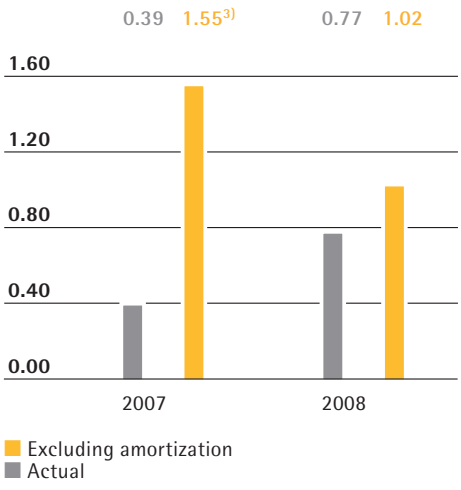
sartorius stedim biotech

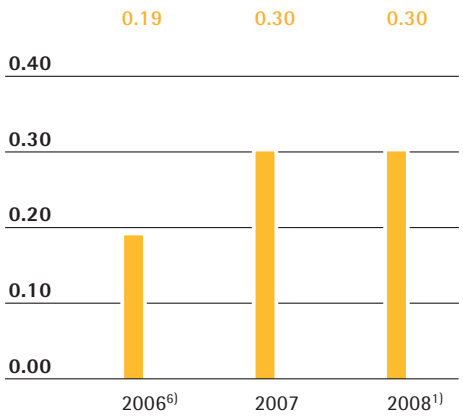
Sartorius Stedim Biotech Group

Reference Document 2008

Earnings per Share
in €



Dividends
in €



Key Figures

All figures are given in millions of € according to the IFRS, unless otherwise specified	**2008**	2007	2006
Results			
Sales revenue	**368.0**	375.9[2)]	365.5[2)]
EBITDA	**54.6**	66.2[3)]	61.6[2)]
EBITA	**40.1**	49.7[3)]	46.1[2)]
Net profit after minority interest	**13.1**	21.2[3)]	
Net profit after minority interest[4)]	**17.3**	26.1[3)]	
Earnings per share (in €)	**0.77**	1.26[3)]	
Earnings per share (in €)[4)]	**1.02**	1.55[3)]	
Dividend per share (in €)	**0.30[1)]**	0.30	0.19[6)]
As a % of sales revenue			
EBITDA	**14.8**	17.6[3)]	16.8[2)]
EBITA	**10.9**	13.2[3)]	12.6[2)]
Net profit after minority interest[4)]	**4.7**	7.0	
Balance sheet			
Balance sheet total	**652.3**	640.7	
Equity	**371.6**	362.8	
Equity ratio (in %)	**57.0**	56.6	
Gearing	**0.4**	0.4	
Financials			
Capital expenditures	**20.2**	14.2	
As a % of sales revenue	**5.5**	5.3[5)]	
Depreciation and amortization	**20.9**	15.3	
Net cash flow from operating activities	**47.2**	26.0	
Net debt	**150.1**	153.8	
Ratio of net debt to EBITDA	**2.7**	2.3[3)]	
Total number of employees as of December 31	**2,369**	2,311	2,343[2)]

[1)] Amounts suggested by the Board of Directors (Conseil d'administration) and subject to approval by the Annual General Shareholders' Meeting
[2)] Pro forma
[3)] Pro forma underlying
[4)] Excluding amortization
[5)] Based on actual sales revenue of €268.8 million
[6)] Corporation distributing dividends: Stedim S.A.

Expanding our global presence

In 2008, Sartorius Stedim Biotech welcomed new subsidiaries in Hungary and Poland to its global sales network, established an applications lab in Singapore and started building a new manufacturing plant in India.

Incorporating new technologies

Integration of partner technologies is an important cornerstone of our R&D strategy. Our new alliance with Bayer Technology Services enables us to provide our customers with a unique method for the critical process step of virus inactivation. Sartorius Stedim Biotech is the only supplier that can offer its customers a technological platform with three complementary methods for virus inactivation.

Streamlining our organization

Our processes keep growing better by the day. In 2008, we put our North American engineered systems business on a whole new footing: Based on our application know-how, we are increasingly focusing on engineering and project management and have transferred bioreactor manufacturing operations to our partner, the Paul Mueller Company.

Extending our array for single-use biomanufacturing

Our BIOSTAT® Cultibag STR bioreactor is the world's first to have been completely designed for single-use cell culture applications and featuring integrated single-use sensor and agitation technologies. It is just one example of our exceptionally wide range of products for the fast-growing market in single-use manufacturing.

2008 – A Year of Integration and Innovation

Adding essential capabilities

Sartorius Stedim Biotech's expertise in fermentor engineering and automation teams up with Wave's know-how in single-use cell culture technologies. Through the acquisition of Wave, Sartorius Stedim Biotech has further extended its technological lead in cell cultivation.

Investing in people

Challenging tasks, freedom to take the initiative, great team spirit: We continuously strive to become the best employer in our industry, actively promoting the capabilities of our people and attracting new talent.

Enhancing our core technologies

Filtration is a prime example. Two new members, the XLG and the XLI, have joined our Sartopore® family of cartridges, redefining the benchmarks regarding productivity and reliability in sterile filtration throughout the industry.

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."

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biotech

Reference Document 2008

The original French "Document de Référence" of this translated Reference Document was filed with the Autorité des Marchés Financiers on March 11, 2009, in accordance with Article 212-13 of its réglement 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 incorporates by reference the preceding Reference Documents, N° R07-42 filed on April 24, 2007, and D.08-0106 filed on March 13, 2008.

The following information is included by reference in the present Reference Document: the year 2007 consolidated financial statements of Stedim prepared using international accounting standards, analysis of these statements and the report of the Independent Auditors relating to the Group 2007 management report appearing on page 133 and on pages 18 to 55 of the Reference Document filed with the Autorité des Marchés Financiers on March 13, 2008, under the number D.08-0106.

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 –
  BP 1051-13781 Aubagne Cedex
- Group website:
  www.sartorius-stedim.com
- Autorité des Marchés Financiers website:
  www.amf-france.org

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. 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 Annual Report, differences may be apparent as a result of rounding during addition.

01 To Our Shareholders

02 Management Report

Contents

01

To Our Shareholders

Chairman's Message

Dear Shareholders,

For suppliers to biopharmaceutical producers, 2008 has been a challenging year. The market environment in North America was extraordinarily weak, especially during the first three quarters of the year. A number of large customers temporarily reduced their purchasing volumes drastically, partly as a reaction to restrictions of the market approvals of their drugs and partly due to their inventory reduction programs. Consequently, Sartorius Stedim Biotech could not achieve its ambitious growth and earnings targets for the year under review, although our performance was solid and absolutely competitive.

