the financial and operating policies of an enterprise so as to obtain economic benefits from its activities. Such enterprises are included in the consolidated financial statements from the time when Sartorius Stedim Biotech S.A. or its subsidiaries acquired such control. They are no longer included as of the time control is transferred to an entity outside the Group.

Subsidiaries have been included on the basis of their annual financial statements for the same reporting period as the parent company, using uniform Group recognition and measurement methods.

Accounts receivable and debts between the consolidated companies have been netted out, and internal Group valuation allowances and provisions reversed. Intra-group income and expenses have been fully eliminated.

8. Scope of Consolidation

The 2010 financial statements of the following subsidiaries:

– Sartorius Stedim, Hungary

– Sartorius Stedim, Poland

were not included in the scope of consolidation, because the figures were of minor importance for assessing the financial position of the Group.

The two Swiss entities Sartorius Stedim Switzerland GmbH and Integrated Biosystems SàrL were merged into the Swiss company Wave Biotech AG during the financial year 2010. The new merged entity has been renamed Sartorius Stedim Switzerland AG.

The financial statements of the following companies have been included by global integration in the Group financial statements:

	Ownership in %
Europe	
Sartorius Stedim Biotech S.A., Aubagne, France	Parent company
Sartorius Stedim Austria GmbH, Vienna, Austria	100
Sartorius Stedim Belgium N.V., Vilvoorde, Belgium	100
Sartorius Stedim Nordic A/S, Taastrup, Denmark	100
Sartorius Stedim Biotech GmbH, Goettingen, Germany	100
Sartorius Stedim Plastics GmbH, Goettingen, Germany	100
Sartorius Stedim Systems GmbH, Melsungen, Germany	100
Sartorius Stedim France S.A.S., Aubagne, France	100
Sartorius Stedim Aseptics S.A., Lourdes, France	100
Sartorius Stedim U.K. Ltd., Epsom, U.K.	100
Sartoriud Stedim Lab Ltd., Louth, U.K.	100
Sartorius Stedim Italy S.p.A., Florence, Italy	100
Sartorius Stedim Netherlands B.V., Nieuwegein, Netherlands	100
Sartorius Stedim Switzerland AG, Tagelswangen, Switzerland	100
Sartorius Stedim Spain S.A., Madrid, Spain	100
America	
Sartorius Stedim North America Inc., New York, USA	100
Sartorius Stedim SUS Inc., Concord, California, USA	100
Sartorius Stedim Filters Inc., Yauco, Puerto Rico	100
Asia | Pacific	
Sartorius Stedim Australia Pty. Ltd., East Oakleigh, Australia	100
Sartorius Stedim India Pvt. Ltd., Bangalore, India	100
Sartorius Stedim Japan K.K., Tokyo, Japan	100
Sartorius Stedim Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100
Sartorius Stedim Singapore Pte. Ltd., Singapore	100
Sartorius Stedim Biotech (Beijing) Co. Ltd, China	100
Other Markets	
Sartorius Stedim SUS SARL, M'Hamdia, Tunisia	99.9

There are no associates or joint ventures included in the scope of consolidation.

9. Business Combinations

The group applies the revised IFRS 3 Standard for business combinations as of January 1, 2010.

Business combinations are measured according to the acquisition method. The assets, liabilities and potential liabilities acquired by the Group are recorded at fair value on the date of the combination. Goodwill equals the difference between the acquisition costs of the shares and the fair value of the assets, liabilities and potential liabilities on the date on which control of the entity changes. In a one-shot business combination, the quota of the assets and liabilities of the non-controlling interests are evaluated at the fair value of the assets and liabilities acquired or at their fair value, where the Group can choose between these two options for each business combination.

Expenses directly related to business combinations are reported in the profit for the period.

There were no business combinations in fiscal 2010.

10. Related Parties

The majority shareholder of Sartorius Stedim Biotech S.A. is Sartorius AG, which holds, either directly or indirectly through its 100% subsidiary VL Finance S.A.S., a controlling stake in the company of 67.1% in equity capital, taking into account treasury shares – 74.5% excluding the treasury shares – and 76.9% of the voting rights.

Transactions between Sartorius Stedim Biotech S.A. and its subsidiaries (presented in Note 8), which are related parties of the company, have been eliminated on consolidation and are not disclosed under this Note. Details of transactions between the Group and other related parties, primarily with companies belonging to the Mechatronics Division of the Sartorius Group, are disclosed below.

Several service and sublease agreements are in place between Sartorius Group companies (Mechatronics Division) and Sartorius Stedim Biotech Group companies. The reason is that until Sartorius had carved out its Biotechnology Division as of April 1, 2007, business was done partially in mixed companies by sharing central service functions. These central service functions remained in one of the companies (Biotech or Mechatronics) and former cost allocations were replaced by service and sublease contracts on arm's length terms.

These contracts include a sublease for office space and central administrative functions, such as accounting and controlling, human resource management and IT. In this respect, the relevant companies charge rent, salaries, social security costs and other expenses for such services as consulting, as well as a pro-rated profit margin for the services they provide.

The most important contract in place is the one between Sartorius Stedim Biotech GmbH, Germany, and Sartorius Corporate Administration GmbH, Germany, a 100% affiliate of Sartorius AG. This company provides all central service and administrative functions to Sartorius Stedim Biotech GmbH as well as to Sartorius AG on arm's length terms. In 2010, services for approx. €11.5 million were provided to Sartorius Stedim Biotech GmbH (€11.6 million in 2009). These services primarily covered administrative functions (accounting and controlling, legal affairs, human resources management and IT) as well as corporate marketing and public relations, central maintenance and facility management. In this respect, Sartorius Corporate Administration GmbH charges rent, salaries, social security costs and other expenses for such services as consulting as well as a pro-rated profit margin for the services they provide.

During 2010, the Group continued the following contractual relationships with related parties (Sartorius Group Mechatronics Division):

	Sales revenue 2010 € in K	**Purchases 2010 € in K**	**Receivables Dec. 31, 2010 € in K**	**Payables Dec. 31, 2010 € in K**
Related parties - Mechatronics Division	7,223	6,091	3,483	5,464
	Sales revenue 2009 € in K	Purchases 2009 € in K	Receivables Dec. 31, 2009 € in K	Payables Dec. 31, 2009 € in K
Related parties - Mechatronics Division	5,741	4,961	5,048	3,527

In connection with the service agreements described above, the Group companies rendered administrative services worth €0.6 million to related parties that are part of the Group and spent €14.2 million in 2010 for services received (€0.6 million and €14.0 million in 2009, respectively).

Compensation of Key Management Personnel:

In 2009 and 2010, the Executive Board Management received the following remuneration:

	Short-term benefits € in K	Post-employment benefits € in K	Other long-term benefits € in K	Termination benefits e in K	Share-based payments[2] € in K
2010[1]	2,340	562	0	0	326
2009[1]	1,804	31	0	0	300

[1] The amounts include Dr. Joachim Kreuzburg's and Reinhard Vogt's salaries, which they receive from Sartorius AG for their work performed for the entire Sartorius Group, including Sartorius Mechatronics.

[2] This amount is a remuneration component of a phantom stock plan and depends on the development of the Sartorius share price over a period of at least four years (formerly three) and is payable only if this price exceeds an established minimum share price appreciation or outperforms a comparative index. The use of such a component, which is designed to have a long-term incentive effect and is subject to risk, as suggested by the French and German Corporate Governance Codes.

Share Buyback Program:

The AGM held on April 19, 2010, authorized the company Sartorius Stedim Biotech S.A. to introduce its own share buyback program for a maximum period of eighteen (18) months or until October 19, 2011.

The following transactions between related parties were recorded during the year 2010:

	Number of shares	Unit price	Amount in €
Bernard Lemaître	250,000	37.50	9,375,000
Sartorius AG	449,719	37.50	16,864,463
Sartorius AG	449,053	35.01	15,721,346
VL. Finance SAS	370,000	34.32	12,698,400
Total	**1,518,772**		**54,659,208**

11. Definitions and Balance Sheet and Income Statement Presentation

The Sartorius Stedim Biotech Group uses EBITA (earnings before interest, taxes and amortization) as the key figure for measuring the performance and profitability of the Group. Amortization refers only to any possible amortization of goodwill and of the intangible assets measured within the scope of purchase price allocation according to IFRS 3 "Business Combinations."

Thus, EBITA includes depreciation and amortization of all other intangible and tangible assets and is a suitable figure for measuring the operating performance of the Sartorius Stedim Biotech Group.

The key indicator EBITDA used in the segment information refers to earnings before interest, taxes, depreciation and amortization. Compared with EBITA, the EBITDA excludes depreciation on tangible assets and amortization of all "classic" intangible assets.

The key indicator EBIT (earnings before interest and taxes) used in the income statement and in the segment information refers to the operating profit.

To enhance the clarity of the presentation, some individual items have been combined in the balance sheet and the income statement and are reported separately in the Notes. Changes of presentation or reclassifications are carried out when they make it possible to provide reliable and more relevant information for the users of these financial statements and if the modified presentation is likely to be persistent, so as not to affect the comparability. When such changes to the presentation are made and their impacts on the financial statements are considered significant, comparative information is also modified.

12. Currency Translation

The consolidated financial statements of the Sartorius Stedim Biotech Group were prepared in thousands of euros [abbreviated throughout the following text and tables as K]. In the annual financial statements of the individual companies, foreign currency transactions were translated at the exchange rates applicable at the time of the transaction. Monetary assets and debts whose value is given in a foreign currency have been translated at the exchange rate on the balance sheet date. Rate gains and losses have been recognized directly in the item "Other operating income and expenses."

Subsidiaries' annual financial statements prepared in foreign currencies have been translated pursuant to IAS 21, The Effects of Changes in Foreign Exchange Rates, in accordance with the concept of a functional currency. Foreign subsidiaries have been regarded as independent subdivisions of the Sartorius Stedim Biotech Group. Balance sheet items have been translated at the exchange rates on the balance sheet date. Income and expense items have been converted at the average rates. Any translation differences resulting from the use of different exchange rates for balance sheet items and the income statement have been recognized directly in shareholders' equity.

For certain defined loans granted on a long-term basis, the Group applies the principle of "net investments in a foreign operation." The foreign currency translation differences resulting from these loans are recognized directly in equity according to IAS 39.102.

The following exchange rates were used for currency translations:

	Year-end exchange rates		Average exchange rates	
	2010	2009	**2010**	2009
USD	1.33800	1.44050	1.32657	1.39405
GBP	0.86250	0.89000	0.85790	0.89136
AUD	1.31680	1.60040	1.44290	1.77501
JPY	108.80000	133.06000	116.26929	130.23913
INR	59.82760	67.00340	60.64245	67.35752
CHF	1.25300	1.48400	1.38080	1.51021
SGD	1.71620	2.01850	1.80718	2.02338
MYR	4.12680	4.93000	4.27069	4.90456
TND	1.92680	1.89920	1.89747	1.87617
CNY	8.82050	9.82990	8.98047	9.22590
DKK	7.45400	7.44200	7.44743	7.44643

Notes to the Individual Balance Sheet Items

Non-current Assets

13. Goodwill and Other Intangible Assets

Goodwill

	Goodwill € in K
Gross book values at Jan. 1, 2009	250,269
Currency translation	0
Change in the scope of consolidation	8
Investments	0
Disposals	0
Transfers	0
Gross book values at Dec. 31, 2009	250,277
Amortization at Jan. 1, 2009	0
Currency translation	0
Amortization in 2009	0
Disposals	0
Transfers	0
Amortization at Dec. 31, 2009	0
Net book values at Dec. 31, 2009	**250,277**

	Goodwill € in K
Gross book values at Jan. 1, 2010	250,277
Currency translation	0
Change in the scope of consolidation	0
Investments	0
Disposals	0
Transfers	0
Gross book values at Dec. 31, 2010	250,277
Amortization at Jan. 1, 2010	0
Currency translation	0
Amortization in 2010	0
Disposals	0
Transfers	0
Amortization at Dec. 31, 2010	0
Net book values at Dec. 31, 2010	**250,277**

The item reported as goodwill in the amount of €250,277 K is the capitalized difference in assets resulting from business combinations. According to IFRS 3 (Revised), goodwill acquired in a business combination may not be amortized, but rather, must be tested annually for impairment and as soon as there is any indication of asset impairment.

For the purpose of impairment testing, goodwill must be allocated to each of the acquirer's cash-generating units (CGUs) that are expected to benefit from the synergies of the combination. The cash-generating unit (CGU) represents the lowest level within the entity at which goodwill is monitored for internal management purposes and may not be larger than a segment. With the combination of the former Sartorius Biotechnology Division and the former Stedim Group, the newly founded Sartorius Stedim Biotech Group follows the strategy to be a total solution provider for its customers. Because of the various interdependencies within the business, the lowest level at which goodwill is monitored is that of the Biopharma segment. Therefore, the goodwill acquired is allocated to this CGU.

As in 2009, the impairment test conducted for 2010 measures the recoverable amount on the basis of the value in use of the particular cash-generating unit (Biopharma segment). Our cash flow forecasts consider previous experiences and are generally based on the budgets approved by management for a period of three to five years. The calculations were based on a discount rate of 7.5% and a terminal year growth rate of 3.0% for the years after 2015. The latter is derived from market expectations, which forecast significant growth rates for the targeted biopharmaceutical market. The major growth driver for the Sartorius Stedim Biotech Group will be, among others, the currently ongoing paradigm shift from reusable products to single-use products (e.g., filters and bags) utilized in biomanufacturing by the biopharmaceutical industry.

In 2010, our impairment test did not result in recognition of impairment losses. Therefore, no depreciation was recorded this year.

In this context, various sensitivity analyses based on scenarios with different assumptions for discount rates (+ 8.06% against the assumptions disclosed above) and terminal growth rate (- 18.15% against the assumptions disclosed above) would lead a recoverable value equivalent to the net book value.

Intangible Assets

	Concessions, industrial property rights and similar rights as well as licenses for such rights and assets € in K	Brand name € in K	Customer relationships € in K	Capitalized development costs € in K	Payments on account € in K	**Total € in K**
Gross book values at Jan. 1, 2009	24,898	10,779	81,351	16,856	148	134,032
Currency translation	20	0	3	4	0	27
Change in the scope of consolidation	–99	0	0	–81	0	–180
Investments	887	0	0	4,018	0	4,905
Disposals	–516	0	0	0	0	–516
Transfers	348	0	–87	0	–148	113
Gross book values at Dec. 31, 2009	**25,538**	**10,779**	**81,267**	**20,797**	**0**	**138,381**
Amortization at Jan. 1, 2009	–6,450	0	–8,275	–6,676	4	–21,397
Currency translation	–21	0	–23	–1	0	–45
Amortization in 2009	–2,566	0	–5,437	–2,362	0	–10,365
Disposals	220	0	0	0	0	220
Transfers	–214	0	14	0	–4	–204
Amortization at Dec. 31, 2009	**–9,031**	**0**	**–13,721**	**–9,039**	**0**	**–31,791**
Net book values at Dec. 31, 2009	**16,507**	**10,779**	**67,546**	**11,758**	**0**	**106,590**

	Concessions, industrial property rights and similar rights as well as licenses for such rights and assets € in K	Brand name € in K	Customer relationships € in K	Capitalized development costs € in K	Payments on account € in K	**Total € in K**
Gross book values at Jan. 1, 2010	25,538	10,779	81,267	20,797	0	138,381
Currency translation	1,648	0	52	367	0	2,067
Change in the scope of consolidation	0	0	0	0	0	0
Investments	327	0	0	3,900	112	4,339
Disposals	–181	0	0	–648	0	–829
Transfers	21	0	0	–93	0	–72
Gross book values at Dec. 31, 2010	**27,353**	**10,779**	**81,319**	**24,323**	**112**	**143,886**
Amortization at Jan. 1, 2010	–9,031	0	–13,721	–9,039	0	–31,791
Currency translation	–292	0	–6	–7	0	–305
Amortization in 2010	–2,413	0	–5,489	–2,368	0	–10,270
Disposals	181	0	0	294	0	475
Transfers	–21	0	0	93	0	72
Amortization at Dec. 31, 2010	**–11,576**	**0**	**–19,216**	**–11,027**	**0**	**–41,819**
Net book values at Dec. 31, 2010	**15,777**	**10,779**	**62,103**	**13,296**	**112**	**102,067**

Intangible assets acquired are stated at cost less the accumulated, regular amortization that is calculated according to the straight-line method. The useful life of an intangible asset is the period over which this asset is expected to contribute directly or indirectly to the cash flows of that entity.

The brand name acquired in the previous year's business combination is considered to have an indefinite useful life and is therefore not amortized. There is no foreseeable limit to the period over which the brand name is expected to generate net cash inflows for the Group.

Because of the integration of the Stedim brand into the Sartorius Stedim Biotech brand, a separate measurement of relevant cash flows is no longer possible. Therefore, no separate impairment test was carried out in 2010; the recoverability of the brand name was considered at the level of the "Biopharm segment" cash-generating unit (CGU).

Costs incurred within the scope of the development of new products and methods were capitalized as internally generated intangible assets if the following criteria were met:

- The technical feasibility of completing the intangible assets so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- The demonstration of how the intangible asset will generate probable future economics benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

In 2010, the development costs of €3,900 K were recognized as assets (€4,018 K in 2009). The capitalized development costs essentially covered the costs that were allocated to the staff involved in R&D, raw materials and supplies, outside services and directly attributable overhead. Internally generated intangible assets were amortized according to the straight-line method over their useful life, which usually did not exceed four years.