Let me highlight the key financial results of Sartorius Stedim Biotech for fiscal 2008:

Because of the adverse market conditions, total sales revenue growth in constant currencies was flat. However, order intake in the last quarter of the year showed a positive trend, indicating signs of a market recovery. Regarding profitability, we achieved an EBITA margin of 10.9%, which was around two percentage points below the previous year's figure due to the lower-than-expected sales volume and unfavorable currency exchange rates. Net profit excluding amortization was additionally dampened by extraordinary costs resulting from foreign currency hedging instruments, and totaled €17.3 million; the corresponding earnings per share for fiscal 2008 were €1.02. At year-end, the equity ratio was 57% and the ratio of net debt to EBITDA was 2.7 — both are strong and solid figures.

The Board of Directors follows a dividend policy that is based on the company's performance and prospects. Therefore, we will submit a proposal for approval by the next Annual General Shareholder's Meeting to pay a dividend of €0.30 per share, equal to the amount paid for 2007.

In mid-2007, Sartorius Stedim Biotech resulted from the merger of the Sartorius Biotechnology Division and Stedim. This is why the focus of the past year 2008 was on completing this integration and further establishing the new organizational structures. A further key issue was to implement the new business model in our North American equipment segment. These projects were successfully completed so that Sartorius Stedim Biotech is now organizationally positioned to respond even more powerfully and efficiently to customer needs. Moreover, we developed and launched on the market a substantial number of new products. A major portion of these products was created on the basis of a combination of technologies that were brought together by the merger. A prime example of these is our broad range of single-use mixing containers. In the areas of filtration and purification as well, we extended our array by a number of innovative, high-performance products. Furthermore, at year-end, the acquisition of the Swiss company Wave Biotech enabled us to round out our technology portfolio in the field of single-use bioreactors.

The biopharmaceutical industry is expected to achieve growth rates well above the industry average in the coming years. As one of the leading suppliers to this market, Sartorius Stedim Biotech stands to benefit from this growth trend. With our unique positioning as a total solution provider for biopharmaceutical processing, our broad array of innovative single-use products and new, value-added services, we are well aligned to enable our customers to meet their major production challenges, such as reducing product life-cycle costs, time to market, safety concerns and environmental issues.

While our mid- and long-term prospects remain strong, for 2009, we believe it is not possible to provide a reliable quantitative forecast of financial results at this time because of the unusually difficult and uncertain situation of the global economy. However, as the biopharmaceutical industry usually is less affected by cyclical trends, we are optimistic that Sartorius Stedim Biotech will achieve revenue growth in 2009. The numerous innovative products we recently launched on the market and our strong pipeline of new products will certainly play a major role in generating this growth. Two important priorities for 2009 will include the following, among others: increase production efficiency and further improve gross margins, and leverage our strong expertise in the engineering of single-use, reusable and hybrid equipment to provide our customers with cutting-edge bioprocessing solutions.

SSB is a company that has changed substantially over the past two years. Following the merger between the Sartorius Biotechnology Division and Stedim Biosystems in 2007, the year 2008 was also a truly challenging year for all our staff worldwide. I am grateful for their extraordinary dedication and thank all employees for their hard and successful work for our company. In addition, I would like to thank our customers and partners for their trust and ongoing support of our company.

In conclusion, I would like to express my sincere appreciation to our shareholders yet again, also on behalf of the Board of Directors, for their active interest and confidence in our company.

Sincerely,

Joachim Kreuzburg
Chairman of the Board and CEO

Executive Committee of the Board

Joachim Kreuzburg (43)
Dr. rer. pol.

Chairman of the Board
and Chief Executive Officer

Reinhard Vogt (53)

Executive Vice President
Sales and Marketing

Volker Niebel (52)

Executive Vice President
Operations

Sartorius Stedim Biotech Shares

Share Price Development

The market price of the Sartorius Stedim Biotech share declined over the course of 2008. It started at €36.90, and traded at €13.00 at the end of the year, down 64.8%. The fall in the price of the Sartorius Stedim Biotech share can probably be attributed in part to the development of sales revenue, which did not meet original expectations in 2008. On top of this, the highly unfavorable conditions in the capital markets are also likely to have had an effect on the performance of the share.

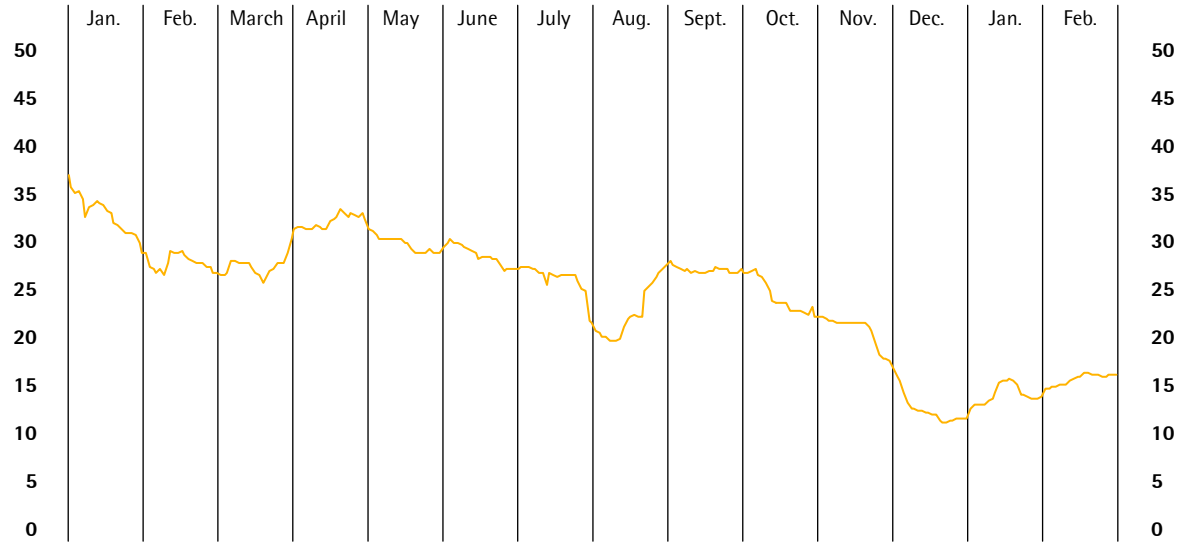
The closing price on the first trading day of the year, €36.85, turned out to be the Sartorius Stedim Biotech share's annual high for 2008. The price of the share plummeted to €25.97 on March 19 before a temporary rally saw it move back up to €33.50 by April 22. It then dropped to €19.91 (August 11) before quickly bouncing back to €28.13 (September 1). The lowest daily closing price for the year came on December 18, when the share reached €11.60. It then recovered slightly in the period up to the end of the year.

Facts about the Shares

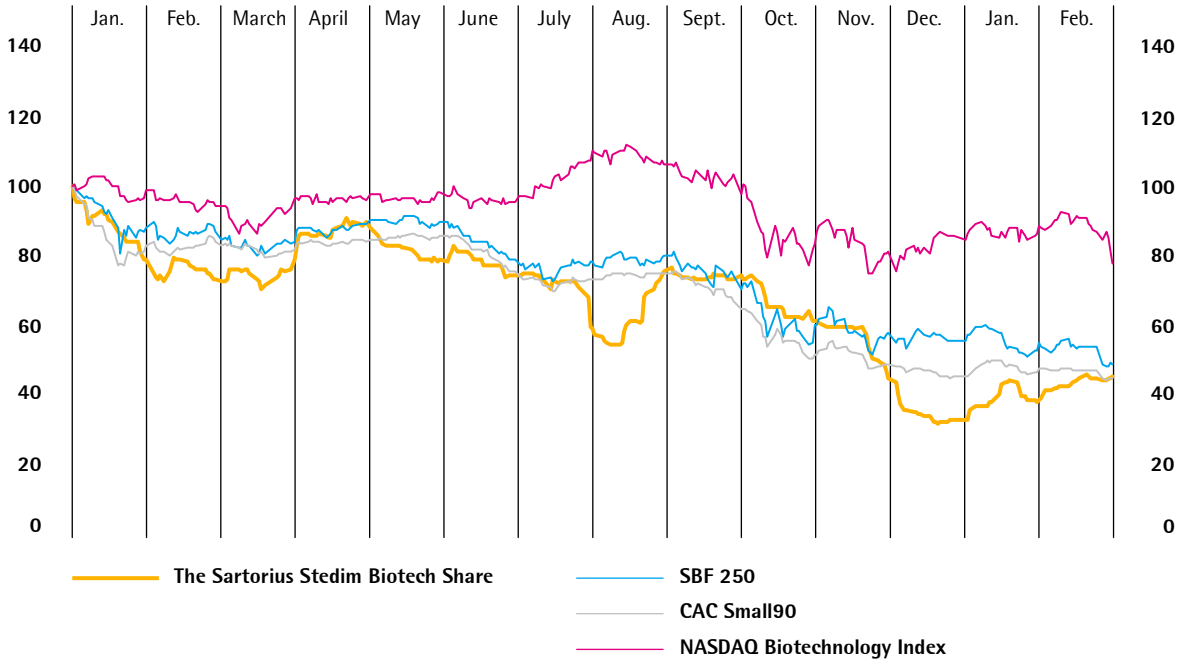
ISIN	FR0000053266
Liquidity provider	Gilbert Dupont
Market segment	Euronext Paris – Eurolist – Local Securities – Compartement B (Mid Caps)
Indexes	CAC AllShares; CAC Health Care; CAC Mid&Small190; CAC Small90; SBF 250
Stock exchanges	Euronext Paris
Number of shares*	16,922,488
Voting rights*	18,937,113

* Reporting date: December 31, 2008

The Sartorius Stedim Biotech Share in €
January 2, 2008, to February 27, 2009



The Sartorius Stedim Biotech Share in Comparison to the SBF 250, CAC Small90 and NASDAQ Biotechnology Index (indexed)
January 2, 2008, to February 27, 2009

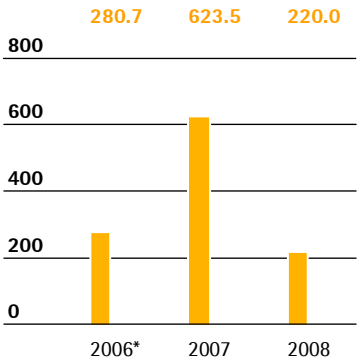


Share Indexes

The Sartorius Stedim Biotech share is listed in the following indexes: CAC AllShares, CAC Health Care, CAC Mid&Small190, CAC Small90 and SBF 250.

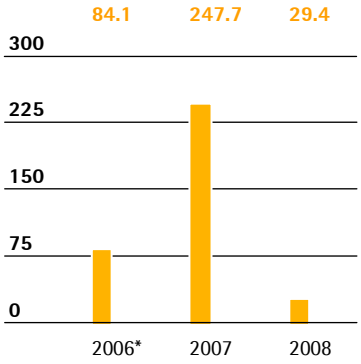
The CAC Small90 fell from 8,104 points to 3,714 points, losing 54.2% of its value over the course of the year. In comparison, the SBF 250 plunged 43.0% from 3,955 points to 2,251 points. This means that the Sartorius Stedim Biotech share's performance was slightly below the market as a whole.

Market Capitalization
€ in millions



* Stedim S.A.

Trading Volume
€ in millions



* Stedim S.A.

Source: Euronext

Market Capitalization and Trading Volume

Market capitalization declined in the year under review as a result of the fall in the share price. The market capitalization of Sartorius Stedim Biotech S.A. on December 31, 2008, stood at €220.0 million, which is about a third of its value in 2007 (€623.5 million).

The average number of shares traded daily on the Paris Bourse in the reporting period was 4,576 compared with 22,785 in 2007. The total value of Sartorius Stedim Biotech shares traded dropped accordingly by more than 88% to €29.4 million. However, the year-earlier figure of €247.7 million was extraordinarily high in the first half as a result of the merger of Sartorius AG's Biotechnology Division with Stedim Biosystems S.A.

The Analysts' View

There was lively interest in Sartorius Stedim Biotech shares among analysts. Seven analyst companies, Société Générale, Oddo Midcap, Natixis Securities, Gilbert Dupont, Portzamparc, Arkeon Finance and Kepler Equities, closely tracked the development of Sartorius Stedim Biotech's business and the performance of its shares. Recent opinions of the various institutions about the Sartorius Stedim Biotech share began to diverge, with two analysts advising investors to buy the share and their counterparts at five advising investors to hold or reduce.

Research Coverage

Institute	Date	Recommendation
Société Générale	February 17, 2009	Hold
Kepler Equities	February 12, 2009	Buy
Natixis Securities	February 12, 2009	Reduce
Portzamparc	February 12, 2009	Hold
Oddo Midcap	February 11, 2009	Reduce
Arkeon Finance	February 11, 2009	Reduce
Gilbert Dupont	February 11, 2009	Buy

Key Figures for Sartorius Stedim Biotech Shares

		February 27, 2009	**2008**	2007	2006
Share price[1] in €	Reporting date	**16.60**	**13.00**	36.90	39.78
	High		**36.85**	50.50	40.40
	Low		**11.60**	32.00	25.44
Dividend[2] in €			**0.30**[3]	0.30	0.19
Total dividends paid in millions of €			**5.1**	5.1	1.3
Dividend yield[4] in %			**0.8**	0.8	0.8
Market capitalization in millions of €			**220.0**	623.5	280.7
Average daily trading of shares, number of shares			**4,576**	22,785	10,188
Trading volume of shares in millions of €			**29.4**	247.7	84.1
CAC Small90			**3,714**	8,105	8,523
SBF 250			**2,251**	3,955	3,933

1) Daily closing price
2) Corporation distributing dividends in 2006: Stedim S.A.;
Corporation distributing dividends in 2007 and 2008: Sartorius Stedim Biotech S.A.
3) For 2008, amounts suggested by the Board of Directors (Conseil d'administration) and subject to approval by the Annual General Shareholders' Meeting
4) Dividends in relation to the corresponding opening prices of the previous year

Sources: Euronext; vwd | Stedim S.A. shares up to June 29, 2007; Sartorius Stedim Biotech S.A. shares as of June 30, 2007

Investor Relations Activities

Our investor relations work has the goal of communicating transparent information on the company's business progress for our shareholders; thus, we make all relevant information available quickly.