If an internally generated intangible asset may not be recognized, the development costs are included in the period in which they are incurred. Costs for research activities are reported as expenses in the period in which they are incurred.

Amortization of intangible assets is based on the following periods of useful life:

Software	2 to 5 years
Customer relations and technologies	5 to 15 years
Brand name	n/a

14. Property, Plant and Equipment

	Land, and leasehold rights and improvements, including buildings on third-party land € in K	Technical machinery and equipment € in K	Other equipment, factory and office equipment € in K	Payments on account relating to plant and equipment and construction in progress € in K	**Total € in K**
Gross book values at Jan. 1, 2009	92,742	59,121	41,501	3,403	196,767
Currency translation	–143	–159	–45	21	–326
Investments	718	2,804	4,768	2,551	10,841
Disposals	–65	–3,097	–6,604	–331	–10,097
Transfers	–459	559	2,558	–2,357	301
Change in the scope of consolidation	25	70	32	0	127
Gross book values at Dec. 31, 2009	**92,818**	**59,298**	**42,210**	**3,287**	**197,613**
Depreciation at Jan. 1, 2009	–21,089	–36,311	–26,069	–1	–83,470
Currency translation	81	127	38	0	246
Depreciation in 2009	–3,307	–4,756	–4,150	0	–12,213
Disposals	51	2,835	5,740	1	8,627
Transfers	1	643	–652	0	–8
Change in the scope of consolidation	0	0	0	0	0
Depreciation at Dec. 31, 2009	**–24,263**	**–37,462**	**–25,093**	**0**	**–86,818**
Net book values at Dec. 31, 2009	**68,555**	**21,836**	**17,117**	**3,287**	**110,795**

	Land, and leasehold rights and improvements, including buildings on third-party land € in K	Technical machinery and equipment € in K	Other equipment, factory and office equipment € in K	Payments on account relating to plant and equipment and construction in progress € in K	**Total € in K**
Gross book values at Jan. 1, 2010	92,818	59,298	42,210	3,287	197,613
Currency translation	626	1,013	649	314	2,602
Investments	324	3,170	4,245	4,607	12,346
Disposals	–4	–940	–1,133	–32	–2,109
Transfers	4,150	1,231	606	–4,402	1,585
Change in the scope of consolidation	0	0	0	0	0
Gross book values at Dec. 31, 2010	**97,914**	**63,772**	**46,577**	**3,774**	**212,037**
Depreciation at Jan. 1, 2010	–24,263	–37,462	–25,093	0	–86,818
Currency translation	–211	–643	–395	0	–1,249
Depreciation in 2010	–3,450	–4,273	–4,715	0	–12,438
Disposals	0	266	886	0	1,152
Transfers	–23	–376	–2	0	–401
Change in the scope of consolidation	0	0	0	0	0
Depreciation at Dec. 31, 2010	**–27,947**	**–42,488**	**–29,319**	**0**	**–99,754**
Net book values at Dec. 31, 2010	**69,967**	**21,284**	**17,258**	**3,774**	**112,283**

Property, Plant and Equipment

The "Property, plant and equipment" item is reported at cost, and if subject to depreciation, is depreciated as scheduled. The straight-line method is applied to depreciation reported in the consolidated financial statements.

Interest on borrowings is capitalized according to IAS 23 (revised). No interest on borrowings was capitalized in 2010.

Depreciation of fixed assets is based on the following periods of useful life:

Buildings	15 to 50 years
Machinery	5 to 15 years
Factory and office equipment	3 to 13 years

Impairment of Assets

The book values (carrying amounts) of property, plant and equipment and intangible assets (except goodwill and brand names) are examined on whether there is any indication that an asset might be impaired, pursuant to IAS 36, Impairment of Assets. If an asset is impaired, the recoverable amount of the asset is estimated. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value – less costs to sell the asset or ist CGU – and its value in use. In the event the individual asset's recoverable amount cannot be estimated, the recoverable amount of the asset's cash-generating unit (CGU) is estimated.

If the estimated recoverable amount of an asset (or a CGU) goes below its book value (carrying amount), this carrying amount is reduced to the recoverable amount.

If the causes of the asset impairment are removed, the book value of the asset (or the CGU) is credited to the newly estimated recoverable amount in a manner recognized in net profit. However, the book value increase is limited to the value that the asset (or CGU) would have had if no asset impairment loss would have been assessed in previous financial years. In 2010, as for fiscal 2009, there were no significant impairment losses to recognize in the intangible assets and the property, plant and equipment.

15. Leasing Contracts

	Leasing equipment € in K
Gross book values at Jan. 1, 2009	6,028
Currency translation	0
Investments	0
Disposals	–514
Transfers	0
Change in the scope of consolidation	0
Gross book values at Dec. 31, 2009	**5,514**
Depreciation at Jan. 1, 2009	–4,906
Currency translation	0
Depreciation in 2009	–106
Disposals	469
Transfers	0
Change in the scope of consolidation	0
Depreciation at Dec. 31, 2009	**–4,543**
Net book values at Dec. 31, 2009	**971**
Gross book values at Jan. 1, 2010	5,514
Currency translation	0
Investments	0
Disposals	–1,075
Transfers	–305
Change in the scope of consolidation	0
Gross book values at Dec. 31, 2010	**4,134**
Depreciation at Jan. 1, 2010	–4,543
Currency translation	0
Depreciation in 2010	–275
Disposals	1,000
Transfers	83
Change in the scope of consolidation	0
Depreciation at Dec. 31, 2010	**–3,735**
Net book values at Dec. 31, 2010	**399**

The Sartorius Stedim Biotech Group acts as a lessor in connection with filtration systems and equipment. These assets are leased to customers within operating leasing transactions. We have two basic types of leasing contracts, which can be adapted to meet the individual requirements of the lessee. Here, we distinguish between a "regular" leasing contract that merely covers a specific number of filtration modules as the initial consumables supplied. In addition, we offer a "global filtration policy" in which replacement modules are also an integral part of the lease payments. Our leasing business essentially covers Italy, France, Spain and Germany.

In fiscal 2010, we received lease payments of €688 K (2009: €1,265 K). For 2011, we expect to receive lease payments of €549 K for existing leasing contracts and for 2012 to 2015, a total of €948 K for these contracts.

16. Investments

Investments in non-consolidated subsidiaries, associates and securities are measured at cost because no active market exists for these shares and securities and the fair values of these assets cannot be reliably measured. These companies are not included in the scope of consolidation, because they do not meet the criteria defined by the IAS 27 Standard.

17. Deferred Tax

	Deferred Tax Assets		Deferred Tax Liabilities	
	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K	**Dec. 31, 2010 € in K**	Dec. 31, 2009 € in K
Intangible assets	3,279	3,612	28,793	29,229
Tangible assets	374	271	4,880	4,726
Inventory	2,041	1,573	–161	0
Receivables and other current assets	421	147	1,436	1,004
Provisions	3,199	2,297	–739	28
Liabilities	250	120	–321	0
Gross amount	**9,564**	**8,020**	**33,888**	**34,987**
Carry forward of taxable losses	2,318	1,993	0	0
Offset	0	0	314	–346
	11,882	**10,013**	**34,202**	**34,641**

In accordance with IAS 12, Income Taxes, deferred taxes are measured using the balance sheet liability method with respect to temporary differences between the carrying amount of assets and liabilities in the balance sheet and their corresponding tax base. Deferred taxes on the level of the individual companies and those resulting from consolidation are recognized in this manner.

Deferred tax assets are recognized if it is probable that taxable profits will be available in future, against which the deductible temporary difference or unused tax loss amounts carried forward can be used. Deferred tax liabilities are recognized for all taxable temporary differences and are reported separately as deferred tax liabilities in the balance sheet. Deferred taxes are not recognized, in particular, if the temporary difference is yielded by goodwill or negative goodwill resulting from capital consolidation.

Deferred taxes are measured based on the tax rates expected when the temporary differences are realized or anticipated. Deferred tax items in France were measured at the expected tax rate for 2011: 33.33%. In Germany, we can expect a corporate tax rate of 15% for 2011. Taking into account the 5.5% solidarity surcharge as well as the average Group trade income tax rate, the tax rate used to calculate deferred taxes is thus approx. 30%.

Deferred Tax Assets

On the balance sheet date, the Group had unused tax loss amounts carried forward of €9.6 million to be deducted from future taxable profits (€12.3 million in 2009). A deferred tax amount was reported on approx. €8.4 million of these losses (€5.5 million in 2009). Concerning the remaining losses to be carried forward, no deferred tax amounts were recognized because of the lack of visibility of future taxable profits.

Deferred Tax Liabilities

The deferred tax liabilities in connection with intangible assets refer to assets acquired in business combinations and consequently are mainly linked to customer relationships (2010: €20.5 million; 2009: €20.9 million).

In addition, the Group recorded deferred tax liabilities for a tax amount of €0.3 million on approx. €21 million in cumulative undistributed earnings of subsidiaries. In effect, the Group considers that these cumulative undistributed earnings are not intended to be systematically reinvested in its subsidiaries, but rather might be used to pay out dividends in France or Germany.

The Group did not recognize deferred tax liabilities on the remaining retained earnings of subsidiaries because these earnings are intended to be reinvested in these operations. If the dividends are paid out, an amount of 5% of the dividends will be taxed under the French and German taxation rules and, if applicable, with withholding tax. Furthermore, additional income tax consequences could arise in the case of an intermediate holding company. Therefore, it is not possible to estimate the amount of taxable temporary differences for these undistributed earnings.

Current Assets

18. Inventories

	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K
Raw materials and supplies	13,632	12,389
Work in progress	13,430	12,491
Finished goods and merchandise	22,482	21,201
Payments on account	1,232	637
	50,776	**46,718**

Raw materials and supplies, including merchandise, are reported under "Inventories" at average cost. On principle, finished goods and work in progress are reported at cost of conversion. This cost includes direct costs, which can be allocated to these materials, and the appropriate portion of production and materials handling overhead, general administrative expenses and fixed assets at normal depreciation and | or amortization rates, provided that these expenses are caused by production. Interest on borrowings is not capitalized.

Inventories must be evaluated at the lower amount of cost and the net realizable value.

Lower net realizable values are recognized by devaluation. The net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary for marketing, sales and distribution. Where inventory risks exist, such as the risk of reduced shelf life as a result of storage periods or limited usability, inventories are marked down accordingly.

19. Current Trade | Other Receivables

	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K
Trade receivables to third parties	78,922	65,349
Receivables from subsidiaries of the Sartorius AG Group	3,483	5,048
Receivables from participations	103	60
Trade receivables	**82,508**	**70,458**
Other assets including derivatives	8,662	8,519
Prepaid expenses	1,404	1,672
Other assets	**10,066**	**10,191**
Current tax assets	3,363	3,353
	106,003	**94,193**

The "Receivables from subsidiaries of the Sartorius AG Group" item refers to companies of the Mechatronics Division of the Sartorius Group.

In 2010, the Group transferred €26.2 million in the "Trade receivables" item to an unrelated entity (€22.6 million in 2009).

As the Group provided the transferee with a credit guarantee over a part of the expected losses of these receivables, the transfer did not qualify for derecognition under IAS 39. Accordingly, the Group continues to recognize the full carrying amount of the receivables and has recognized the cash received on the transfer as a secured borrowing.

Trade and other receivables were reported so that all discernable risks are covered. The book values of trade receivables and other receivables are representative of their fair value considering the maturity date and the credit risks. In determining the recoverability of trade receivables, the Group considers any change in the credit quality from the date the credit was originally granted. There are no significant concentrations of credit risks due to a large base of unrelated customers.

For further details regarding the other assets including derivatives, please refer to Note 28.

Development of trade allowances:

	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K
Valuation allowance at the beginning of the year	–3,561	–3,966
Increase during the year	–1,494	–1,811
Derecognition and consumption	237	728
Recoveries of amounts previously impaired	1,098	1,502
Foreign currency translation differences	–47	–14
Valuation allowance at the end of the year	**–3,767**	**–3,561**

Aging of trade receivables past due, but not impaired:

	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K
1 - 30 days	9,855	9,785
31 - 90 days	4,305	5,108
91 - 180 days	2,045	2,216
181 - 360 days	583	421
More than 360 days	751	131
	17,539	**17,661**

Construction Contracts

In the Fermentation business, the Group carries out long-term construction contracts. These customer-specific contracts are recognized by the application of IAS 11, Construction Contracts, based on the percentage of completion method.

The aggregate amount of costs incurred and recognized profits | losses for projects in progress on the reporting date is €13,246 K (2009: €15,793 K). For these projects, advance payments of €7,499 K (2009: €14,803 K) were recorded. For this year, the contract revenue for projects in progress is €20,533 K.

20. Issued Capital

At December 31, 2010, Group share capital totaled €10,378 K. The equity structure reflects the issued shares of the legal parent company, Sartorius Stedim Biotech S.A., which comprise 17,013,448 shares with a par value of €0.61. All shares are fully paid up.

As of December 31, 2009, and December 31, 2010, there were no dilutive instruments other than share subscription option plans.

Shares registered in the name of the same owner for at least four years benefit from a double voting right.

The AGM held on April 19, 2010, authorized Sartorius Stedim Biotech S.A. to introduce its own share buyback program for a maximum period of eighteen (18) months or until October 19, 2011.

At the end of December 2010, Sartorius Stedim Biotech S.A. bought back 1,698,710 treasury shares for an amount of €61.3 million. Some of these shares were repurchased near the Related Parties (see Note 9).

The development of issued capital is shown in the "Statement of Changes in Equity."

21. Capital Reserves, Hedging Reserves, Pension Reserves, Earnings Reserves and Retained Profits

The development of the capital reserves, the hedging reserves, the pension reserves and earnings reserves and retained profits is presented in the "Statement of Changes in Equity."

Hedging Reserves

The hedging reserves recognize the offsetting effects of the changes in the fair value of derivative financial instruments, which meet the requirements of IAS 39 for effective hedging of the exposure of the corresponding underlying transactions.

Pension Reserves

Essentially, actuarial gains and losses from measurement of the pension provisions according to IAS 19 are reported in the the "Pension reserves" item.

Dividends

The Board of Directors will submit a proposal to the Annual General Shareholders' Meeting for payment of a dividend for the year ended December 31, 2010, as follows: payment of a net dividend of €0.90 per share, i.e., a total disbursement of €13,783,264.

	Dec. 31, 2010	Dec. 31, 2009
Number of shares at the beginning of the period	16,972,721	16,922,488
Stock options exercised	40,727	50,233
Increase in capital	0	0
Number of shares at the end of the period	**17,013,448**	**16,972,721**
Nominal value per share (in €)	0.61	0.61
Issued capital amount (€ in K)	10,378	10,353

Non-current Liabilities

22. Pension Provisions

	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K
Pension provisions and similar obligations	15,984	12,888
Other non-current provisions	3,946	3,195
	19,929	**16,082**

Defined benefit plans

The global amount of €15,984 K relates in particular to pension provisions for retirement pension plans in Germany. These provisions totaled €13,517 K in 2010 (2009: €11,542 K) and primarily relate to direct commitments under defined benefit pension plans. Under these commitments, the employees earn benefits for each year of service rendered to the company. The benefits earned depend on the salary level and the age of the respective employees. The pension benefits are generally not funded with assets.

Pension provisions and similar obligations have been recognized in the consolidated financial statements of Sartorius Stedim Biotech Group in accordance with actuarial principles. IAS 19, Employee Benefits, stipulates the Projected Unit Credit Method as the method of measurement. In addition to known pensions and expectancies, this expected cash value method takes into account future salary and pension increases.

All actuarial gains and losses are directly recognized in the equity (outside the income statement) according to the option of the standard IAS 19. The actuarial losses, which were transferred to the pension reserves, essentially resulted from a change in the discount rate and totaled €2,087K (actuarial loss of €575 K in 2009).

Measurement of the post-employment benefit obligations is based on the following actuarial assumptions:

For Germany:

in %	**Dec. 31, 2010**	Dec. 31, 2009
Discount rate	4.70	5.50
Future salary increases	3.00	3.00
Future pension increases	2.00	2.00

For France:

in %	**Dec. 31, 2010**	Dec. 31, 2009
Discount rate	4.20	4.80
Future salary increases	2.75	2.75
Future pension increases	2.00	2.00

The amounts reported in the income statement consist of the following:

	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K
Current service cost	630	325
Interest cost	749	618
	1,379	**943**

A Swiss Group company has a multi-employer plan that is generally to be accounted for as a defined benefit obligation. Until December 31, 2009, this plan had been treated as a defined contribution plan according to IAS 19.30, as the required information could not be provided. Starting in 2010, the plan has been recognized as a defined benefit obligation.

The present value developed as follows in 2010:

	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K
Present value of the obligations as of Jan. 1	12,888	11,836
Recognition of the Swiss subsidiary	2,331	0
Current service cost	630	325
Interest cost	749	618
Change in the scope of consolidation	0	0
Actuarial gains | losses	1,770	575
Currency translation differences	335	–10
Retirement benefits paid in the reporting year	–807	–456
Other changes	566	0
Present value of the obligations as of Dec. 31	**18,462**	**12,888**

The "Other changes" item includes primarily contributions by the plan participants and plan curtailments.