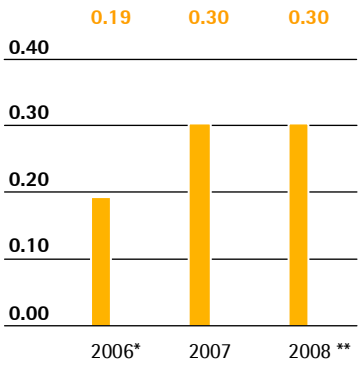
Our annual and quarterly reports and our press releases together provide regular, detailed insight into the latest developments in our business. The members of our Investor Relations team also serve as a direct point of contact for all inquires relating to the Sartorius Stedim Biotech Group, and maintain close links with the Board of Directors to ensure that they can make important information available to our investors promptly and in full.

Our investor relations activities throughout the year ended took place against a backdrop of highly turbulent stock markets, which made personal communication both with our private and institutional investors and with the analysts more important than ever.

We began fiscal 2008 by meeting with a large group of institutional investors at the Oddo Midcap Event in Lyon, France. We then presented Sartorius Stedim Biotech to a broad spectrum of investors in the capital market at the ESN Small & Mid Cap Conference in London, U.K., in May, Gilbert Dupont's 6th Forum Santé in Paris, France, in June, and the 8th Midcap Event in Paris in September. We also organized two analyst conferences a year in Paris to accompany the release of our results for the first half of the year and for the full year.

The regular telephone conferences we organize to accompany the publication of the quarterly results can be followed live on the internet. These conferences, the first of which was held in conjunction with the publication of the results for fiscal 2007, give our shareholders and analysts the opportunity to participate in these important events.

Dividends
in €



* Corporation distributing dividends: Stedim S.A.

** Amount suggested by the Board of Directors (Conseil d'administration) and subject to approval by the Annual General Shareholders' Meeting

Dividends

Management intends to enable shareholders to participate adequately in the company's success and will submit a proposal to the Annual General Shareholders' Meeting on April 21, 2009, for payment of a dividend of €0.30 per share for fiscal 2008, unchanged from last year's dividend payment.

The total profit distributed would thus amount to €5.1 million (2007: €5.1 million). The dividend payout ratio related to the net profit excluding amortization would be at 29.4%, up from 19.5% a year earlier. Based on the January 1, 2008, opening share price of €36.90 for the Sartorius Stedim Biotech share, this proposed payment would result in a dividend yield of 0.8% (2007: 0.8%).

Shareholder Structure

Sartorius Stedim Biotech S.A.'s issued capital amounted to €10.3 million as of the reporting date, and is divided into 16,922,488 shares, each with a calculated par value of €0.61. Some of the shares grant double voting rights, with the result that there were a total of 18,937,113 voting rights as of the reporting date.

Sartorius AG holds close to 71% of the shares and 74% of the voting rights. As far as we are currently aware, around 20% of the shares (18% of the voting rights) are in free float. About 9% of the shares (8% of the voting rights) are held by the founders of Stedim.

02

Management Report

About Sartorius Stedim Biotech

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. Our extensive range of products and technologies helps customers develop and manufacture medications and vaccines using biological methods – safely and efficiently. We rank among the global leaders in bioprocess filtration, fermentation, bag technology and a variety of purification technologies, and provide a product array that covers virtually all upstream and downstream steps in the production of active pharmaceutical ingredients. One of our major areas of specialty focuses on single-use components, which are an innovative alternative to conventional reusable stainless steel systems. This responds to the demand for single-use systems or hybrid systems combining disposables with stainless steel components that is growing in the biopharmaceutical industry. Moreover, technical consulting and services tailored to the requirements of individual applications are also central to our business.

Sartorius Stedim Biotech was established in June 2007 when the Biotechnology Division of German company Sartorius AG merged with French-based Stedim S.A. Prior to the merger, both companies held leading market positions in their complementary market segments.

Organization

Sartorius Stedim Biotech is headquartered at Aubagne near Marseille in southern France. Its organization is globally aligned: all of its key functions, such as marketing, sales and distribution, service, production and supply chain management, and research and development, are managed centrally from Goettingen based on a global system of responsibilities, in close consultation with the management of the local companies. This structure ensures optimal integration of all production facilities and branch offices worldwide, provides a better basis for realizing economies of scale, and enables us to make efficient use of our R&D resources. It also ensures that the company always maintains a consistent presence in the marketplace. We have defined six application areas for our product ranges: Filtration, Fluid Management, Fermentation, Purification, Laboratory and Services.

One of the major achievements in the reporting year was the successful completion of the global process of integrating the Sartorius Biotechnology Division into Stedim, which additionally entailed re-organizing our engineered systems business in North America (for further information, see page 136). We also acquired and integrated the Swiss technology company Wave Biotech AG and expanded our sales and distribution structures in Eastern Europe.

Completion of Integration Activities

The Sartorius Biotechnology Division was merged with French company Stedim in June 2007 to create Sartorius Stedim Biotech S.A. This company has been able to establish itself successfully within a very short time. Revised branding and a fully integrated global organization were introduced directly following the merger. In the reporting year, we successfully completed our project of combining all global sales and distribution activities and of integrating supply chain management. For engineering of stainless steel systems, we also changed the division of labor among the various Group sites. In this context, we concentrated our stainless steel system manufacturing for the North American market in Springfield, Missouri.

We noticeably profited in our development of new products, especially single-use components, from the combination of the Sartorius Biotechnology Division's biotech expertise with Stedim's. For instance, even though fiscal 2008 was only the first full year of operations since the merger took place, we launched a number of innovative new products that resulted directly from the integration of the two: e.g., the BIOSTAT CultiBag STR single-use bioreactor, the SARTOFLOW Alpha Plus Single Use filtration system and the Flexel LevMix system for mixing and transporting biologics.

On the whole, we consider that we have achieved outstanding success in having completely integrated Sartorius Biotechnology and Stedim in the key areas of marketing, sales and distribution, supply chain management, research and development, engineering and production.

Acquisition of Wave Biotech AG

Sartorius Stedim Biotech acquired Swiss technology company Wave Biotech AG at the end of the reporting year. Wave Biotech AG, which ranks among the world's leading developers and manufacturers of single-use bioreactors, had already been working closely with Sartorius Stedim Biotech since 2006. The two companies were involved in joint research projects, and Sartorius Stedim Biotech had exclusive sales and distribution rights to Wave's entire product range, which includes a variety of other equipment for biopharmaceutical research and production in addition to these "disposable" bioreactors. The purchase of Wave represents a highly significant step in Sartorius Stedim Biotech's effort to extend its leading position in the market for traditional and single-use fermentation. Sartorius Stedim Biotech is in the process of building Wave's facility at Tagelswangen near Zurich, Switzerland, into the Group's major center of competence for development and single-use bioreactor manufacturing (for further information, see pages 40 and 102).

Enhanced Sales and Distribution in Eastern Europe

Since 2008, Sartorius Stedim Biotech has been represented by its own sales companies in the emerging Eastern European markets of Poland and Hungary. It previously conducted its business in these countries through local sales partners. Servicing these markets through our own organizations enables us to directly interact with our customers in Eastern Europe. The new sales companies also ensure that global biotech customers with manufacturing operations in the countries concerned have ready access to our comprehensive professional services that customers have come to expect and appreciate.

Macroeconomic Environment and Conditions in the Sector

Macroeconomic Environment

Four years of strong growth came to an end in the spring of 2008, and since then the global economy has weakened markedly. The year under review began with many national economies still appearing remarkably robust despite the weakness of the U.S. economy. This led to the belief that the rest of the world might be able to decouple itself largely from the problems in the U.S., but events proved otherwise. Commodity prices soared in the first six months of the year, with the price of Brent crude, for example, hitting a record high of U.S.$147 a barrel in the middle of the year. This and the associated rise in inflationary pressure put the brakes on the global economy.

When the speculative bubble in the U.S. real estate market burst in 2007, this triggered a global financial market crisis of historic proportions. The effects of this crisis increasingly spread to the real economy over the course of 2008, slowing global economic growth significantly in the process. Demand began to fall across a wide range of products as the banks tightened their lending criteria and consumer confidence slipped. Particularly hard hit were car makers and their suppliers.

Financial market problems in the USA intensified in September 2008 and peaked, for the time being at least, with the bankruptcy of U.S. investment bank Lehman Brothers. The financial crisis was now spreading around the world, ushering in the specter of recession. Since August 2008, the global inflation rate has eased as commodity prices continued to plummet in the face of the downturn. Oil prices simply collapsed: on December 3, a barrel cost just U.S.$47.20, or about 67.9% less than it did at mid-year.

All the major central banks responded to the increasing number of countries slipping into recession and the easing of inflationary pressures with dramatic interest rate cuts. The European Central Bank (ECB) reduced its base rate by 75 basis points to 2.50% in December. This cut, the largest in the ECB's history, followed on directly from successive cuts of 0.5 of a percentage point each in October and November. On January 15, 2009, the ECB lowered its interest rates again, this time to 2.0%. In mid-December, the U.S. Federal Reserve (Fed) cut its prime rate to a historically low target band of 0%—0.25%.

The most important financial markets saw a sharp increase in volatility at the same time. Having fallen significantly against the euro and other major currencies in the first half of 2008, the U.S. dollar made considerable gains against most currencies between the beginning of August and the end of October. However, it then dropped sharply against the euro again, not least because of the Fed's zero interest rate policy. Overall, the dollar averaged U.S. $1.41 to the euro in the second half of 2008, which was 12 cents down on its average value in the first six months of the year (U.S. $1.53 to the euro).

No sooner had the economic research institutes issued their fall forecasts for 2008 as a whole than they had to begin revising them downward.

The U.S. economy deteriorated markedly after the tension in the financial markets came to a head in mid-September, and figures from the Department of Commerce revealed that consumer spending, which accounts for about two thirds of gross domestic product in the USA, fell sharply in October. November forecasts from the International Monetary Fund (IMF) and OECD predicted growth for the year as a whole of 1.4% in the U.S. (previous year: +2.0%; estimate: Nov. 2008).

In the euro zone as well, economic conditions took a pronounced turn for the worse in 2008. Export business, which had previously been brisk, actually declined as a result of factors that included the substantial increase in the value of the euro. The IMF's November forecast estimated growth of 1.2% for 2008 as a whole in the euro zone (2007: +2.6%). The ECB eventually arrived at a similar conclusion: its forecast, which was revised downward significantly in December by 0.8%, envisaged growth of 0.8% to 1.2% for the euro-zone countries in 2008. The latest data from the OECD indicates that the euro-zone economy grew by 1.0% in 2008 (previous year: +2.6%). Germany also mirrored the general trend. Its exports tumbled more than 10% between October 2008 and November 2008. According to IMF estimates, economic growth in Germany in 2008 amounted to 1.7% (previous year: +2.5 %). The OECD's November 2008 forecast quoted a figure of 1.4% (previous year: +2.6%). The most recent IMF forecast for the French economy predicted growth for 2008 as a whole of just 0.8% (previous year: +2.2%). The latest OECD prediction for France likewise suggested economic growth for 2008 of less than 1%.

Developments in the Western industrialized countries also inescapably left their mark on the Asian economies. Economic activity in Japan weakened appreciably in 2008. Exports, which had been driving the country's growth since 2002, fell for the first time in three years as a result of a sharp drop in demand from the U.S. and Europe, and rising energy and food prices in the first six months of the year, coupled with a deteriorating employment situation, kept private consumption slack. The most recent calculations from the IMF and OECD suggested that the Japanese economy grew by 0.5% in 2008 (previous year: +2.1%).

Newly industrialized countries such as China and India, which had been the engine of growth in the global economy in recent years, were increasingly hurt by the impact of the worldwide downturn, and although they still expanded significantly in 2008, they could not match the pace set in previous years. The reduction in the rate of growth in these economies was due more to weaker domestic demand than any problems with exports, which were still holding up relatively well at this stage. The IMF and OECD predicted growth for 2008 as a whole in the Chinese economy of 9.7% (9.5% according to their November 2008 forecasts; +11.9% in the previous year). The IMF's most recent estimate of economic growth in India in 2008 suggests a figure of 7.8% (previous year: +9.3%). The OECD put growth in India in 2008 at 7.0% (previous year: +9.0%).

The IMF predicted last November that global economic growth for 2008 as a whole would amount to 3.7% (previous year: +5.0%).

Sector Conditions

Sartorius Stedim Biotech is a leading supplier of products and services for development, production and quality assurance processes serving customers in the biopharmaceutical industry. Specific trends in this sector have an important influence on the course of Sartorius Stedim Biotech's business.

The global economic downturn that set in during the second half of 2008 scarcely had any impact in the reporting year on the pharmaceutical industry, which has to date appeared largely immune to cyclical effects. Although it did lose momentum somewhat toward the end of the year, the pharmaceutical market once again grew significantly more strongly than the economy as a whole. Preliminary figures from international market research institute IMS Health suggest that the global pharmaceutical market grew between 4.5% and 5.5% to more than U.S.$800 billion in 2008. Growth continued to shift from the mature pharmaceutical markets in the USA (+1% to +2%) and Europe (+3% to +4%) to developing countries, where growth rates reached 14% to 15%.