The net value and the present value recognized , respectively, in the balance sheet developed as follows in 2010:

	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K
Plan assets as Jan. 1	0	0
Expected income	81	0
Recognition of the Swiss subsidiary	2,331	0
Actuarial gains | losses	–246	0
Group contribution	81	0
Currency translation differences	231	0
Plan assets as Dec. 31	**2,478**	**0**

	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K
Present value of the obligations as of Dec. 31	18,462	12,888
Fair value of the plan assets (-)	2,478	0
Present value of obligations	15,984	12,888

On the reporting date, the net liability (€15,984 K) that was wholly unfunded was €14,616 K as of December 31, 2010, and €12,442 K as of December 31, 2009.

In 2011, Sartorius Stedim Biotech expects to make payments for defined benefit plans at the same level than 2010.

For the defined benefits obligations in Germany, we expect payments for 2011 in an amount comparable to 2010 (approximately €1.0 million).

Defined Contribution Plans

Most of the Sartorius Stedim Biotech Group companies make payments under defined contributions plans, primarily relating to government-run pension plans.

In 2010, the total expense recognized for these plans amounted to € 9,120 K (2009: € 8,870 K).

23. Other Non-current Provisions

	Payments to employees on early retirement plan for offsetting reduced work hours € in K	Provisions for anniversaries and company awards € in K	Other € in K	**Total € in K**
Balance at Jan.1, 2009	2,337	538	201	3,076
Currency translation	0	0	–4	–4
Consumption	–272	–14	–28	–314
Reversals	0	–201	0	–201
Additions	618	13	7	638
Reclassification	0	0	0	0
Balance at Dec. 31, 2009	**2,683**	**336**	**176**	**3,195**

	Payments to employees on early retirement plan for offsetting reduced work hours € in K	Provisions for anniversaries and company awards € in K	Other € in K	**Total € in K**
Balance at Jan. 1, 2010	2,683	336	176	3,195
Currency translation	0	0	17	17
Consumption	0	–9	–54	–63
Reversals	–180	–20	–2	–202
Additions	949	42	8	999
Reclassification	0	0	0	0
Balance at Dec. 31, 2010	**3,452**	**349**	**145**	**3,946**

The non-current provisions comprise mainly provisions for partial retirement and employee anniversary bonuses. These obligations arise mainly in German Group companies. The partial retirement plans allow employees to work part-time for 3 - 5 years before their actual retirement. Anniversary bonuses are granted after 20, 25, 30 and 40 years of service and entail additional days of leave and relatively small amounts in money.

Non-current provisions are reported at their present value on the reporting date. The discount rate for employees on the early retirement plan and for provisions accrued for company anniversaries is 4.7%. Provisions for employees as beneficiaries of the early retirement plan (partial retirement) are for a maximum period of five years.

Actuarial gains and losses, as well as past service costs, on obligations are recognized as income or expense.

24. Non-current Liabilities

This item consists of the following:

	Balance at Dec. 31, 2010 € in K	**Remaining term of more than five years Dec. 31, 2010 € in K**	Balance at Dec. 31, 2009 € in K	Remaining term of more than five years Dec. 31, 2009 € in K
Loans and borrowings	92,133	557	104,075	0
Other liabilities	87	0	169	0
	92,220	**557**	**104,244**	**0**

The Sartorius Stedim Biotech Group signed a facility agreement in September 2008, with a five-year term, for credit lines amounting to an aggregate of €220 million. With this transaction, Sartorius Stedim Biotech has put its financing on a solid, broad-based footing over the long term. Ten additional banks joined the syndicate of banks headed by the mandated lead arrangers Commerzbank Aktiengesellschaft, Dresdner Kleinwort and WestLB AG, to participate in this credit facility. The Sartorius Stedim Biotech Group's syndicated loan is part of a financing package of the Sartorius Group, which totals an aggregate of €400 million.

(See Note 28, part G, for more information.)

Current Liabilities

25. Current Provisions

During financial 2009 and 2010, the current provisions developed as follows:

	Warranties € in K	Other € in K	**Total € in K**
Balance at Jan.1, 2009	1,454	3,731	5,185
Currency translation	–11	–77	–88
Change in the scope of consolidation	0	0	0
Consumption	–695	–1,846	–2,541
Release	–430	–1,496	–1,926
Additions	844	3,455	4,299
Balance at Dec. 31, 2009	**1,162**	**3,767**	**4,929**

	Warranties € in K	Other € in K	**Total € in K**
Balance at Jan. 1, 2010	1,162	3,767	4,929
Currency translation	56	210	266
Change in the scope of consolidation	0	0	0
Consumption	–477	–935	–1,412
Release	–126	–654	–780
Additions	1,142	644	1,786
Balance at Dec. 31, 2010	**1,757**	**3,032**	**4,789**

In measuring the other provisions, all recognizable obligations that are based on past business transactions or past events probably resulting in cash payments for resources, which are representative of economic benefits and whose the amount can be reliably estimated, were reported as provisions.

Provisions are considered only if they result from a legal or constructive obligation with respect to third parties.

The "Other provisions" essentially refer onerous contracts in connection with the restructuring measures carried out in the equipment business in the U.S.

26. Current Liabilities

	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K
Payments received on account of orders	11,022	3,988
Trade payables to third parties	29,080	24,847
Payables to participations	433	363
Payables to subsidiaries of the Sartorius AG Group	5,464	3,527
Trade payables	**45,999**	**32,725**
Loans and borrowings	40,285	38,417
Current tax liabilities	16,094	10,848
Other liabilities	37,748	32,773
	140,126	**114,763**

The "Payables to subsidiaries of the Sartorius AG Group" refer to companies of the Mechatronics Division of the Sartorius Group.

27. Other Financial Obligations | Contingent Assets and Liabilities

Besides provisions, liabilities and contingent liabilities, our other financial obligations consist of the following:

	Dec. 31, 2010 € in K	Dec. 31, 2009 € in K
Rental and leasing contracts		
- due in the financial year 2011	4,626	
- due in the financial year 2010		4,681
- due in any one financial year from 2012 to 2015	11,571	
- due in any one financial year from 2011 to 2014		8,915
- due after 2015	11,382	
- due after 2014		1,538
Guarantee commitments	0	5,224

28. Financial Instruments | Financial Risks

A. General Information

This section gives an overview of the impact of financial instruments on the financial statements of the Sartorius Stedim Biotech Group and provides additional information on the balance sheet items, which contain financial instruments.

Derivatives are measured at fair value determined according to the marking-to-market method in which recognized mathematical methods are used. The fair values are based on the market data available at the time the value of these derivatives is calculated and reflect the estimates of the market conditions at the end of the year.

B. Classes of Financial Instruments | Net Earnings | Maturity

The following tables compare the carrying amounts and the fair values of all categories of financial instruments and reconcile these with the balance sheet items. The fair values of the financial assets and liabilities approximate the carrying amounts on account of their predominantly short-term maturity.

December 31, 2009	Financial assets at fair value through profit or loss: Initially designated at fair value € in K	Financial assets at fair value through profit or loss: Held for trading (including derivatives) € in K	Financial assets at fair value recognized directly in equity: Hedging instruments € in K	Loans and receivables € in K	Held-to-maturity financial assets € in K	Subtotal € in K	Not in scope of IFRS 7 | IAS 39 € in K	**Total € in K**
Non-current assets								
Financial assets					33	33	2,215	**2,248**
Receivables and other assets				598		598	798	**1,396**
Current assets						**-**		
Trade receivables				68,883		68,883	1,575	**70,458**
Other assets				4,845		4,845	5,346	**10,191**
Cash and cash equivalents				54,849		54,849		**54,849**
Total						**129,207**	**9,934**	**139,141**

December 31, 2010	Financial assets at fair value through profit or loss: Initially designated at fair value € in K	Financial assets at fair value through profit or loss: Held for trading (including derivatives) € in K	Financial assets at fair value recognized directly in equity: Hedging instruments € in K	Loans and receivables € in K	Held-to-maturity financial assets € in K	Subtotal € in K	Not in scope of IFRS 7 | IAS 39 € in K	**Total € in K**
Non-current assets								
Financial assets					33	33	2,214	**2,247**
Receivables and other assets				302		302	504	**806**
Current assets						**-**		
Trade receivables				72,610		72,610	9,898	**82,508**
Other assets			943	4,410		5,353	4,713	**10,066**
Cash and cash equivalents				29,661		29,661		**29,661**
Total						**107,959**	**17,329**	**125,288**

The maximum credit risk from financial assets corresponds to their carrying amounts.

See Note 27 for the commitments given by the Group.

December 31, 2009	Financial liabilities at fair value through profit or loss		Financial liabilities at fair value through profit or loss			Subtotal		**Total**
	Hedging instruments € in K		Initially designated at fair value € in K	Held for trading (including derivatives) € in K	Financial liabilities at amortized cost	€ in K	Not in scope of IFRS 7 | IAS 39 € in K	**€ in K**
Non-current liabilities								
Loans and borrowings					104,075	104,075		**104,075**
Other liabilities					169	169		**169**
Current liabilities								
Loans and borrowings					38,417	38,417		**38,417**
Trade payables					28,737	28,737	3,988	**32,725**
Other liabilities	115				18,317	18,432	14,341	**32,773**
Total						**189,830**	**18,329**	**208,159**

December 31, 2010	Financial liabilities at fair value through profit or loss		Financial liabilities at fair value through profit or loss			Subtotal		**Total**
	Hedging instruments € in K		Initially designated at fair value € in K	Held for trading (including derivatives) € in K	Financial liabilities at amortized cost	€ in K	Not in scope of IFRS 7 | IAS 39 € in K	**€ in K**
Non-current liabilities								
Loans and borrowings					92,133	92,133		**92,133**
Other liabilities					87	87		**87**
Current liabilities								
Loans and borrowings					40,285	40,285		**40,285**
Trade payables					34,977	34,977	11,022	**45,999**
Other liabilities	11				17,639	17,650	20,098	**37,748**
Total						**185,132**	**31,120**	**216,252**

The net gains and losses of the various categories of financial instruments are presented in the following table:

Result from receivables and payables

	2010 12 months € in K	2009 12 months € in K
Interest income	0	0
Allowances	–1,494	–1,811
Income from the decrease in allowances for bad debts	1,098	1,502
Exchange gains I losses	431	96
	35	**–213**

The total cash and cash equivalents have a maturity of less than one year.

The maturity of the financial liabilities shows the following pattern:

	Carrying amount Dec. 31, 2009 € in K	Cash Flow Dec. 31, 2009 € in K	< 1 year € in K	1 - 5 years € in K	> 5 years € in K
Loans and borrowings	142,492	147,817	40,955	106,862	0
Trade payables	32,725	32,725	32,725	0	0
Other liabilities	27,398	27,398	27,229	169	0
Financial Liabilities	**202,615**	**207,940**	**100,909**	**107,031**	**0**

	Carrying amount Dec. 31, 2010 € in K	**Cash Flow Dec. 31, 2010 € in K**	< 1 year € in K	1 - 5 years € in K	> 5 years € in K
Loans and borrowings	132,418	138,497	42,769	95,171	557
Trade payables	45,999	45,999	45,999	0	0
Other liabilities	33,046	33,046	32,959	87	0
Financial Liabilities	**211,463**	**217,542**	**121,727**	**95,258**	**557**

The current loans and borrowings include liabilities arising from the sale of trade receivables under a factoring program that was initiated in 2009.

C. Capital Risk Management

In the Sartorius Stedim Biotech Group, capital is managed in order to maximize earnings of those participating in the company by optimizing the ratio of equity to liabilities. Furthermore, we ensure that all Group companies operate under the premise of the going-concern principle.

The financial liabilities detailed below are regarded as managed capital and, furthermore, so are the cash and cash equivalents as well as equity capital in Notes 20 to 21.

D. Goals of Financial Risk Management

The Treasury Department of the Sartorius Stedim Biotech Group is centrally focused in Sartorius Corporate Administration GmbH, a subsidiary of Sartorius AG. This centralized Treasury Department performs services for all companies of the Sartorius Group, including the Sartorius Stedim Biotech Group, and coordinates access to national and international financial markets. In addition, the Treasury Department monitors and controls financial risks by internal risk reporting, which analyzes risks according to their degree and scope. Essentially, these risks entail currency, interest rate and liquidity risks.

The Sartorius Stedim Biotech Group strives to minimize the impact of currency risk using derivative financial instruments. Hedging transactions and their controlling are carried out by different staff members. Moreover, the Group's Internal Auditing Department regularly monitors the use of such financial instruments. Trading with derivative financial instruments is done for hedging purposes only.

Following thorough analysis of the current and anticipated interest rate situation, the Group decided to carry out interest hedging. In this context, several interest hedging contracts have been closed within fiscal 2010. We counteract liquidity risks by maintaining sufficient credit lines as well as by planning short-, mid- and long-term liquidity.

E. Management of Exchange Rate Risks

The Group is exposed to currency risks as more than one third of sales revenue is generated in U.S. dollars or currencies linked to the U.S. dollar and, to a lesser extent, in other foreign currencies. Therefore, we also use derivative financial instruments to hedge the net currency exposure resulting from currency translation of our sales revenue.

As a rule, we use forward exchange dealings in order to guarantee the exchange rate. In addition, we use target profit forward contracts to further optimize our currency hedging. These contracts give us the right to guarantee an exchange rate for future sales with a ceiling rate and a floor rate.

Our strategy provides for hedging of up to one and a half years. Also, our hedging measures are reviewed at regular intervals in order to adapt them to currency fluctuations.

The Group's total revenues in dollars amount to approx. $200 million per year. Through the Group's global production network, a natural hedge against the associated risks can be achieved in an amount of approx. $130 million, leaving a net exposure of $70 million. We have carried out forward contracts in an amount of $50 million to hedge against the risk of fluctuation using the EUR | USD exchange rate.

Furthermore, we have hedged Japanese yen in the amount of JPY 400 million.

Derivative financial instruments are measured at the time of acquisition at cost and at fair value on subsequent balance sheet dates. The changes in value of the derivative financial instruments are recognized in the income statement on the balance sheet date. If the derivative financial instruments serve to hedge against cash flow risk and a qualified hedging relationship exists based on the criteria of IAS 39 (treasury hedging), the valuation adjustments are recognized directly in equity. The amounts recognized in equity are included in the income statement in the period in which the hedged transactions affect this result.

In 2010 a positive amount of €67 K (2009: a negative impact of €148 K) was recognized directly in equity (hedging reserves) under an effective hedging relationship; the ineffective portion of -€78 K (2009: +€38 K) was included in the financial result. The amount that was recognized in the hedging reserve (-€148 K) was transferred to the income statement in 2010 (2009: -€1,582).

If the U.S. dollar would have depreciated 5% against the euro, the fair value of the currency hedging transactions in 2010 would have increased by around €1.3 million (2009: €1.1 million). The respective impact would have been posted directly in equity.

Vice versa, if the U.S. dollar would have appreciated 5% against the euro, the resulting impact of the financial result would have been -€0.5 million and the other comprehensive income -€1.1 (2009: -€1.3 million).

The following table shows the forward transactions as well as the target profit forward contracts as of December 31, 2010:

Typ of Contract	Currency	Volume	Maturity	Forward rate	Market value € in K
Forward contract	USD	4,500,000	Q1 2011	1.3146	34
Forward contract	USD	7,500,000	Q2 2011	1.3423	–13
Forward contract	USD	7,500,000	Q3 2011	1.3378	–30
Forward contract	USD	7,500,000	Q4 2011	1.3404	–46
Forward contract	USD	2,500,000	Q1 2012	1.3075	37
Forward contract	USD	2,500,000	Q2 2012	1.3155	25
	USD	**32,000,000**			**8**
Forward contract	JPY	100,000,000	Q2 2011	108.0500	2
Forward contract	JPY	200,000,000	Q4 2011	109.4450	–27
Forward contract	JPY	100,000,000	Q1 2012	109.9600	–22
		400,000,000			**–47**
Target Profit Forward	USD	9,000,000	Q2 2012	1.2800	–8
Target Profit Forward	USD	9,000,000	Q2 2012	1.2650	36
		18,000,000			**29**

F. Interest Risk Management

Financing of the Sartorius Stedim Biotech Group is usually done through the German subsidiary Sartorius Stedim Biotech GmbH and the French parent company Sartorius Stedim Biotech S.A., which ensure the financing of all Group companies using internal group loans.

In this case, the Group is exposed to interest rate risks as these loans are primarily taken out at variable interest rates. To control the interest risk, we maintain an appropriate ratio between fixed and variable loans. Furthermore, we regularly review which interest hedging measures are required. In fiscal 2010, we entered into several interest hedging contracts as shown in the table below.

With interest rate swaps accounted for on the reporting date, we secure the right to receive a variable interest rate depending on the interest rate actually valid, and obligate ourselves to pay a fixed interest rate for certain specified time periods.

The table on the following page provides an overview of the interest hedging contracts available on the reporting date.

Nr.	Instrument	Hedging volume as of Dec. 31, 2010 € in K	Hedging volume as of Dec. 31, 2009 € in K	Start of term	End of term	Hedged interest rate	Market value as of Dec. 31, 2010 € in K
1	Swaps	30,000	-	Dec 2010	Sept. 2013	1.52%	262
2	Swaps	30,000	-	Dec 2010	Sept. 2013	1.86%	–33
3	Swaps	20,000	-	Dec 2010	Sept. 2013	1.91%	–41
	Subtotal	**80,000**	-				**188**
4	Forward Swaps	30,000	-	Sept.2013	Sept. 2015	2.37%	489
5	Forward Swaps	30,000	-	Sept.2013	Sept. 2015	2.77%	265
	Subtotal	**60,000**	-				**754**
	Total						**943**

December 31, 2010	Financial liabilities		Hedging instruments		Net exposure after hedging	
(€ in K)	Fix rate	Variable rate	Fix rate	Variable rate	Fix rate	Variable rate
<1 year	1,230	104,000	0	80,000	1,230	24,000
1 to 3 years	395	91,000		80,000	395	11,000
3 to 5 years	700	0		60,000	700	–60,000

G. Liquidity Risk Management

The Group controls liquidity risks by maintaining credit lines and additional facilities with banks, by continuously tracking the forecasted and actual cash flows and by managing the maturity profiles of financial assets and liabilities.