Biotechnology is one segment of the pharmaceutical market that has been expanding at an especially dynamic pace in recent years. The upward trend is by no means linear, however: several major U.S. providers suffered setbacks in 2007 as a result of the FDA's restrictive approval policy, and the effects persisted into 2008. Companies responded with cost-cutting programs encompassing a variety of measures, including significant reductions in inventories, which meant placing fewer orders with pharmaceutical industry suppliers. The rather muted sentiment that reigned in the sector into the past fiscal year of 2008 left its mark on several pharmaceutical and biotech share indexes (including the NASDAQ Biotechnology Index), which largely stagnated over the period.

Analyses from market watchers at Frost & Sullivan suggest that in spite of these developments, the biotech sector successfully increased its revenues in 2008 by just short of 11% (previous year: 13.2%) to over U.S.$71 billion, which means the sector grew more than twice as fast as the market as a whole. Medications manufactured using biotech methods now account for a good 10% of total pharmaceutical sales revenue, and one in every two newly approved drugs has its origins in a biotech lab. Recent market success stories include a number of biotech medications, with 22 — up from a mere seven just five years ago — achieving the coveted blockbuster status, i.e., sales revenues of more than U.S. $1 billion, in 2007. Therapeutics for treatment of cancer and autoimmune diseases performed particularly well, as did vaccines. According to IMS Health, the USA remained the principal sales market for biotech medications in 2007, with a share of 56% of total sales revenue. Europe, which has seen substantial growth in this area over recent years, accounted for 24% of total sales revenue in 2007.

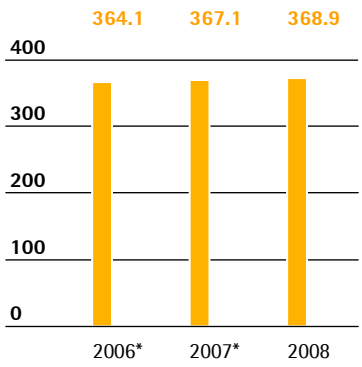
The biotech sector is much more concentrated than the pharmaceutical industry as a whole: in 2007, the two largest marketers reported combined sales revenue of around U.S.$25 billion, which represents about a third of total global sales revenue, and the five largest biotech companies together accounted for almost 70% of the sector's total sales revenue.

Pronounced pressure on costs remained a central concern for many pharmaceutical companies in the reporting year. Biotech companies were particularly exposed, as their active pharmaceutical ingredients are still much more expensive than are conventional medications. One of the reasons for this cost disparity is that biotech manufacturing processes are much more complex and therefore far more expensive. Manufacturers and suppliers are consequently involved in an intensive effort to improve the effectiveness and efficiency of the processes concerned. Innovative new production technologies and concepts for optimizing the cost-effectiveness of existing plants and equipment are playing a central role in this effort. Manufacturers looking to reduce tied-up capital and respond more quickly to regulatory changes are also becoming more and more interested in ways to make their production operations more flexible. Some biotech groups are actually going so far as to cease some or all of their own production of medications, outsourcing it to specialized contract manufacturing organizations (CMOs).

Demand for innovative production technologies rose again in the reporting year as a result of the economic, safety and reliability concerns outlined above. Particularly striking was the continued rise in the use of disposables in the production, transport and storage of biopharmaceuticals. These single-use products are used in place of stainless steel components and systems, which generally entail substantial investment, significant tied-up capital and relatively long planning and construction periods. Demand for hybrid systems, which combine old and new technologies, and multi-product plants, which can be used flexibly to manufacture different products, also continues to increase. As a result, the year under review saw the launch of a large number of innovative single-use products for individual steps in the biopharmaceutical manufacturing process, and it became clear that biopharmaceutical manufacturers have become increasingly interested in solutions for entire process steps. Just as important as these concerns about efficiency and flexibility are the scalability of the technology and assured availability over a period of years. The trend toward single-use technologies was accordingly also one of the main factors behind mergers and acquisitions in the supply sector in the reporting year.

Group Business Development

Order Intake
€ in millions



* pro forma

Order Intake

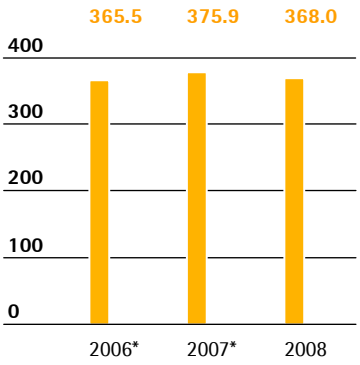
Order intake at the Sartorius Stedim Biotech Group rose 3.5% on the basis of constant currencies. In the reporting currency, order intake reached €368.9 million, an increase of 0.5% over the year-earlier pro forma figure of €367.1 million. The previous year's pro forma figures take into account full-year business generated by both Stedim and the Sartorius Biotechnology Division. In the reporting year, order intake did not meet our expectations. This was primarily due to the difficult market environment that we faced in common with our competitors in North America, especially in the first half.

Several major biopharmaceutical customers have been affected by delayed or restricted drug approvals since the second half of 2007 and have consequently cut back their production volumes. Our customers also took measures to reduce their inventories. Both factors put a damper on demand for Sartorius Stedim Biotech products.

Therefore, order intake in constant currencies in North America fell 6.6%, while it increased in both Europe (6.4%) and Asia | Pacific (7.0%).

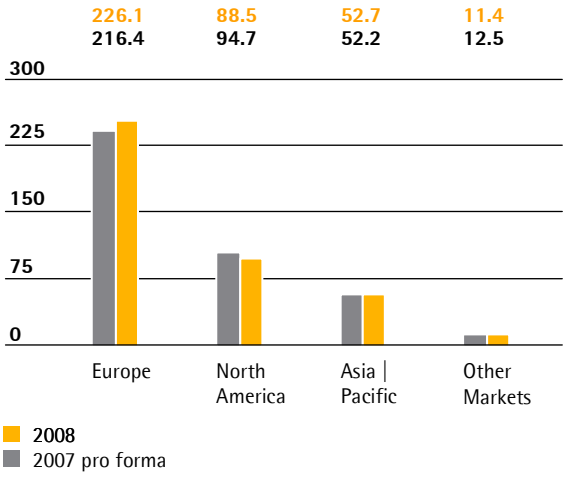
The rise in order intake was driven by business with single-use products. In all of the core regions including North America, positive gains were posted.

Sales Revenue
€ in millions



* pro forma

Sales Revenue by Region
currency-adjusted, € in millions



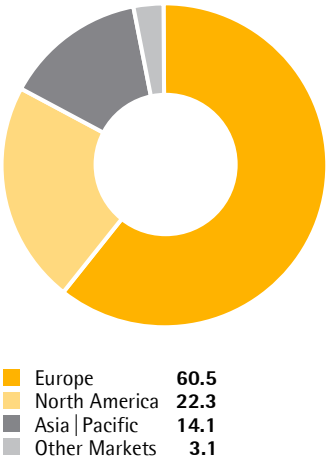
Sales Revenue

The Sartorius Stedim Biotech Group posted sales revenue of €368.0 million in fiscal 2008, which amounts to a rise of 0.8% on the basis of constant currencies. Sales revenue in the reporting currency dipped 2.1% from the pro forma figure of €375.9 million reported in 2007. Single-use products generated positive growth rates, while sales of equipment, especially in the field of freeze-thaw technology, contracted.