The table below provides an overview of the credit lines available on the reporting date:

	Credit line at Dec. 31, 2009	< 1 year € in K	1 - 5 years € in K	> 5 years € in K	Interest rate	Credit line used at Dec. 31, 2009	Credit line unused as of Dec. 31, 2009
Syndicated credit line	207,000	13,000	194,000	0	Variable	117,000	90,000
Bilateral credit line	36,711	25,678	9,033	2,000	Variable and fixed	2,931	33,780
Total	**243,711**	**38,678**	**203,033**	**2,000**		**119,931**	**123,780**

	Credit line at Dec. 31, 2010	< 1 year € in K	1 - 5 years € in K	> 5 years € in K	Interest rate	**Credit line used at Dec. 31, 2010**	**Credit line unused as of Dec. 31, 2010**
Syndicated credit line	194,000	13,000	181,000	0	Variable	104,000	90,000
Bilateral credit line	33,626	33,626	0		Variable and fixed	28,418	5,208
Total	**227,626**	**46,626**	**181,000**	**0**		**132,418**	**95,208**

If the market interest rate had been 1.0 percentage point higher, the fair value of the interest rate swaps would have increased by €3.0 million. An amount of €0.5 million would have been recognized in the income statement, whereas €2.5 million would have been shown directly in equity as part of an effective hedging transaction.

If this interest rate had been 1.0 percentage point lower, the impact on the financial result would have been -€0.5 million and on the other comprehensive income -€2.6 million.

Opposite effects would have been reflected in the interest expenses on the underlying debts.

As explained in Note 24, in September 2008 the Group put in place a syndicated loan agreement with a credit line of €220 million for a term of five years. Under this agreement, Sartorius Stedim Biotech is required to comply with standard financial key ratios (covenants). In this context, the ratio of net debt to underlying EBITDA may not be greater than 3.0 and the interest coverage ratio (underlying EBITDA to interest payable) may not be lower than 5.0 for the financial years of 2008 to 2010, or 6.0 for the financial years thereafter. As of December 31, 2010, Sartorius Stedim Biotech achieved the following ratios:

Net debt € in K	Related EBITDA € in K	Ratio of net debt | EBITDA	Interest payable € in K	Interest coverage
102,758	85,879	1.2	3,325	25.83

Underlying EBITDA corresponds to the EBITDA adjusted for reorganization items. The net debt is defined as outstanding bank loans less cash and cash equivalents held.

29. Share-based Payments

Share-based payments relate to stock option plans allocated for Group personnel.

	Dec. 31, 2010 Number of options	Dec. 31, 2009 Number of options
Outstanding at beginning of period	93,227	143,460
Allocated during the period	0	0
Cancelled during the period	0	0
Exercised during the period	–40,727	–50,233
Lapsed in the period	**0**	**0**
Outstanding at end of period	52,500	93,227
Exercisable at the end of period	52,500	93,227

The various stock option plans outstanding at December 31, 2009, and December 31, 2010, are summarized as follows:

Date of General Meeting authorizing the plan	Date on which the Board granted approval	Initial number of shares to be subscribed	Number of shares to be subscribed by directors and executives	Number of directors and executives concerned	Number of initial beneficiaries	Subscription price in €	Number of shares subscribed over the fiscal year 2009	Number of options granted and exercisable at Dec. 31, 2009	Number of options subject to target performance at Dec. 31, 2009	Total of number of beneficiaries of valid options
June 23, 2000	Aug. 2, 2000	139,105	0	0	5	8.59	0	0	0	0
June 23, 2000	Sept. 28, 2001	142,855	0	0	7	11.94	0	4,060	0	1
June 23, 2000	Nov. 14, 2002	12,100	0	0	1	6.78	0	0	0	0
June 23, 2000	Sept. 10, 2003	22,000	0	0	1	7.9	4,400	0	0	0
June 23, 2000	Feb. 11, 2004	66,000	0	0	1	6.42	0	0	0	0
June 23, 2000	July 23, 2004	140,000	0	0	19	9.23	42,500	25,000	0	3
June 10, 2005	Sept. 15, 2005	127,500	10,000	1	15	18.87	3,333	46,667	0	4
June 10, 2005	Nov. 10, 2006	35,000	0	0	2	29.51	0	17,500	0	2
Total		**684,560**	**10,000**		**51**	**0**	**50,233**	**93,227**	**0**	**10**
									93,227	

Date of General Meeting authorizing the plan	Date on which the Board granted approval	Initial number of shares to be subscribed	Number of shares to be subscribed by directors and executives	Number of directors and executives concerned	Number of initial beneficiaries	Subscription price in €	Number of shares subscribed over the fiscal year 2010	Number of options granted and exercisable at Dec. 31, 2010	Number of options subject to target performance at Dec. 31, 2010	Total of number of beneficiaries of valid options
June 23, 2000	Aug. 2, 2000	139,105	0	0	5	9	0	0	0	0
June 23, 2000	Sept. 28, 2001	142,855	0	0	7	12	4,060	0	0	0
June 23, 2000	Nov. 14, 2002	12,100	0	0	1	7	0	0	0	0
June 23, 2000	Sept. 10, 2003	22,000	0	0	1	8	0	0	0	0
June 23, 2000	Feb. 11, 2004	66,000	0	0	1	6	0	0	0	0
June 23, 2000	July 23, 2004	140,000	0	0	19	9	0	25,000	0	3
June 10, 2005	Sept. 15, 2005	127,500	10,000	1	15	19	36,667	10,000	0	2
June 10, 2005	Nov. 10, 2006	35,000	0	0	2	30	0	17,500	0	2
Total		**684,560**	**10,000**		**51**	**0**	**40,727**	**52,500**	**0**	**7**
									52,500	

The cost for fiscal 2010 is €0 K. No new additional stock options were granted in 2010.

Sartorius Stedim Biotech share purchase options have been allocated by the Group to some of its senior managerial employees and directors. The fair value of services performed as consideration for the allocation of these options is measured by reference to the fair value of these options at the date of allocation. In order to perform this estimate, the Group uses a binomial-type mathematic model.

The total fair value of each plan thus measured is recognized as an expense spread over the full vesting period of the plan. This expense is recognized under personnel costs and offset by an increase in reserves.

Cash received by the Group upon the exercise of these options is recognized in the cash and cash equivalents with a corresponding item in the issued capital and the reserves.

On the level of Sartorius Stedim Biotech's majority shareholder Sartorius AG, share-based payments exist in the form of so-called phantom stock units. The fair value of the phantom stock units is disclosed as follows:

Components with a long-term incentive effect	Number of phantom stock units	Subscription price	Fair value when granted on Jan. 1 of the particular year € in K	**Fair value at year-end on Dec. 31, 2010 € in K**	Paid out € in K	Exercisable
Tranche of phantom stock units for 2007	3,593	34.79	125	96	0	no
Tranche of phantom stock units for 2008	4,754	28.92	138	123	0	no
Tranche of phantom stock units for 2009	20,905	8.16	171	401	0	no
Tranche of phantom stock units for 2010	13,469	15.78	213	326	0	no
	42,721		**647**	**946**	**0**	

Notes to the Income Statement

30. Sales Revenue

Sales revenue is recognized at the time the risk has passed to the purchaser. An exception is contract revenue from customer-specific construction contracts, which are accounted for according to the percentage of completion method. The stage of completion corresponds to the partial work performed by the Group on the contract as of the fiscal year ended. The percentage of completion is the ratio (contract costs incurred as of the reporting date | total contract cost estimated). The losses on contract expected are taken into account by means of provisions. Contract revenue is defined by the amount agreed in the respective contract (for more information see Note 19).

Sales revenue, which is broken down by geographical areas, consists of the following:

	2010 12 months € in K	2009 12 months € in K
France	39,090	36,286
Germany	64,372	67,098
All other countries	329,487	297,847
	432,949	**401,231**

An amount of €7,223 K was earned with subsidiaries (Mechatronics) in 2010 and €5,741 K in 2009.

31. Cost of Sales

This item reports the costs of products sold and the acquisition costs of merchandise sold.

Besides the directly allocatable expenses, such as raw materials and supplies, employee benefits expense and energy expenses, the cost of sales also includes overhead, which can be allocated to the manufacturing area, and the corresponding depreciation and amortization.

32. Selling and Distribution Costs

These costs pertain, in particular, to the costs of the sales and marketing organization, distribution, advertising and market research.

33. Research and Development Costs

This item reports the costs for research and product and process development. Development costs are recognized as assets, provided that they fully meet the prerequisites of IAS 38 for recognition of intangible assets. Amortization on development costs recognized as assets is also indicated in this item.

34. General Administrative Expenses

Above all, this item includes employee benefits expense and the cost of materials of the general administrative area.

35. Other Operating Income and Expenses

	2010 12 months € in K	2009 12 months € in K
Currency translation gains	10,369	5,068
Income from the decrease in allowances for bad debts	1,098	1,502
Income from release and use of provisions and liabilities	690	1,063
Income from grants	2,181	1,893
Other income	726	1,802
Other operating income	**15,064**	**11,330**
Currency translation losses	–9,937	–4,978
Reorganization expenses	–3,002	–4,642
Allowances for bad debts	–1,494	–1,811
Other expenses	–1,773	–1,163
Other operating expenses	**–16,206**	**–12,594**
Total other operating income and expenses	**–1,142**	**–1,264**

Reorganization items, which mainly entailed costs for the incorporation of our formerly independent sales representatives into our regular workforce and the consolidation of the production sites in North America of €2.0 million and other expenses, accounted for €3.0 million.

36. Financial Result

	2010 12 months € in K	2009 12 months € in K
Interest and similar income	431	354
- of which from affiliated companies	[251]	[146]
Interest and similar expenses[1)]	–3,325	–5,959
- of which from affiliated companies	[63]	[28]
Expenses for derivative financial instruments	–116	–597
Interest expense for pensions	–888	–607
Other financial expenses	–7	–134
	–3,905	**–6,943**

[1)] The interest and similar expenses correspond mainly to the interests relative to loans and credit lines.

37. Income Tax Expense

	2010 12 months € in K	2009 12 months € in K
Current income taxes	–18,148	–13,676
Deferred taxes	2,245	3,429
	–15,902	**–10,247**

As a matter of principle, income taxes in France are calculated at 33.33% of the estimated taxable profit for the year. For Germany, a rate of 30% was applied to the taxable income. Income generated outside France and Germany is taxed at the particular rates that are valid in the corresponding country.

Considering the French and German average tax rates and the impact of other tax legislation, the expected tax rate for the Sartorius Stedim Biotech Group is roughly between 30% and 32%. The following table describes the difference between the tax expense to be expected and the income tax expenses reported for the particular financial year.

	2010 12 months € in K	2009 12 months € in K
Expected tax expense (30% in 2010 and 32% in 2009)	16,324	12,588
Difference from the Group average income tax rate	–344	–1,316
Expenses not deductible for tax purposes	414	280
Losses and temporary differences not considered as assets	–73	–35
Adjustments from previous years	–990	–1,068
Tax-free income and other tax exemptions	–14	–341
Other	585	139
	15,902	**10,247**
Effective tax rate	29.0%	26.0%

38. Earnings per Share

Diluted net earnings per share were measured by taking into account share subscription options outstanding at December 31, 2010, resulting in certain Group employees acquiring entitlements to subscribe to a total of 52,500 shares.

Therefore, the diluted net earnings per share at December 31, 2010, is calculated on the basis of 2010 financial year items, including the number of existing and potential future shares (including optional shares). Treasury shares are not included in the calculation of the earning per share.

	2010	2009
Net profit after tax (€ in K)	38,511	29,092
Group net profit after tax (€ in K)	38,511	29,092
Earnings per share (€)	2.39	1.71
Diluted earnings per share (€)	2.39	1.70
Number of shares (statutory level)	17,013,448	16,972,721
Treasury shares (share buyback Program): average amount	–932,764	0.00
Number of shares used in earnings per share calculation	16,080,684	16,972,721
Future options	52,500	93,227
Potential options	0	0
Number of shares used in diluted earnings per share calculation	**16,133,184**	**17,065,948**

According to IAS 33, Earnings per Share, the earnings per share for each class must be determined separately. The basic earnings per share (basic EPS) are calculated on the basis of the weighted average number of ordinary shares during the period.

39. Other Disclosures

The consolidated financial statements were prepared on a going concern basis.

Material Events after the Reporting Date

No material events occurred after the reporting date.

Analysis of Operating Profit by Category

	2010 12 months € in K	2009 12 months € in K
Sales revenue	432,949	401,231
Purchases consumed	–109,252	–111,112
Cost of purchased services	–10,405	–10,695
Personnel costs	–131,261	–121,539
Amortization and depreciation	–22,982	–22,685
Other operating costs	–99,154	–86,589
	–373,055	**–352,621**
Operating profit	**59,894**	**48,611**
Financial income I expenses	–3,905	–6,943
Income tax and other taxes	–17,478	–12,575
Non-controlling interest	0	0
Net profit	**38,511**	**29,092**

Raw Materials and Supplies

This item consists of the following:

	2010 12 months € in K	2009 12 months € in K
Purchases consumed	109,252	111,112
Cost of purchased services	10,405	10,695
	119,657	**121,807**

Employee Benefits Expense

This item can be broken down as follows:

	2010 12 months € in K	2009 12 months € in K
Wages and salaries	106,361	99,463
Social security	22,813	20,150
Expenses for retirement benefits and pensions	2,088	1,926
	131,261	**121,539**

Number of Employees

The average workforce employed during the year 2010 was 2,492 (2,395 in 2009).

Statutory Auditors' Report on the Consolidated Financial Statements

(Freely translated from the French original by the auditors)

Year ended December 31, 2010

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings, we hereby report to you, for the year ended December 31, 2010, on:

– the audit of the accompanying consolidated financial statements of SARTORIUS STEDIM BIOTECH;

– the justification of our assessments;

– the specific verification required by French law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France, those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes verifying, by audit sampling and other selective testing procedures, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by the management, and the overall financial statements presentation. We believe that the evidence we have gathered in order to form our opinion is adequate and relevant.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group in accordance with the accounting rules and principles applicable under IFRS, as adopted by the European Union.

II. Justification of assessments

In accordance with the requirements of article L. 823 - 9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Note 3 "Accounting policies I assumptions and estimates" to the consolidated financial statements refers to the significant judgments and estimates made by management, particularly those concerning the capitalization of research and development expenditure and the impairment tests on goodwill and assets with indefinite useful lives.

At each period-end, the Company systematically performs an impairment test on goodwill and assets with indefinite useful lives and also assess whether there is an indication of a loss in value for long-term assets, according to the terms and conditions defined in Note 12 "Goodwill and intangible assets" to the financial statements.

Our work consisted in assessing the data and assumptions on which these judgments and estimates were based, reviewing, on a test basis, the calculations performed by your Company, comparing the accounting estimates of previous periods with the corresponding achievements, examining the procedures implemented by management to approve the estimates and verifying that the notes to the financial statements provide an appropriate disclosure on the assumptions and options adopted by the Company.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and, therefore, served in forming our audit opinion expressed in the first part of this report.

III. Specific verification

We have also verified the information given in the group management report as required by French law.

We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

Marseilles, March 4, 2011

The Statutory Auditors

Deloitte & Associés	ERNST & YOUNG Audit
French original signed by Vincent Gros	French original signed by Anis Nassif

Annual Financial Statements of Sartorius Stedim Biotech S.A. and Notes

05

Annual Financial Statements

Parent Company Balance Sheet: Assets (in thousands of €)

	Gross at Dec. 31, 2010	Depreciation, amortization and provisions Dec. 31, 2010	Net at Dec. 31, 2010	Net at Dec. 31, 2009
Intangible assets	2,734	–2,404	330	314
Property, plant and equipment	27,907	–17,740	10,167	11,672
Financial investments	145,772	–1,677	144,095	84,445
Total non-current assets	**176,413**	**–21,821**	**154,592**	**96,431**
Inventories and work in progress	7,559	–1,599	5,960	6,483
Receivables				
Trade receivables from third parties	10,273	–454	9,819	9,624
Other receivables	4,884	0	4,884	6,059
Marketable securities	0	0	0	0
Deposits and cash equivalents	96		96	563
Total current assets	**22,812**	**–2,053**	**20,759**	**22,729**
Prepaid expenses	72		72	34
Currency translation adjustment	2,470		2,470	743
Total assets	**201,767**	**–23,874**	**177,893**	**119,937**

Parent Company Balance Sheet: Equity and Liabilities (in thousands of €)

	At Dec. 31, 2010	At Dec. 31, 2009
Share capital	10,378	10,353
Share premium	59,295	58,577
Reserves	1,625	1,231
Retained earnings carried forward	3,827	0
Profit for the period	21,066	14,160
Regulated provisions	2,862	2,045
Total equity	**99,053**	**86,366**
Provisions for liabilities and charges	3,119	1,020
Total provisions for liabilities and charges	**3,119**	**1,020**
Loans and borrowings	0	0
Trade payables	7,349	7,307
Tax and social charges payable	4,391	4,524
Liabilities for non-current assets	182	119
Other liabilities	63,795	20,577
Total liabilities	**75,717**	**32,527**
Currency translation adjustment	4	24
Total equity and liabilities	**177,893**	**119,937**

Parent Company Balance Sheet: Income Statement (in thousands of €)

	At Dec. 31, 2010	At Dec. 31, 2009
Sales revenue	65,026	64,626
Inventory movements	–936	–1,374
Capitalized production costs	0	98
Depreciation or amortization reversals	2,093	2,646
Other operating income and expense reallocation	139	229
Purchases consumed	–31,303	–31,264
External charges for services	–8,480	–7,062
Tax and duties	–1,712	–1,793
Personnel costs	–17,184	–17,140
Additions to amortization, depreciation and provisions	–3,912	–5,671
Other operating expenses	–250	–234
Operating profit	**3,481**	**3,061**
Net financing income | (expense)	17,325	10,403
Profit | (loss) from ordinary activities	**20,806**	**13,464**
Exceptional income | (expense)	–925	–1,117
Contribution to employee profit-sharing plan	0	0
Income tax	1,185	1,813
Net profit | (loss)	**21,066**	**14,160**

1. Accounting Principles and Methods

The parent company's financial statements for the year ended December 31, 2010, were prepared and presented in accordance with French accounting rules in compliance with the principles of prudence, reporting on distinct financial years and the presumption of a going concern. The annual financial statements have been prepared in accordance with the provisions of the French Commercial Code Accounting Decree of November 29, 1983, and CRC Regulation 99-03 of April 29, 1999, on the revision of the French chart of accounts.