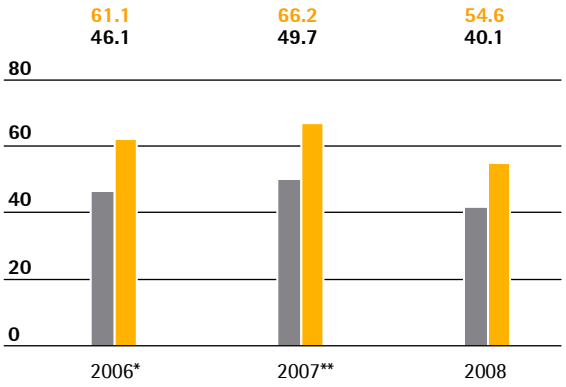
Sales revenue did not meet our original expectations of double-digit growth, primarily due to the challenging market conditions in North America and the developments in equipment business.

On the basis of constant currencies, the Group saw an overall decrease of 6.6% in sales revenue in North America. Our customers largely completed their inventory reduction measures in the period up to the end of the fiscal year, so clear signs of improvement were already in evidence in the second half of the year. We achieved a 4.5% increase in currency-adjusted sales revenue in Europe. Growth slowed noticeably here over the course of the year as demand for relatively large-scale fermentation systems slackened. In constant currencies, sales revenue in the Asia | Pacific region was up 1.0% year on year. On the whole, we performed well in a difficult business environment and maintained our market position.

Sales Revenue by Region
in %



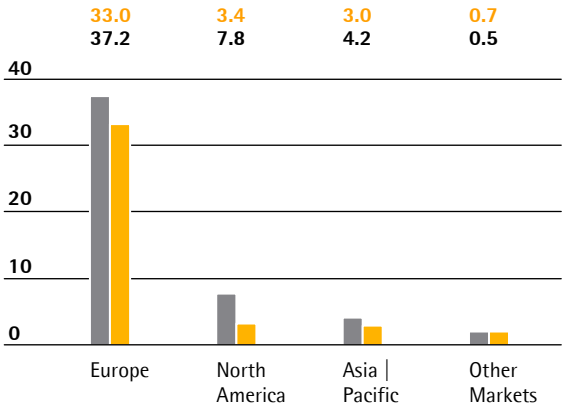
EBITDA et EBITA
€ in millions



EBITDA
EBITA

* pro forma
** pro forma underlying

EBITA by Region
€ in millions



2008
2007 pro forma underlying

Earnings

To provide a complete and transparent presentation of our profitability, we indicated year-earlier earnings on a pro forma basis and adjusted them to remove non-operating and other non-permanent effects, just as in our interim reports. The "pro forma underlying" presentation means that we included Stedim and the former Sartorius Biotechnology Division for the full previous year as of January 1, 2007, and made a number of adjustments associated largely with the transaction and integration costs and wider-ranging reorganization measures.

At Sartorius Stedim Biotech Group, earnings before interest, taxes and amortization (EBITA) are used as the key figure for analyzing its results. Amortization in this context refers exclusively to the purchase price allocation (PPA) to intangible assets acquired according to IFRS 3.

The Sartorius Stedim Biotech Group achieved an EBITA of €40.1 million in fiscal 2008 (previous year: €49.7 million). Business with single-use products contributed by far the greatest share of earnings. At 10.9%, the EBITA margin remains robust. The decrease in the margin from the year-earlier figure (13.2%) can be explained chiefly by lower sales revenue and negative effects from exchange rate movements.

Europe generated the highest EBITA figure in fiscal 2008 at €33.0 million (previous year: €37.2 million). Our operating margin here slipped from 14.5% to 12.7%. In the Asia | Pacific region, where we posted an EBITA of €3.0 million (previous year: €4.2 million), our EBITA margin was 11.2% (previous year: 15.7%). In North America, where EBITA dropped from €7.8 million to €3.4 million as a result of the decline in sales revenue, the EBITA margin amounted to 4.2% (previous year: 8.4%). The rise in finance charges from €8.9 million to €12.5 million results from the year-on-year increase in the average liabilities to banks, the increase in the average euro base rate and the higher costs for hedging transactions. Net profit after minority interest amounts to €13.1 million (previous year: €21.2 million), which equates to earnings per share of €0.77 (previous year: €1.26), or €1.02 (previous year: €1.55), after adjustment to remove the effects of non-cash amortization.

Group earnings have remained at a robust level commensurate with sales revenue, but did not meet our original expectations.

Earnings

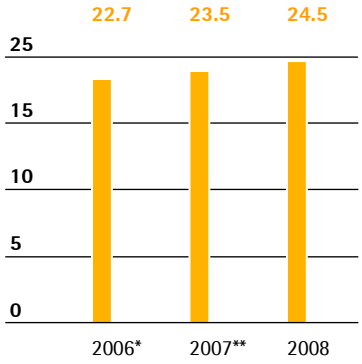
€ in millions	**2008**	2007*
EBITDA	**54.6**	66.2
As a % of sales revenue	**14.8**	17.6
EBITA	**40.1**	49.7
As a % of sales revenue	**10.9**	13.2
Earnings per share excluding amortization (in €)	**1,02**	1.55

* pro forma underlying

Cash Flow Statement
Summary

€ in millions	**2008**	2007
Net cash flow from operating activities	**47.2**	26.0
Net cash flow from investing activities	**-26.7**	-13.6
Net cash flow from financing activities	**-14.4**	-6.5
Cash and cash equivalents	**13.2**	7.5
Gross debt owed to banks	**163.3**	161.3
Net debt owed to banks	**150.1**	153.8

Research and Development Costs
€ in millions



* pro forma

** pro forma underlying

Cash Flow

The cash flow figures for the previous year include the cash flows of the former Sartorius Biotechnology Division from April 1, 2007, and the cash flows of the former Stedim Group from June 29, 2007. For this reason, the current items in the cash flow statement are comparable only to a limited extent with the figures reported in the previous year.

Net cash flow from operating activities rose from €26.0 million to €47.2 million. At the same time, net cash flow from investing activities was -€26.7 million (2007: -€13.6 million), and includes payment for the acquisition of Wave Biotech AG based in Switzerland. Net cash flow from financing activities was at -€14.4 million (2007: -€6.5 million) and comprises payments for derivative financial instruments of €3.1 million and dividend payments totaling €5.1 million.

Appropriation of Profits

Management will submit a proposal to the Annual General Shareholders' Meeting on April 21, 2009, for payment of a dividend of €0.30 per share for fiscal 2008, unchanged from last year's dividend payment. This would correspond to a total profit distribution of €5.1 million (previous year: €5.1 million). Based on the 2008 opening price of €36.90 for the Sartorius Stedim Biotech share, this proposed payment would result in a dividend yield of 0.8% (previous year: €0.8%).