Sartorius Stedim Biotech S.A. is listed in Compartment B of the Euronext Paris Stock Exchange (ISIN FR code 0000053266) and also prepares consolidated financial statements in accordance with IFRS standards, as adopted by the European Union on December 31, 2010.

1.1. Non-current Assets

Non-current intangible and tangible assets are valued at their acquisition costs, excluding costs incurred for their acquisition.

For intangible assets and property, plant and equipment, the Company applied the French Regulation CRC No. 2002-10, recodified by Article 2-4 of Regulation CRC No. 2004-06 relative to the amortization, depreciation and impairment of assets according to the "Component approach."

1.1.1. Intangible Assets

The following is thus valuated under this heading: incorporation costs, patents and software.

All these assets are amortized on a straight-line basis using the following indicative useful lives:

– Incorporation costs:	One to five years
– Software:	One to three years
– Patents:	Twenty years

As part of the implementation of integrated software, the direct labor costs concerned are included in the amount capitalized as cost, as a function of the time elapsed.

Intangible assets are valued at acquisition cost less amortization and impairments reported, on an ongoing basis.

The expenses of research and development are not capitalized. They are considered expenses in the annual accounts and amount to €3,103 K.

1.1.2. Property, Plant and Equipment

Property, plant and equipment (PPE) are recognized at their acquisition value, including the installation cost of these assets.

Depreciation is calculated over the standard and economic life of the assets using the straight-line method.

All these non-current assets are depreciated on a straight-line basis using the following indicative periods of use:

- Buildings: Twenty to forty years
- Improvements, fixtures and fittings: Ten to fifteen years
- Plant and equipment: Four to ten years
- Office and IT equipment: Three to five years
- Motor vehicles: Four to five years

Property, plant and equipment are valued at acquisition cost less depreciation and impairments reported, on an ongoing basis.

Fixed assets held by third parties are subject to an annual write-down as a function of their estimated useful life.

1.1.3. Financial Investments

Investments relate mainly to shareholdings in subsidiaries and other treasury shares held within the scope of the share buyback program; they are recorded at their acquisition cost, including fees linked to their acquisition.

A write-down provision may be established to take into account, in particular, either the stock exchange price or the underlying assets of these subsidiaries, their financial position and their prospects.

Shareholdings in subsidiaries are subject to impairment tests.

1.2. Inventories and Work in Progress

The value of merchandise and supplies is determined using the FIFO method.

Storage and acquisition costs are not included.

Work in progress and finished products are valuated at production cost using the full industrial cost method.

A write-down provision is made where appropriate when the realizable value or the prospects of use and | or sale of these inventories are lower than the gross carrying value.

1.3. Receivables and Payables

Receivables and payables are recorded at their nominal value.

Receivables whose collection is doubtful are subject to a provision for doubtful debts.

1.4. Marketable Securities

Marketable securities are valued at their historic cost.

A write-down provision is made when the realizable value is lower than the historic cost.

In return, no unrealized capital gain is recognized in the financial statements.

1.5. Currency Translation Adjustment

Foreign currency-denominated receivables and liabilities were converted and recognized based on the December 31 exchange rate. The difference observed with the historical cost is posted to the "Currency translation adjustment" item.

Unrealized losses resulting from currency translation are recognized under currency translation loss when the value of the receivable or liability has not been hedged by forward transactions (see Section 6.1).

2. Non-Current Assets (in thousands of €)

2.1. Intangible Assets

Gross values	At Dec. 31, 2009	**Increase in 2010**	**Decrease in 2010**	**At Dec. 31, 2010**
Incorporation costs	4	0	0	4
Patents	325	0	0	325
Software, licenses	2,303	50	0	2,353
Business goodwill	2	0	0	2
Intangible assets in progress	0	50	0	50
Total	**2,634**	**100**	**0**	**2,734**
Amortization and depreciation	2,320	84	0	2,404
Net amount	**314**	**16**	**0**	**330**

2.2. Property, Plant and Equipment

Gross values	At Dec. 31, 2009	**Increase in 2010**	**Decrease in 2010**	**At Dec. 31, 2010**
Land	396	0	0	396
Buildings	13,563	28	0	13,591
Plant and equipment	10,241	227	–2,560	7,908
Other	6,024	61	–294	5,791
Property, plant and equipment in progress	4	217	0	221
Total	**30,228**	**533**	**–2,854**	**27,907**

Amortization and depreciation	At Dec. 31, 2009	**Addition**	**Release**	**At Dec. 31, 2010**
Buildings	6,345	462		6,807
Plant and equipment	7,704	627	–1,952	6,379
Other	4,508	378	–332	4,554
Total	**18,557**	**1,467**	**–2,284**	**17,740**
Property, plant and equipment, net	**11,671**			**10,167**

The variation in tangible assets (-€2,321 K) was primarily due to industrial equipment investments (€224 K), fixtures and other tangible assets (€61 K), excluding tangible assets in progress. The reduction corresponds to Tangible assets sales (€2,575 K) and disposals of fixed assets of €279 K.

2.3. Financial Investments

Investments	At Dec. 31, 2009	**Increase in 2010**	**Decrease in 2010**	**At Dec. 31, 2010**
Shareholdings	84,426	0	0	84,426
Write-down of shareholdings	0	0	0	0
Deposits and guarantees	19	0	0	19
Treasury shares	0	61,327	0	61,327
Write-down of treasury shares	0	–1,677	0	–1,677
Total	**84,445**	**59,650**	**0**	**144,095**

The following is included under "Financial investments":

- 99.99% of the share capital of Sartorius Stedim SUS SARL, a Tunisian company acquired in January 2002;
- 100% of the share capital of Sartorius Stedim Aseptics S.A., a French company acquired in 2004;
- 100% of the share capital of Sartorius Stedim Biotech GmbH, a company governed by German law, following the merger of the Sartorius and the Stedim Groups in June 2007;
- Other investments: €0.1 K.

The "Treasury shares" item corresponds to the share buyback program implemented following the approval of the seventh and eighth resolutions by the Annual General Shareholders' Meeting on April 19, 2010. At the end of 2010, the number of shares rose to 1,698,710, repurchased at an average price of €36.10, for a total amount of €61,327,190 (Please refer to section 9 on page 105 for further information). A write-down of €1,676,553 was recorded on December 31, 2010.

3. Inventories and Trade Receivables (in thousands of €)

3.1. Inventories at Year-end

Inventories	At Dec. 31, 2009	Movements	**At Dec. 31, 2010**
Raw materials	3,063	503	3,566
Other consumables	225	–76	149
Work in progress and finished goods	4,220	–936	3,284
Merchandise	622	–61	561
Gross value	**8,130**	**–570**	**7,560**
Depreciation for write-down of raw materials and consumables	–483	–124	–607
Depreciation for write-down of work in progress and finished goods	–827	253	–574
Depreciation for write-down of merchandise	–337	–82	–419
Depreciation for write-down of inventories	**–1,647**	**47**	**–1,600**
Net	**6,483**	**–523**	**5,960**

In 2010, in spite of the growth in business activity, the company continued its policy of inventory control: in effect, the level of stocks dropped by a gross amount of €0.6 million and by a net amount of €0.5 million.

Raw material inventories were increased in order to provide safety stock for on-time deliveries. This increase was mostly compensated for by the reduction in finished-products inventories, particularly over the last quarter in 2010.

3.2. Maturity of Receivables at Year-end

Type of receivable	Net amount	One year or less	More than 1 year
Deposits and guarantees	20	0	20
Non-current assets	**20**	**0**	**20**
Advance payments on account	351	351	
Trade receivables	9,819	9,819	0
Personnel	8	8	
Social security	4	4	
Taxes and duties	1,017	1,017	
Group	2,790	2,790	
Other receivables	714	714	
Current assets	**14,703**	**14,703**	**0**
Prepaid expenses	72	72	0
Total receivables	**14,795**	**14,775**	**20**

The "Trade receivables" item includes an amount of €8,420 K concerning the trade receivables of the Group entities and €1,122 K for invoices to be issued.

The "Group" item for receivables from Group subsidiaries (€2,790 K) relates to current account cash advances provided to Sartorius Stedim Biotech GmbH, Sartorius Stedim SUS SARL and Sartorius Stedim France.

The "Taxes and duties" item primarily entails VAT receivables.

4. Maturity of Liabilities at Year-end (in thousands of €)

Type of liability	Net amount	Less than one year	Between 1 and 5 years	More than 5 years
Loans and borrowings from credit institutions				
Originally less than 2 years				
Originally more than 2 years	0	0	0	0
Current bank overdrafts and accrued interest	0	0	0	0
Trade payables	7,349	7,349	0	0
- including bills of exchange	0	0	0	0
Advances and payments on account for orders	0	0	0	0
Tax and social security payables	4,391	4,391	0	0
Liabilities for non-current assets	182	182	0	0
Group and associates	63,451	63,451	0	0
Other	344	344	0	0
Total liabilities	**75,717**	**75,717**	**0**	**0**

Accrued expenses included in these accounts represented €4,736 K and concerned the following items:

Type of expense	At Dec. 31, 2010
Accrued banking charges	3
Suppliers' invoices to be received	1,391
Paid vacation including social charges	1,345
Bonuses, including social charges and profit sharing	1,619
Social security payable	180
Taxes payable	198
Employee profit sharing	0
Total charges payable	**4,736**

5. Parent Company Statement of Changes in Equity (in thousands of €)

5.1. Equity

At December 31, 2010, the share capital was €10,378 K, comprising 17,013,448 shares of a €0.61 par value. The changes in equity in 2010 are the result of the following events:

- The exercise of stock options resulting in the issue of 40,727 shares, each with a par value of €0.61, for a total of €25 K;

- A €717 K share premium associated with this share capital increase.

The Annual General Shareholders' Meeting on April 19, 2010, approved the appropriation of the net profit for the year of €14,160 K, as follows:

- Allocation to the retained earnings carried forward: €3,581 K

- 5% paid into the legal reserves: €395 K

A dividend total of €10,184 K, or a net dividend per share of €0.60, was paid.

	Appropriation of profit in 2009					**Equity before appropriation of profit in 2010**
	Before	Changes	After	Increases	Decreases	
Number of shares:	16,972,721		16,972,721	40,727		17,013,448
Share capital	10,353		10,353	25		10,378
Share premium	42,438		42,438	717		43,155
Merger premium	16,140		16,140			16,140
Legal reserve	640	395	1,035			1,035
Other reserves	590		590			590
Balance carried forward	0	3,581	3,581	246		3,827
Dividends paid	0	10,184	10,184		10,184	0
Net profit to be appropriated	0		0			0
Profit for the reporting year	14,160	–14,160	0	21,066		21,066
Regulated provisions	2,045		2,045	817		2,862
Total	**86,365**	**0**	**86,366**	**22,871**	**10,184**	**99,053**

5.2. Stock Options

As part of its policy of motivating the Group's senior executives, Sartorius Stedim Biotech S.A. has granted stock options to a number of its employees.

The number of share subscription options vested and not exercised to date is 52,500.

There are no more potential stock options to be issued depending on the achievement of future targets.

6. Risks and Provisions (in thousands of €)

6.1. Provisions

Type of provision	Provisions at Dec. 31, 2009	Additions 2010	Releases 2010	**Provisions at Dec. 31, 2010**
Regulated provisions				
Accelerated amortization and depreciation	2,045	817	0	2,862
Subtotal (1)	**2,045**	**817**	**0**	**2,862**
Provisions for liabilities and charges				
Exchange risk	743	2,470	743	2,470
Other costs	277	649	277	649
Taxation	0	0	0	0
Subtotal (2)	**1,020**	**3,119**	**1,020**	**3,119**
Grand total	**3,065**	**3,936**	**1,020**	**5,981**

6.2. Market Risk Exposure

Operating Cash Flow Risk

At December 31, 2010, foreign currency denominated current assets and liabilities totaled:

– USD 2,132 K (debit position)

– USD 5,346 K (credit position)

– JPY 1,078,836 K (credit position)

Unhedged trade receivables are revaluated at the year-end rate.

A provision is systematically established for unrealized losses. However, unrealized gains are not recognized.

Asset and liability translation adjustments can be broken down as follows:

	Balance at Dec. 31, 2010	
€ in K	Assets	Liabilities
Decrease in assets | liabilities	**2,470**	
Suppliers	14	
Customers	5	
Intercompany accounts	2,451	
Exchange hedges (assets)	**0**	
Suppliers	0	
Customers	0	
Intercompany customers	0	
Increase in assets | liabilities		**4**
Suppliers		
Customers		2
Intercompany accounts		2
Exchange hedges (liabilities)		**0**
Suppliers		0
Customers		0
Intercompany customers		0
Currency translation differences	**2,470**	**4**

Over the years, Sartorius Stedim Biotech GmbH has refined a development and management policy providing enhanced control over the foreign exchange risk:

- Group treasury is centralized by the parent company at Sartorius Stedim Biotech GmbH.
- The net financial risk, after offsetting, is managed by hedging transactions, if necessary.
- U.S. dollar risk management is therefore optimized.

7. Current and Future Tax Position (in thousands of €)

As of January 1, 2008, the company chose to adopt the French tax integration regime within the framework of a tax group. The lead company of this group is Sartorius Stedim Biotech S.A. The other member companies of this tax integration group for tax relief are Sartorius Stedim Aseptics S.A. and Sartorius Stedim France S.A.S.

The member companies report income tax as if there were no integration tax regime. The parent corporation benefits from tax relief related to consolidating the gains and losses of the other member companies.

As of December 31, 2010, the cumulative amount of carry-forward losses was €3,058 K for the parent company and €233 K for French tax consolidation relief.

For 2010, the net impact according to the consolidation rules of the French tax integration regime for tax relief is an income of €109 K. The amount of income tax for fiscal 2010 to be paid by Sartorius Stedim Biotech SA in 2011 under this tax integration regime is €1,683 K.

The future income tax position results from:

- Tax paid in advance on expenses recognized during the fiscal year, but that is deductible in subsequent fiscal years;
- Tax paid in advance on unrecognized and unrealized gains.

These deferred taxes were not recognized on the balance sheet.

The temporary differences between taxable income and expenses were as follows:

Future tax position			Dec. 31
Increases			
2010 solidarity contribution		104	
Net movement in 2010 currency translation differences		4	
2010 employee profit sharing		0	
Depreciation for customers and inventories		542	
Total increases			**650**
Decreases			
2009 solidarity contribution		103	
Net movement in 2009 currency translation differences		24	
2009 employee profit sharing		0	
Write-down of subscription warrants		129	
Total decreases			**256**
2010 future tax position			**394**
Increases			
2009 solidarity contribution		103	
Net movement in 2009 currency translation differences		24	
2009 employee profit sharing		0	
Depreciation for customers and inventories		129	
Total increases			**256**
Decreases			
2008 solidarity contribution		75	
Net movement in 2008 currency translation differences		17	
2008 employee profit sharing		0	
Total decreases			**92**
2009 future tax position			**164**

8. Operating Income (in thousands of €)

8.1. Sales Revenue by Operating Segment

Operating segment € in K	**2010**	%	2009	%
Biopharm	65,026	100%	64,626	100%
Total	**65,026**	**100%**	**64,626**	**100%**

8.2. Sales Revenue by Geographical Region

Geographical region (€ in K)	**2010**	%	2009	%
France	**8,280**	**13%**	**7,939**	**12%**
Export	**56,746**	**87%**	**56,687**	**88%**
EU and other countries	50,025		49,590	
North American continent	6,721		7,097	
Total	**65,026**	**100%**	**64,626**	**100%**

9. Exceptional Income and Expense (in thousands of €)

		Dec. 31, 2010	Dec. 31, 2009
Exceptional income			
- on operations		0	0
- on capital transactions		607	0
Release of provisions and transfer			
of charges		0	33
Total exceptional income		**607**	**33**
Exceptional expense			
- on operations		144	0
- on capital transactions		571	38
Additions to amortization, depreciation and provisions	[1]	817	1,112
Total exceptional expense		**1,532**	**1,150**
Exceptional income | (expense)		**–925**	**–1,117**

[1] Amortization and depreciation charges comprised accelerated depreciation and amortization of capitalized costs associated with the acquisition of Stedim by Sartorius in June 2007. Where expenses are charged to the share premium, they are treated as a deduction in calculation of the company's tax liability.

In 2007, €4,104,860 was recognized under "Non-current assets" and will be amortized on a pro-rated basis over 5 years.

10. Employee Profit-Sharing

The company implements a profit-sharing agreement for senior executives.

No payments will be made with regard to fiscal 2010.

11. Individual Training Entitlement

This individual occupational training entitlement provides every employee who has at least one year of seniority to accumulate training time capital of 20 hours minimum per year over a maximum of six years, which is to be used at the employee's initiative, but with his or her employer's consent. The number of accumulated training hours with respect to rights acquired at December 31, 2010, was 25,611 hours.

12. Breakdown of Income Tax (in thousands of €)

	At Dec. 31, 2010			At Dec. 31, 2009		
	Profit before tax	**Income tax charge**	**Profit after tax**	Profit before tax	Income tax charge	Profit after tax
Gross taxable income	20,806	–9	20,798	13,464	–21	13,443
Exceptional income | (expense)	–925	0	–925	–1,117	0	–1,117
Employee profit-sharing contribution	0	0	0	0	0	0
R&D tax credit	0	1,084	1,084	0	943	943
French tax integration relief	0	109	109	0	891	891
Net taxable income	**19,881**	**1,185**	**21,066**	**12,347**	**1,813**	**14,160**

13. Workforce Analysis

Workforce at December 31:

Workforce at December 31			**2010**			2009
	Men	**Women**	**Total**	Men	Women	Total
Executives	49	40	89	37	52	89
Employees	77	127	204	125	85	210
Total	**126**	**167**	**293**	**162**	**137**	**299**

14. Information on Directors' Remuneration

Remuneration paid to members of the Board of Directors as directors' meeting attendance fees amounted to €62 K. These fees related to the 2009 fiscal year and were paid in 2010.

No meeting attendance fees were paid by Sartorius Stedim Biotech S.A. to the general management of the company in fiscal 2010.

15. Off-Balance Sheet Commitments (in thousands of €)

Type of commitment	Comment	At Dec. 31, 2010	At Dec. 31, 2009
Commitments given			
Retirement commitment	[1]	1,076	899
Guarantees for bilateral credit lines	[3]	14,500	0
Guarantees for currency hedging contracts	[3]	33,000	0
Guarantee commitment given to Société Générale on behalf of Integrated Biosystems SARL		0	5,000
Commitments from renting / leasing		346	0
Commitments received			
Contractual loan capacity from credit institutions	[2]	6,226	10,995

[1] Pension commitments were not recognized in the company's accounts. This assessment takes account of the age profile of company personnel, their seniority and attrition rate.

Pension commitments and other long-term employee benefits concern staff currently employed by the company. The plan implemented to cover these benefits is a defined contribution plan, which entails provisions and primarily includes retirement benefits.

The probability that every employee will remain with the company until retirement age was taken into account, based on the age bracket they fall into. Sartorius Stedim Biotech S.A. assumes that employees will voluntarily retire at the age of sixty-five.

[2] During the reporting year of 2008, Sartorius Stedim Biotech S.A. concluded a 5-year syndicated loan agreement for a total amount of €220 million. This loan is booked in Sartorius Stedim Biotech GmbH financial statements. Under this agreement, Sartorius Stedim Biotech is required to comply with key financial ratios (covenants). For more details, please refer to Note 28 | Section G of the Consolidated Statements on page 120.

The following actuarial assumptions were used:

Year	Discount rate	Rate of increase	Average age on retirement
2009	4.80%	2.75%	65 years
2010	4.20%	2.75%	65 years

Attrition assumptions by age bracket were as follows:

Age bracket	Attrition at Dec. 31, 2010	Attrition at Dec. 31, 2010
	Executives	Employees
20 to 29 years	14%	3%
30 to 39 years	9%	3%
40 to 49 years	11%	1%
50 to 65 years	0%	0%

[3] The commitments given concern the company Sartorius Stedim Biotech GmbH.

16. Information on Related Parties (in thousands of €)

Affiliates are companies owned by Sartorius Stedim Biotech S.A., and are Sartorius Stedim SUS SARL, Sartorius Stedim Aseptics S.A. and Sartorius Stedim Biotech GmbH.

The company Sartorius Stedim Biotech S.A. is consolidated in the financial statements of Sartorius AG, Weender Landstrasse 94-108, 37075 Goettingen (Germany).

Share Buyback Program:

The AGM held on April 19, 2010, authorized the company Sartorius Stedim Biotech S.A. to introduce its own share buyback program for a maximum duration of eighteen (18) months or until the October 19, 2011.

The following movements have been recorded during the year 2010.

	Number of shares	Unit price	Amount in €
Bernard Lemaître	250,000	37.50	9,375,000
Sartorius AG	449,719	37.50	16,864,463
Sartorius AG	449,053	35.01	15,721,346
VL. Finance SAS	370,000	34.32	12,698,400
Total	**1,518,772**		**54,659,208**

In the following, you will find the table of the main amounts with the related parties:

Items	**At Dec. 31, 2010**	At Dec. 31, 2009
Investments	84,425	84,425
Trade receivables	9,542	8,418
Other receivables	3,500	3,693
Trade payables	2,555	2,379
Other liabilities	63,451	20,265
Income from investments	21,500	11,000
Other financial income	32	80
Finance expense	869	374

In the following, you will find the table of subsidiaries and shareholdings:

At Dec. 31, 2010	Share capital	Reserves, share premium and retained earnings before appropriation	Ownership in %	Book value of shares held: Gross	Book value of shares held: Net amount	Loans outstanding and advances granted	Changes in deposits and pledges	Sales (ex-VAT) for the financial year	Net profit	Dividends received
Sartorius Stedim Biotech GmbH			**100.0%**							
(Euros)	6,000	45,353		79,949	79,949	–57,792	0	213,036	29,943	20,000
Sartorius Stedim SUS SARL			**100.0%**							
(Dinars)	4,357	–2,662						16,884	1,664	0
(Euros)				2,628	2,628	719	0	8,898	877	0
Sartorius Stedim Aseptics S.A.										
(Euros)	448	1,663	0.0%	1,848	1,848	–2,603	0	6,664	1,481	1,500

At Dec. 31, 2009	Share capital	Reserves, share premium and retained earnings before appropriation	Ownership in %	Book value of shares held: Gross	Book value of shares held: Net amount	Loans outstanding and advances granted	Changes in deposits and pledges	Sales (ex-VAT) for the financial year	Net profit	Dividends received
Sartorius Stedim Biotech GmbH			**100.0%**							
(Euros)	6,000	49,087		79,949	79,949	–13,830	0	190,204	16,222	10,000
Sartorius Stedim SUS SARL			**100.0%**							
(Dinars)	4,357	–3,980						14,941	1,118	0
(Euros)				2,628	2,628	3,351	0	7,964	596	0
Sartorius Stedim Aseptics S.A.			**100.0%**							
(Euros)	448	1,376		1,848	1,848	–2,318	0	8,120	1,787	1,000

Statutory Auditors' Report on the Annual Financial Statements

(Freely translated from the French original by the auditors)

Year ended December 31, 2010

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' general meetings, we hereby report to you, for the year ended December 31, 2010, on:

– the audit of the accompanying annual financial statements of SARTORIUS STEDIM BIOTECH,

– the justification of our assessments,

– the specific verifications and information required by French law.

These annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes verifying, by audit sampling and other selective testing procedures, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by the management, and the overall financial statements presentation. We believe that the evidence we have gathered in order to form our opinion is adequate and relevant.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company at December 31, 2010 and the results of its operations for the year then ended, in accordance with the accounting rules and principles applicable in France.

II. Justification of assessments

In accordance with the requirements of article L. 823 - 9 of the French commercial code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

The notes 1.1.3 and 2.3 to the annual financial statements set out the rules and accounting methods relative to the valuation of investments and treasury shares. Within the scope of our assessment of the rules and accounting principles of your company, we have verified the appropriateness of the accounting methods specified above and the information provided in the notes to the annual financial statements and have assured ourselves of their correct application.

These assessments were made as part of our audit of the financial statements taken as a whole and, therefore, contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225 - 102 - 1 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have ensured that the required information concerning the purchase of investments and controlling interests and the names of the principal shareholders (and holders of voting rights) has been properly disclosed in the Directors' report.

Marseilles, March 4, 2011

The Statutory Auditors

Deloitte & Associés	ERNST & YOUNG Audit
French original signed by Vincent Gros	French original signed by Anis Nassif

Supplementary Information

06

Annual Information Document

History and availability of information published since January 2010 and information relating to corporate governance and shareholders.

The types and publication dates are disclosed for each of these themes.

Document Type	Title of the Publication	Website	BALO	AMF	Euronext	La Tribune	Business Wire
2010							
Release	Bilan annuel du contrat de liquidité (available only in French)	Jan. 4	-	Jan. 4	Jan. 4	-	Jan. 4
Release	Sartorius Stedim Biotech S.A.: Declaration Relative to the Number of Shares and Voting Rights Making up the Issued Capital	Feb. 5	-	Feb. 5	Feb. 5	-	Feb. 5
Press release: results	Highly satisfactory performance in 2009	Feb. 10	-	Feb. 10	Feb. 10	Feb. 10	Feb. 10
Press release	Dividend Proposal by the Board	March 4	-	March 4	March 4	-	March 4
Release	Sartorius Stedim Biotech S.A.: Declaration Relative to the Number of Shares and Voting Rights Making up the Issued Capital	March 5	-	March 5	March 5	-	March 5
Reference Document 2009, French version	Groupe Sartorius Stedim Biotech | Document de Référence 2009	March 9	-	March 9	March 9	-	March 9
Convocation	Assemblées d'actionnaires et de porteurs de parts (available only in French)	March 12	March 12	-	-	-	-
Release	Sartorius Stedim Biotech S.A.: Declaration Relative to the Number of Shares and Voting Rights Making up the Issued Capital	April 6	-	April 6	April 6	April 6	April 6
Press release: results	First-quarter 2010: Continued, profitable growth	April 20	-	April 20	April 20	April 20	April 20
Release	Disclosure of trading in own shares	April 29	-	-	-	-	-
Results: 3 -month report	Sartorius Stedim Biotech Group: First-Quarter Report January to March 2010	May 3	-	May 3	May 3	May 3	May 3
Release	Sartorius Stedim Biotech: Document; communication concerning availability (First-Quarter Report January to March 2010)	May 3	-	May 3	May 3	-	May 3
Release	Disclosure of trading in own shares	May 6	-	-	-	-	-
Release	Disclosure of trading in own shares	May 11	-	-	-	-	-
Release	Disclosure of trading in own shares	May 17	-	-	-	-	-
Release	Disclosure of trading in own shares	May 21	-	-	-	-	-
Release	Disclosure of trading in own shares	May 28	-	-	-	-	-

Release: publication	Comptes annuels avec avis d'approbation des comptes et décision d'affectation du résultat (French only)	May 28	May 28	-	-	-	-
Release	Bilan semestriel du contrat de liquidité (available only in French)	July 6	-	July 6	July 6	July 6	July 6
Press release: results (available only in French)	Premier semestre 2010 : croissance continue et progression de la rentabilité	-	-	-	-	July 26	-
Press release: results	First-half figures for 2010: Further growth and increase in profit	July 26	-	July 26	July 26	-	July 26
Results: 6-month report	Sartorius Stedim Biotech Group: First-Half Report January to June 2010	July 30	-	July 30	July 30	-	July 30
Release	Sartorius Stedim Biotech: Document; communication concerning availability (First-Half Report January to June 2010)	July 30	-	July 30	July 30	-	July 30
Press release: results	Sartorius Stedim Biotech: Nine-month figures for 2010: SSB further increases profit	Oct. 22	-	Oct. 22	Oct. 22	Oct. 22	Oct. 22
Results: 9-month report	Sartorius Stedim Biotech Group: Nine-Month Report January to October 2010	Oct. 29	-	Oct. 29	Oct. 29	-	Oct. 29
Release	Sartorius Stedim Biotech: Document; communication concerning availability (Nine-Month Report January to October 2010)	Oct. 29	-	Oct. 29	Oct. 29	-	Oct. 29
Release	Sartorius Stedim Biotech S.A.: Declaration Relative to the Number of Shares and Voting Rights Making up the Issued Capital	Dec. 7	-	Dec. 7	Dec. 7	-	Dec. 7
Release	Disclosure of trading in own shares	Dec. 15	-	-	-	-	-
2011							
Release	Sartorius Stedim Biotech S.A.: Declaration Relative to the Number of Shares and Voting Rights Making up the Issued Capital	Jan. 6	-	Jan. 6	Jan. 6	-	Jan. 6
Release	Bilan annuel du contrat de liquidité (available only in French)	Jan. 4	-			-	
Press release: results	Preliminary figures for fiscal 2010	Feb. 9	-	Feb. 9	Feb. 9	Feb. 9	Feb. 9

All information referred to above is available for downloading from these websites:

– Sartorius Stedim Biotech (www.sartorius-stedim-com)

– AMF (www.amf-france.org)

– Official Journal BALO (www.journal-officiel.gouv.fr)

– La Tribune (www.latribune.fr)

– Euronext (www.euronext.com)

– Business Wire (www.businesswire.com)

The financial calendar is available and regularly updated at www.sartorius-stedim.com.

To date, no additional information has been published.

Other Information of a Legal Nature

General Information on the Issuer

Corporate Name

The corporate name of the company is:
"Sartorius Stedim Biotech S.A.".

In all legal deeds and documents issued by the company, this is always preceded or followed by the words "société anonyme" or the abbreviation "S.A." and a statement of the share capital (Heading 1, Article 1, of the company bylaws).

Registered Office

The registered office is in Aubagne (13400), France, Z.I. Les Paluds, avenue de Jouques.

This office may be transferred to another location in the same "département" [French county or state] or an adjacent county or state by simple decision of the Board of Directors subject to ratification by the next Annual General Shareholders' Meeting and anywhere else in France by a decision taken by an Extraordinary General Shareholders' Meeting.

If the Board of Directors decides to transfer the registered office, it is authorized to revise the bylaws as a result (Heading 1, Article 2, of the company bylaws).

Legal Form and Applicable Law

Public limited liability company or joint stock company [société anonyme], along with a Board of Directors, under French law, subject to the French Commercial Code ("Code de commerce") and Decree No. 67 - 236 of March 23, 1967, on commercial companies.

Date of Incorporation — Duration

The company was incorporated on September 28, 1978, as a "société anonyme." The company's duration is for 99 years, effective upon registration in the French trade and commercial register ("registre du commerce et des sociétés"), unless subject to dissolution or extension provided by the present company bylaws (Heading 1, Article 3).

Corporate Purpose

In France and abroad, the company's purpose is to manufacture, sell and distribute equipment to be used in the biopharmaceutical area and, more generally, carry out all property, financial and securities transactions that relate directly or indirectly to the operations above or are likely to assist their completion.

Trade and Commercial Register — APE Code

The company is registered with the "registre du commerce et des sociétés" de Marseille, under the number RCS B 314 093 352. Its economic activity code (APE) is 2222Z (conversion of plastic materials).

Inspection of Legal Documents at the Registered Office of the Company

The reference document may be viewed at the registered office of the company, on its website and on the website of the AMF.

Financial Year

The financial year, also referred to as fiscal year, covers a period of twelve months, beginning on January 1 and ending on December 31 of each year.

Specific Clauses in the Company Bylaws

Form of Shares

Shares may be in nominative or bearer form according to the shareholders' choice. These shares are entitled to be recorded in an account in accordance with French law.

Appropriation of Profits

The income statement that summarizes the income and expenses of the reporting year discloses by difference, after deduction of amortization, depreciation and provisions, the profit for said reporting year. At least 5% must be deducted from the annual profit reduced, where appropriate, by prior losses, to set up the legal reserve. This deduction ceases to be obligatory when the legal reserve amounts to one tenth of the share capital. This obligatory deduction resumes when, for whatever reason, the legal reserve falls below this one tenth. The distributable profit comprises the profit for the reporting year less prior losses and amounts transferred to reserves, pursuant to French laws and the company bylaws, and increased by profit brought forward. This profit is distributed among all shareholders in proportion to the number of shares each one holds. The Annual General Shareholders' Meeting may decide to distribute amounts taken from reserves available to it by expressly indicating the reserve from which the transfers are made. However, dividends are disbursed by way of priority from the annual profit for the reporting year. Except for a reduction in capital, no distribution may be made to shareholders when the equity falls below, or would consequently fall below, the amount of the capital together with the reserves that French laws or the company bylaws do not permit to distribute. Revaluation surplus is not distributable. It may be incorporated in full or part into the company's capital. However, after transferring the amounts to the reserves, pursuant to French law, the Annual General Shareholders' Meeting may transfer any amount it considers necessary to all available reserves, ordinary or extra-ordinary reserves, or carry it forward.

Shareholders' Meetings

Convocation

Annual (or Ordinary) General Shareholders' Meetings are those convened to take all decisions that do not result in a revision of the bylaws. Extraordinary General Shareholders' Meetings are those called to decide or authorize direct or indirect revisions to the bylaws. Special Meetings bring together the holders of a specific class of share to consider revisions to the rights of this class of share. Decisions made at the General Meetings are binding for all shareholders, even those who are absent, dissenting or legally incapable or incapacitated (Heading 3, Article 13, of the bylaws). General Meetings are convened by the Board of Directors or, by default, the independent auditors or a person thus empowered. General Meetings are held at the registered office or any other place stated in the notice of convocation (Heading 3, excerpt of Article 14, of the bylaws). The forms and timescale of the notice of convocation are governed by French laws.

Agenda

The notice of the convocation must include the agenda approved by the author of the notice (Heading 3, excerpt of Article 14, of the bylaws). The meeting may only consider matters included in the agenda. However, it may dismiss, in any circumstances, one or more directors (Heading 3, excerpt of Article 14, of the company bylaws). One or more shareholders representing a share of the capital provided by law may, subject to legal conditions and timeframe, require the inclusion of draft resolutions on the agenda (Heading 3, excerpt of Article 14, of the bylaws). If the meeting has been unable to make a valid decision due to a lack of the required quorum, the second meeting and, where appropriate, the second meeting adjourned are called at least six days in advance in the same form as the first meeting (Heading 3, excerpt of Article 14 of the bylaws).

Admission to Meetings – Powers (Heading 3, Excerpt of Article 14, of the Bylaws)

Every shareholder has the right to attend General Meetings and to participate in the discussions, in person or by proxy, regardless of the number of shares held, on simple proof of identity and the ownership of shares. The right to participate in a General Meeting is subject to the condition that the shares must be recorded, in the name of the shareholder or the shareholder's appointed broker, either in the nominative share accounts held by the company or in the bearer share accounts held by the authorized broker, by zero hours, Paris time, on the third working day prior to the meeting. The recording or registration of the shares in the bearer share accounts held by the authorized broker must be confirmed by a share certificate provided by the broker. This share certificate must be attached to the postal voting form, the proxy form or the application for an admission pass, issued in the name of the shareholder or on behalf of the shareholder represented by the appointed broker. A certificate must also be supplied to shareholders who wish to attend the General Meeting in person but who have not received an admission pass by zero hours, Paris time, on the third working day prior to the meeting. Shareholders may be represented only by their spouse or by another shareholder: the proxy holder must justify his or her mandate held.

The legal representatives of shareholders who are legally incapable or incapacitated and individuals representing corporate shareholders take part in meetings, whether or not they are shareholders.

In the event of a postal vote, only the voting forms received by the company three days prior to the date of the meeting will be considered.

All legal documents relative to legal information for shareholders are made available to them at the registered office of the company.

Conditions for the Exercise of Voting Rights – Majority Quorum (Heading 3, Article 15, of the bylaws)

At Annual and Extraordinary General Meetings, the quorum is calculated on the basis of the shares comprising the share capital and, in Special Meetings, on the basis of all the shares of the class concerned, net of shares not entitled to voting rights by virtue of the law.

In the event of postal voting, only the forms received by the company prior to the meeting will be considered when calculating the quorum, under the conditions and timeframe set by the decree.

The right to vote conferred to shares is proportional to the capital they represent. With an equal par value, every share in capital or income right carries the right to one vote.

In the event that the shares are pledged, the voting right is exercised by the holder of the securities. The issuing company may not validly vote with shares subscribed, acquired or taken in pledge by it; these shares are not taken into account to calculate the quorum.

The voting takes place and the votes are cast by show of hands, or by those sitting and standing, or by roll call, as decided by the officers of the meeting.

Further Information on Voting Rights

There is no limit in the bylaws on voting rights. In the event of conversion to bearer form, the converted share immediately forfeits its double voting right. In the event of a capital increase by incorporation of reserves, profits or share premium, this double voting right applies to new shares issued and allocated free of charge to a shareholder on the basis of existing shares that already carry this right (Heading 2, Article 3, of the company bylaws). This revision to the bylaws was unanimously passed by the General Shareholders' Meeting in an extra-ordinary session on August 24, 1994. It may be cancelled by a General Shareholders' Meeting convened in an extraordinary session and after ratification by a Special Meeting of the beneficiary shareholders. As of December 31, 2010, there were 1,650,594 shares with a double voting right out of a total of 17,013,448 shares. Thus, the total voting rights are 18,664,042. After deduction of the buyback value of the treasury shares repurchased during fiscal 2010 (1,698,710), the total voting rights are 16,965,332.

Excerpt of bylaws with Heading 3, Article 16

The Annual General Shareholders' Meeting is held at least once a year, within six months of the year end, to consider the financial statements of that year, subject to an extension of this timeframe by a legal decision. The Annual General Shareholders' Meeting may only validly deliberate, upon the first convocation, if the shareholders present — represented or voting by post — hold at least one quarter of the shares with a right to vote. No quorum is required upon the second convocation. The meeting decides on the basis of the majority of votes held by shareholders present or represented, including shareholders voting by post.

Crossing Legal Thresholds

Any shareholder whose shareholdings cross the legal thresholds defined by French law, either upwards or downwards, must declare said crossing by notification of the Autorité des Marchés Financiers, pursuant to the law in force. The bylaws of the company do not provide for any additional threshold declarations.

Identification of Shareholders

Within the legal and regulatory framework, the company is authorized to seek the identity of bearer shareholders.

Payment of Dividends

The Annual General Shareholders' Meeting has the power to give every shareholder, for all or part of a dividend payable, the option of receiving this dividend in shares, as provided by French law, or in cash.

The terms of the payment of the dividend in cash are set by the General Meeting or, by default, the Board of Directors. Cash dividends must be paid within a maximum of nine months after the end of the reporting year, unless this timeframe is extended by legal authorization. However, this profit may be distributed as an interim dividend prior to the approval of the annual financial statements when a balance sheet prepared during or at the end of a financial year and certified by the independent auditors discloses that the company has realized a profit since the close of the previous financial year, after recognition of the necessary amortization, depreciation and provisions, as well as after deduction, where relevant, of prior losses and amounts to be transferred to the reserves, as required by French laws or the company bylaws. These interim dividends may not exceed the profit thus defined. No reimbursement of dividends may be required from shareholders unless the distribution was made inviolation of legal provisions and the company determines that the beneficiaries were aware of the illegality of this distribution at the time it occurred or could not ignore this nature of the dividends. Where this occurs, the shares in reimbursement are time-barred three years after the payment of these dividends. Dividends not collected within five years of their payment are time-barred.

Company's Acquisition of Own Shares

Elements of the share buyback program implemented (in accordance with provisions of Articles L. 225-209 et seq. of the French commercial code, modified by the ordinance issued on January 30, 2009).

The AGM of April 19, 2010 granted authorization to the Board of Directors, for a maximum period of 18 months in accordance with provisions of Articles L 225-209 and seq. and with the provisions of the European Regulation 2273/2003 of December 22, 2003, to have the company buy its own (treasury) shares:

(i) to handle the secondary market or the liquidity of the shares of the company, where said handling shall be through an investment services provider acting in the scope of a liquidity agreement compliant with the deontology charter approved by the Autorité des Marchés Financiers;

(ii) to deliver the shares, in case of exercise of any rights attached to securities giving access by any means, immediately or at a certain future date, to the capital of the company, by refund, conversion, exchange, exercise of a warrant or by any other way, as well as to perform any hedging transactions related to the issuing of securities, according to regulations determined by the competent authorities and at the times the Board of Directors or the person acting pursuant to a delegation of authority by the Board of Directors deems appropriate;

(iii) to allocate the repurchased shares bought from the company officers or the employees of the company and/or the companies of its group according to applicable laws and regulations, especially within the scope of participation in the profit of the company's expansion, in stock-option plans, an employee stock ownership program or in an employee savings plan or in capital forming benefits, or through a free granting of shares, as well as to carry out any hedging operations related to these operations, according to regulations determined by the competent authorities and at the times the Board of Directors or the person acting pursuant to a delegation of authority by the Board of Directors deems appropriate;

(iv) to retain the company shares which will have been purchased in order to return them for exchange or payment within the scope of potential external projects, provided that the maximum number of shares that may be purchased to this end shall not exceed five percent (5%) of the total number of shares constituting the share capital of the company;

(v) to cancel a few or all of the repurchased shares, through a decrease of the company's capital, pursuant to the eighth [8th] resolution approved by the AGM in 2010 and relating to the authorization granted to the Board of Directors to decrease the capital of the company by cancellation of treasury shares;

(vi) to pursue any other objective that will subsequently be permitted by applicable laws or regulations or any market practice that will subsequently be recognized by the Autorités des Marchés Financiers, provided that in such a case, the company would inform its shareholders through a press release.

The maximum purchase price shall not exceed forty-five euros (€45) per share , nor may the maximum number of shares to buy exceed 10% of the total number of shares constituting the share capital, which is 17,013,448 shares (number of shares outstanding as of December 31, 2010), for a maximum amount of seventy-six million four hundred seventy-four thousand seven hundred and ten euros (€76,474,710), subject to the legal limits.

In using this authorization, the Board of Directors has undertaken the following:

- The purchase of 1,698,710 shares for a total price of €61,327,190.07, i.e., at an average price of €36.10.

The total amount of the negotiation fees, excluding VAT, amounted to 6 K.

On December 31, 2010, because of these operations, the company directly controlled 1,698,710 shares (representing 9.99% of the share capital) allocated for the purpose of use for exchange or as payment in the event of any external expansion operations (849,969 shares), and for transferring shares when rights related to financial instruments (848,741 shares) are exercised.

Liquidity Contract

Under the liquidity contract concluded between Sartorius Stedim Biotech S.A. and the stockbroker Gilbert Dupont, the following assets appeared on the liquidity account at December 31, 2010:

- Number of shares: 5,117
- Liquidity account cash balance: €229,006.27

For information, the following assets appeared on the liquidity account on the date when the notification of contract implementation was issued:

- Number of shares: 0
- Liquidity account cash balance: €450,000

Other Information on the Assets, Financial Position and Results for the Group

Major Contracts

Several service agreements were entered into between entities of the two divisions of the Sartorius Group, Sartorius Stedim Biotech and Sartorius Mechatronics, in order to enable the entities from both divisions to benefit from certain general administrative services under the same terms.

Among these service agreements, the service agreement with the highest volume and importance is in place between Sartorius Stedim Biotech GmbH and Sartorius Corporate Administration GmbH, a 100% subsidiary of Sartorius AG. Sartorius Corporate Administration GmbH provides general adminis-trative services to Sartorius Stedim Biotech and Sartorius Mechatronics. Such services include, among others, accounting, treasury management, payroll accounting for human resources, IT systems and legal services. Sartorius Corporate Administration GmbH invoices its services on the basis of the internal and external costs incurred plus a margin of 3%. The services invoiced by Sartorius Corporate Administration GmbH to Sartorius Stedim Biotech GmbH in 2010 totaled €11,616,858.70.

Apart from the above-mentioned service agreements, there are no other contracts with material obligations or commitments that have been concluded outside the ordinary course of the company's business or to which a member of the Sartorius Stedim Biotech Group is a party.

The strategy of the Sales and Marketing organization within the Sartorius Stedim Biotech Group towards customers is to create valuable long-term relationships. Therefore, for example, key account management endeavors to conclude long-term framework contracts with customers. As a total solution provider, Sartorius Stedim Biotech strives to use such contracts to cover the entire product portfolio of Sartorius Stedim Biotech that fits into the validated processes of the customer.

Registered Trademarks and Trademark Applications

Name	EU	Germany	France	International registration in the countries designated	USA	Australia	Brazil	Mexico	UK	Canada
SARTORIUS STEDIM BIOTECH	13/08/2007 No. 006228019 13/08/2017			16/11/2007 No. 962279 16/11/2017 + AU CH KR RU SG TR VN	17/08/2007 No. 3709002 11/10/2019		14/01/2008 Applications filed for 13 different classes; reg. in progress			09/11/2007 No. 1371410 reg. in progress
BIOSTAT		04/10/1968 No. 873661 31/10/2018		26/06/1985 No. 494574 26/06/2015 + AT BX CH DE ES FR IT PT	22/07/1988 No. 1572999 26/12/2019				16/07/1988 No. 1246230 16/07/2016	
HYDROSART	12/11/2001 No. 002458461 12/11/2011	07/04/1983 No. 1065357 07/04/2013			10/12/2001 No. 2677224 21/01/2013					28/11/2001 No. 609610 06/05/2019
MAXICAPS	04/10/1999 No. 001330885 04/10/2019				15/11/1999 No. 2450203 08/05/2011					
MIDICAPS	15/02/2005 No. 004289724 15/02/2015				16/02/2005 No. 3195052 02/01/2017					
MINISART		09/08/1978 No. 980370 09/08/2018	26/10/1988 No. 1495753 26/10/2018		07/02/1979 No. 1144895 30/12/2020				18/01/1979 No. 1107904 09/08/2019 18/01/1979 No. 1107903 18/01/2020	
SARTOCHECK		13/06/1979 No. 987883 13/06/2019	17/10/1989 No. 1555685 17/10/2019		05/12/1979 No. 1200237 06/07/2012				20/12/1986 No. 1125952 20/12/2020	
SARTOCON		06/06/1979 No. 988000 06/06/2019	17/10/1989 No. 1555684 17/10/2019		15/06/1982 No. 1197792 15/06/2012				20/12/1986 No. 1125951 20/12/2020	
VIROSART	02/11/2004 No. 004103701 02/11/2014	28/07/2004 No. 30443764 31/07/2014			10/11/2004 No. 3178067 28/11/2016					
SARTOFLOW		03/06/1983 No. 1057870 30/06/2013		06/03/1985 No. 494396 06/03/2015 + AT BX CH DE DZ EG ES FR HU IT KP LI MA MC PT RO RS RU SD VN	08/08/2007 No. 3689721 09/29/2019				25/10/1984 No. 1228900 25/10/2015	
SARTOPORE	10/01/2000 No. 001454461 10/01/2020				15/02/2000 No. 2429825 20/02/2011					
FLEXBOY	31/08/2005 No. 004614038 31/08/2015		19/04/1993 No. 93465632 19/04/2013	24/01/1995 No. 630378 24/01/2015 + DE AT BX IT CH 27/02/2006 No. 879252 27/02/2016 + JP	31/08/1993 No. 2041550 04/03/2017	31/01/1995 No. 651778 31/01/2015	15/07/2003 No. 825688744 15/07/2013	03/09/2003 No. 810249 03/09/2013	31/01/1995 No. 2009384 31/01/2015	
FLEXEL	20/02/1998 No. 000753202 20/02/2018		02/09/1997 No. 97693975 02/09/2017		27/02/1998 No. 2414947 26/12/2020		15/07/2003 No. 825688736 15/07/2013	03/09/2003 No. 810250 03/09/2013		
PALLETANK	01/07/1998 No. 000865865 01/07/2018									
RAFT	31/08/2005 No. 004614046 31/08/2015									
EVAM	15/10/1999 No. 001344266 15/10/2019									
STEDIM	08/08/2005 No .004582037 08/08/2015			09/10/2006 No. 904339 09/10/2016 + JP	30/03/1984 No. 1366524 22/10/2015					
NUTRIBAG			19/07/1989 No. 1627260 19/07/2019							
NUTRIKIT			05/06/1989 No. 1535354 05/06/2019							
NUTRIMIX			05/06/1989 No. 1535353 05/06/2019							
NUTRIPOCHE			05/06/1989 No. 1535352 05/06/2019							
BIOSAFE			01/02/1995 No. 95556118 01/02/2015	22/02/2001 No. 758706 22/02/2011 + DE DK GB CH						
BIOSTEAM			01/08/2005 No. 053373523 01/08/2015							
FLUXBULLE			03/11/1994 No. 94543057 03/11/2014							

Apart from the trademarks mentioned above, the Sartorius Stedim Biotech Group is the owner | applicant of 320 different trademarks in various countries [the dates are indicated as month/day/year].

Registered Trademarks and Trademark Applications

Name	Japan	Denmark	Finland	Ireland	Malaysia	Norway	Sweden	China	Switzerland	India	Taiwan
SARTORIUS STEDIM BIOTECH	08/11/2007 No. 5170560 03/10/2018				28/11/2007 Applications filed for 13 different classes; reg. in progress			14/01/2008 11 Trademarks 2 Trademark Applications		19/11/2007 6 Trademarks 7 Trademark Applications	18/01/2008 10 Trademarks 3 Trademark Applications
BIOSTAT	22/02/1988 No. 2021770 22/02/2018 27/08/1986 No. 1880889 27/08/2016	28/06/1985 No. 233586 29/08/2016	05/01/1988 No. 100350 05/01/2018	01/07/1985 No. 116688 30/06/2016	11/07/1985 No. 8502982 11/07/2012	27/05/1987 No. 128877 27/05/2017	31/03/1988 No. 209760 31/03/2018				
HYDROSART	21/11/2001 No. 4663672 18/04/2013										
MAXICAPS	15/10/1999 No. 4535058 11/01/2012										
MIDICAPS	25/02/2005 No. 4906540 04/11/2015										
MINISART	09/02/1979 No. 1583197 26/04/2013										
SARTOCHECK	29/09/1983 No. 1618759 29/09/2013										
SARTOCON											
VIROSART	28/01/2005 No. 5040228 13/04/2017							24/11/2004 No. 4379959 21/06/2018	20/01/2005 No. 533,632 20/01/2015		
SARTOFLOW											
SARTOPORE	02/02/2000 No. 4495393 03/08/2011										
FLEXBOY							19/01/1995 No. 323347 16/05/2017				
FLEXEL	02/03/1998 No. 4470133 27/04/2011										
PALLETANK	28/02/2006 No. 5005301 24/11/2016										
RAFT											
EVAM											
STEDIM											
NUTRIBAG											
NUTRIKIT											
NUTRIMIX											
NUTRIPOCHE											
BIOSAFE											
BIOSTEAM											
FLUXBULLE											

Apart from the trademarks mentioned above, the Sartorius Stedim Biotech Group is the owner | applicant of 320 different trademarks in various countries [the dates are indicated as month/day/year].

Special Report of the Statutory Auditors on Related Party Agreements and Commitments

(Freely translated from the French original by the auditors)

For the year ended December 31, 2010

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we would have identified performing our role. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with article R. 225-31 of the French commercial code (Code de commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

However, we are required, if any, to inform you in accordance with article R. 225-31 of the French commercial code (Code de commerce) of the implementation of the agreements and commitments which were already approved by the shareholders' meeting.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and commitments subject to the approval of the shareholders' meeting

In accordance with article L. 225-40 of the French commercial code (Code de commerce), we have been advised of the implementation during the year of the following agreements and commitments which were authorized by the board of directors.

With Sartorius AG, leading company

Nature and purpose

Within the framework of the shares buying back program of your company authorized by the shareholders' meeting of April 19, 2010 whose terms are the following:

- the number of shares bought cannot exceed 10% of nominal capital;
- the purchase price by your entity of its own shares cannot be greater than € 45;
- the maximal period of validity of this agreement is equal to eighteen months that is up to October 19, 2011.

Terms and conditions

- Buying back of 449,719 shares at an unit price of € 37.50 for a total amount of € 16,864,462.50.
- Buying back of 449,053 shares at an unit price of € 35.01 for a total amount of € 15,721,345.53.

With Mr. Bernard Lemaître, director

Nature and purpose

Within the framework of the shares buying back program of your company authorized by the shareholders' meeting of April 19, 2010 whose terms are the following:

- the number of shares bought cannot exceed 10% of nominal capital;
- the purchase price by your entity of its own shares cannot be greater than € 45;
- the maximal period of validity of this agreement is equal to eighteen months that is up to October 19, 2011.

Terms and conditions

Buying back of 250,000 shares at an unit price of € 37.50 for a total amount of € 9,375,000.

With VL Finance, subsidiary of Sartorius AG

Nature and purpose

Within the framework of the shares buying back program of your company authorized by the shareholders' meeting of April 19, 2010 whose terms are the following:

- the number of shares bought cannot exceed 10% of nominal capital;
- the purchase price by your entity of its own shares cannot be greater than € 45;
- the maximal period of validity of this agreement is equal to eighteen months that is up to October 19, 2011.

Terms and conditions

Buying back of 370,000 shares at an unit price of € 34.32 for a total amount of € 12,698,400.

Agreements and commitments already approved by the shareholders' meeting

We hereby inform you that we have not been advised of any agreements or commitments which were approved by the shareholders' meeting and remained current during the year.

Marseilles, March 4, 2011

The Statutory Auditors

Deloitte & Associés	ERNST & YOUNG Audit
French original signed by Vincent Gros	French original signed by Anis Nassif

Resolutions Submitted to the Annual General Shareholders' Meeting on April 18, 2011

First Resolution

The Annual Shareholders' Meeting (AGM), having considered the report of the Board of Directors, the General Report of the Independent Auditors and the Special Report of the Chairman, pursuant to Article L. 225-37 of the French Commercial Code, approves the financial statements for the year ended December 31, 2010, which disclosed a net profit of €21,066,290.13 as presented, and the transactions reflected in these financial statements or summarized in these reports.

The AGM, having considered the reports of the independent auditors, on the consolidated financial statements of said reporting year, approves these financial statements for the year ended December 31, 2010, which disclose a net profit of €38,511 attributable to equity holders, and the transactions included therein or summarized in the Group Management Report.

As a result, the AGM grants full and unreserved discharge to the Directors for the execution of their management duties for said reporting year.

The AGM also approves the overall amount of €40,000 in excess amortization, or other amortization not deductible from profits subject to corporate income tax, as well as the corresponding tax.

Second Resolution

The AGM approves appropriation of the net profit of €21,066,290.13 for 2010 as follows:

- Legal reserves: €2,484.34
- Balance resulting from deduction of legal reserves: €21,063,805.79
- The following is to be added to this balance: Year-earlier profit carried forward: €3,827,367.30
- This would yield a distributable profit of €24,891,173.09.

Total amount of dividends to be disbursed to shareholders €13,783,264.20

Balance resulting from disbursement: €11,107,908.89

Thus, the remaining amount of €11,107,908.89 is to be carried forward to the next year.

As a result, considering that our company holds treasury shares, a net dividend of €0.90 will be paid for every share with a par value of €0.61. Individual shareholders resident in France for tax purposes are eligible to receive the tax rebate provided under Article 158-3-2 of the French General Tax Code.

The AGM acknowledges receipt of this information that individual shareholders resident in France, who are eligible to receive this tax rebate, may opt to pay 19% withholding tax "prélèvement forfaitaire libératoire" on this dividend income to fully satisfy their tax liability imposed on such income.

The dividend will be paid out on April 29, 2011.

The amounts distributed after January 1, 2008, and eligible for a tax rebate were as follows:

Fiscal year ended on	Income eligible for a tax rebate	
	Dividends	Other income distributed
Dec. 31, 2009	€10,183,633	
Dec. 31, 2008	€5,076,746	
Dec. 31, 2007	€5,069,396	

Third Resolution

The AGM, having considered the special report of the Independent Auditors on the Agreements subject to Articles L. 225-38 and following of the French Commercial Code, approves the conclusions of said report and the agreements contained therein.

Fourth Resolution

The AGM approves the amount of €157,000 to be paid to the directors with regard to their meeting attendance fees for the reporting year of 2010.

Fifth Resolution

The AGM grants all powers to the bearer of the original, a copy or an extract of the minutes of the present meeting to carry out all necessary formalities.

Information on the Reference Document and the Annual Financial Report

Declaration of Responsibility for the Reference Document and the 2010 Annual Financial Report

I hereby certify, after having taken all reasonable measures to this effect, that the information contained in the present Reference Document is, to the best of my knowledge, in accordance with the facts and makes no omission likely to affect its import.

I certify, to the best of my knowledge, that the financial statements have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities and financial position and profit or loss of the company and all the activities included in the consolidation, and that the management report on pages 18 to 56 presents a fair review of the development and performance of the business and financial position of the company and of all the activities included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed.

I have received a completion letter from the auditors stating that they have audited the information contained in this Reference Document about the financial position and financial statements and that they have read this document in its entirety.

This letter does not contain any reservations, comments or objections.

The historical financial information presented in the Document has been discussed in the auditors' reports found on pages 127 and 144 of this Reference Document.

March 4, 2011

Joachim Kreuzburg
Chairman of the Board and CEO

Table of Reconciliation

In order to facilitate understanding of the present document concerning the presentation of Sartorius Stedim Biotech S.A., the table below has, on the left, the headings from Note 1 of European Regulation No. 809/2004 of April 29, 2004, of the European Commission and in the column on the right, the corresponding pages of the present document.

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Glossary

Industrial | Product-specific Terms

Bioreactor
In English-speaking countries, a bioreactor is used as a vessel for cultivating animal or human cells in a culture medium. In non-English-speaking countries, this term is also used synonymously with "fermentor" that is a system in which microorganisms (bacteria, yeast, fungi) multiply. In any case, these vessels are used to obtain cells, parts of these or one of their metabolites.

Capsules
Ready-to-use filter units consisting of a filter housing with hose connectors and an incorporated filter cartridge; for connection to piping

cGMPs
Abbreviation for "current Good Manufacturing Practices"

Crossflow
Term taken from filtration technology. Instead of directly flowing through a filter (static filtration), a liquid flows perpendicularly to the filter surface; this prevents filter blockage, resulting in a longer in-service life of the filter.

Disposable
A product for a single use, particularly bags for transfer and storage of pharmaceutical liquids; "single-use" is usually used for bioreactors and containers; cf. "Single-use" product

Downstream processing
Collective term for the various steps that follow fermentation or cell cultivation in the production of biopharmaceuticals, for example separation, purification and concentration

FDA — Food and Drug Administration
This is the U.S. governmental agency responsible for the areas of foods and biotechnological, medical, veterinary, and pharmaceutical products.

Fermentation
Technical process used to produce or transform intra- or extracellular substances with the help of microorganisms

Fluid management technologies
Technologies and systems for use in handling sensitive biological liquids; for example, transportation and storage of these media

Freeze-thaw technologies
Technologies used in the controlled freezing and thawing of biological liquids (liquid "biologics")

Membrane chromatography

Selective separation of mixtures of substances by adsorption to specifically modified membranes (membrane adsorbers) in a flowing system

Membrane (filter)
Thin film or foil made of polymers; because of the porous structure, this film can be used for filtration applications.

Monoclonal antibodies
Synthetic antibodies that are increasingly commonly used in medical diagnosis and treatment

Purification
An important step in downstream processing

Recombinant protein
Protein manufactured using genetically modified organisms. Examples include pharmaceutical proteins such as insulin and vaccines.

Scale-up
Transfer of scale or increase in size. This term is used to denote the progression of a process that increases in a range from lab scale to pilot scale to process scale, while retaining the same technology, materials of construction and geometries throughout.

Single-use product
See "disposable"

Sterile filter, sterilizing-grade filter
Membrane filter whose pore size is usually 0.2 µm or smaller. Product- and process-specific validation tests are required to confirm whether the filter type selected delivers a sterile filtrate.

Sterility test, sterility testing
Test to verify that a sample contains no living or viable substances

Validation
Systematic checking of essential steps and facilities in research and development and in production, including testing pharmaceuticals, to ensure that the products manufactured can be made reliably and reproducibly in the desired quality

Business | Economic Terms

Amortization
Amortization relates exclusively to potential reductions in the value of goodwill and the allocation of the purchase price to intangible assets acquired as carried out in accordance with IFRS 3.

Cash flow
Short- and long-term management of liquid funds; the cash balance of inflows and outflows of funds.

Derivative financial instruments
Instruments for hedging against the risks of changes in market prices in foreign currencies

EBIT
Earnings before interest and taxes

EBIT margin
Ratio of EBIT (see EBIT) to sales revenue

EBITA
Earnings before interest, taxes and amortization. This figure excludes amortization for business combinations, which refers exclusively to the purchase price allocation (PPA) to intangible assets acquired according to the revised IFRS 3.

EBITA margin
Ratio of EBITA (see EBITA) to sales

EBITDA
Earnings before interest, taxes, depreciation and amortization. This figure excludes amortization for business combinations, which refers exclusively to the purchase price allocation (PPA) to intangible assets acquired according to IFRS 3 revised as well as to amortization for intangible assets and depreciation for tangible assets.

EBITDA margin
Ratio of EBITDA (see EBITDA) to sales revenue

Fixed assets
The sum of intangible assets, property, plant and equipment and financial assets

Free float
Shares of a public company that are freely available to the investing public

Goodwill
Represents the difference between the price paid for a company or business and its net assets. Goodwill is a form of intangible asset.

IAS — International Accounting Standards
Internationally recognized accounting principles

IFRS — International Financial Reporting Standards
Internationally recognized accounting principles

Investment rate
The ratio of capital expenditures to sales revenue

Pro forma
A pro forma presentation as used in this annual report means that figures include business generated by Stedim, which was consolidated for the first time as of June 29, 2007, for the full previous year, and business generated by Sartorius Stedim Plastics GmbH consolidated on January 1, 2007, for the full fiscal year of 2007 and the preceding year.

Supply chain management
Setup and coordinated control of integrated flows of materials, information and finances (supply chains) over the entire value-added process

TecDAX®
German stock index of the transaction service provider and marketplace organizer Deutscher Börse AG

Treasury
Short- and medium-term liquidity management

Underlying EBITA (= operating EBITA)
EBITA (see EBITA) adjusted for non-operating items. For 2010 non-operating items total -€3.0 million and essentially include one-time expenses for incorporating the majority of our formerly independent sales representatives in North America, costs incurred in connection with the relocation of our engineering activities there, as well as other non-operating items.

Underlying EBITA margin
Ratio of operating EBITA (see underlying EBITA) to sales revenue

Underlying EBITDA (= operating EBITDA)
EBITDA (see EBITDA) adjusted for non-operating items. For 2010 non-operating items total -€3.0 million and essentially include one-time expenses for incorporating the majority of our formerly independent sales representatives in North America, costs incurred in connection with the relocation of our engineering activities there, as well as other non-operating items.

Underlying EBITDA margin
Ratio of operating EBITDA (see underlying EBITDA) to sales revenue

Underlying (consolidated) net profit
This profit figure is yielded by adjustment for non-operating items and amortization for business combinations, which refers exclusively to the purchase price allocation (PPA) to intangible assets acquired according to the revised IFRS 3.

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Financial Schedule and Contacts

Financial Schedule

March 15, 2011
Analysts' Conference (SFAF)
in Paris, France

April 18, 2011
Annual Shareholders' Meeting
in Aubagne, France

April 2011
Publication of first-quarter figures
for 2011

July 2011
Publication of first-half figures
for 2011

October 2011
Publication of nine-month figures
for 2011

February 2012*
Publication of preliminary
full-year figures for 2011

April 2012*
Annual Shareholders' Meeting
in Aubagne, France

April 2012
Publication of first-quarter figures
for 2012

This is a translation of the
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* Tentative date scheduled

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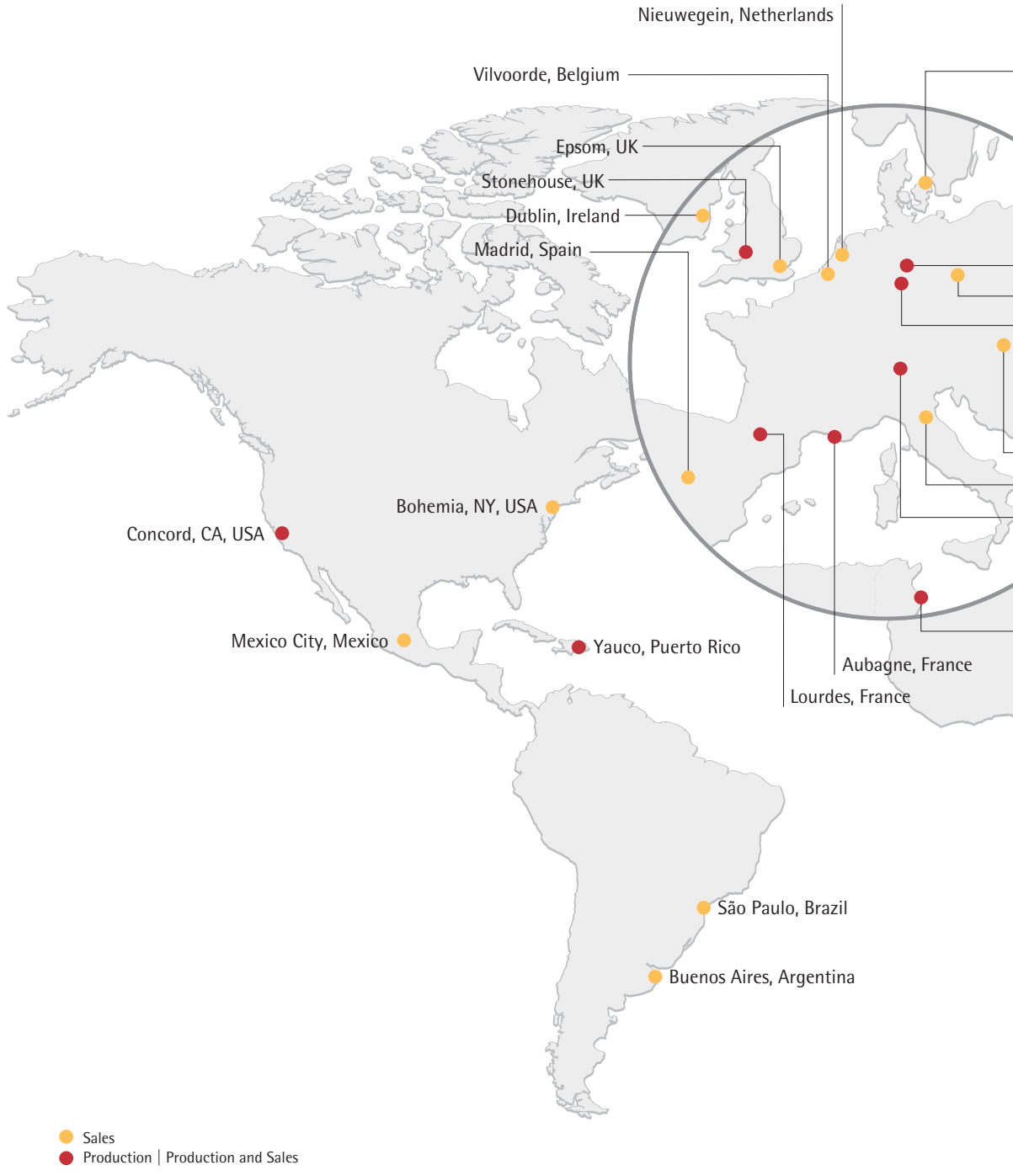

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