Research and Development

Our research and development (R&D) spending in fiscal 2008 was as budgeted at €24.5 million, which represents an increase of 4.3% over the pro forma underlying figure of €23.5 million reported a year earlier. The Group's ratio of R&D costs to sales revenue is down slightly year on year at 6.7% (previous year: 6.3%).

Our research and development activities in the reporting year once again centered on the completion and ongoing development of products based on single-use technologies, and to this end we enhanced our R&D capacity at our headquarters in Aubagne in both structural and staffing terms.

To protect our available know-how, we pursue a targeted policy for intellectual and industrial property rights within the Group. We systematically monitor whether these rights are observed and review whether it is necessary under cost | benefit aspects to maintain them.

In 2008, the number of applications for intellectual and industrial property rights (147) was up on the previous year's number (130). As a result of the applications submitted in the past years, we were issued 79 patents and trademarks (previous year: 98). As of the balance sheet date, we had a total of 1,084 patents and trademarks in our possession (previous year: 1,069).

Optimizing complex production processes is of key importance to our customers in the biopharmaceutical industry, and their demand for new and innovative solutions is immense. Consequently, Sartorius Stedim Biotech concentrates its research and development efforts on the creation of products and methods that facilitate the safe, reliable and efficient production of active pharmaceutical ingredients. In these efforts, the increasing use of disposables influenced the direction of our research and development activities once again in the reporting year. We focused in 2008 on completing, advancing and integrating single-use products and disposables technologies that are suitable for creating complete single-use solutions for entire process steps, rather than on designing individual solutions.

In the process, we intensified our efforts on developing complete, integrated production units, such as disposable bioreactors and single-use mixing systems, especially for the areas of cell cultivation, media and product transportation and storage for our Fluid Management sector. As part of this initiative, we developed new impeller mixing systems that not only promise greater safety and reliability in transport and better handling due to their improved bag design, integrated sensors and flow geometry, but also offer significant advantages in scalability, mixing efficiency and mixing times.

We created new opportunities in the area of transport and storage and in freeze-thaw technology applications with our product lines including the Flexel 3D LevMix system and the Celsius FFT. Moreover, we investigated technologies that have received little or no attention so far in the context of biopharmaceutical manufacturing processes as part of our quest for new and innovative solutions. The implementation of RFID technology from our development partner Advanta Pure (New Age Industries) means that for the very first time we are now able to offer our customers options such as wireless transmission and paperless recording and management of batch-related production data. The gamma-sterilizable RFID chips integrated into our single-use bags for this purpose open up entirely new possibilities for the industry in electronic data and product monitoring for biopharmaceutical processes.

The new laboratory building completed in Goettingen in the previous year also enabled us to pursue our broader research objectives with increased vigor. Our collaboration with WuXI AppTec on the preparation of non-GMP viral safety studies started successfully: we have established our first cell line and the studies we are now offering provide customers with a fundamentally important R&D service that produces highly reliable results regarding efficient engineering of future production operations.

We enhanced our R&D capacity for single-use technologies at our Aubagne site in both structural and staffing terms in the reporting year in order to further our already considerable technical expertise in the production and processing of plastic films. Beyond this, we intend to apply this expertise to help accelerate the development of complex single-use systems, such as bioreactors, even more. The Aubagne site in southern France brings together all of the platform technologies required for the development and production of plastic films and bags. Now that its lab equipment has been comprehensively expanded, the R&D team in Aubagne is increasingly evolving into a center of competence for the Group in film extrusion, bag and container design and for fluid management technologies.

In 2008, filtration was a further area of focus in our R&D activities. Here we concentrated on developing new filter membranes and refining our classic filtration products. For instance, we introduced the Sartopore XLI and XLG, two new types of membrane with outstanding performance data that have been developed especially for the filtration of complex media and buffer systems. Moreover, we enhanced our leading position in the membrane chromatography segment by developing novel chemical ligands and new membrane structures with further improved flow and capacity properties. The Sartobind HIC, which we also presented in 2008, makes us the first commercial provider to offer a chromatography membrane based on hydrophobic interactions. It has enabled us to establish an entirely new type of chromatography that is particularly suitable for polishing monoclonal antibodies and harvesting vaccines.

The program to expand our product range in the area of diagnostic and OEM membranes, which we develop and manufacture for specific customer applications, also made excellent progress. Not only did we produce new membranes with better performance characteristics in the reporting period, but we also created products with completely new properties.

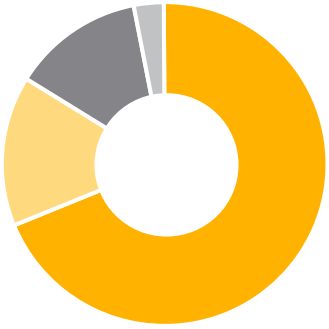
Consistent expansion of our research and development activities in India forms an important part of our R&D plan, so we were pleased to welcome experienced new bioprocess and cell culture engineering specialists to the company during the reporting year. With the construction work to expand our R&D lab in the country already complete, we were actually able to transfer the first few validation and development services to India over the course of 2008. Local training and development activities with external partners and customers have now also begun. We are continuing to build up our R&D capacities in India and plan to start offering validation services and training seminars for customers as well from mid-2009 onward.

Research and Development

	2008	2007
R&D costs, € in millions	**24.5**	23.5*
As a % of sales revenue	**6.7**	6.3*
Number of patent and trademark applications	**147**	130
Registered patents and trademarks	**79**	98

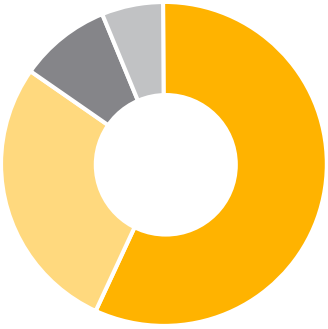
* pro forma underlying

Employees by Region
Dec. 31, 2008; in %



Europe	**68.6**
North America	**15.3**
Asia | Pacific	**13.0**
Other Markets	**3.0**

Employees by Function
Dec. 31, 2008; in %



Production	**56.7**
Sales & distribution	**28.0**
R&D	**9.0**
Administration	**6.2**

Employees

The Sartorius Stedim Biotech Group employed a total of 2,369 people as of December 31, 2008, which equates to an increase of 58 (+2.5%) over the 2007 reporting date (2,311).

Recruitment activities centered on Europe, where 148 new employees were hired (+10.0%). This brought the total workforce in the region to 1,626 people as of December 31, 2008 (2007: 1,478). This increase in Europe stemmed in part from the retention of temporary employees and trainees under fixed-term employment contracts. The expansion of the list of consolidated companies to include Sartorius Stedim Nordic A/S and Swiss company Wave Biotech AG accounted for approximately a third of the increase reported in Europe. We also recruited new research and development staff, as planned, at our location in Aubagne. Following the reorganization measures implemented in equipment business in the first half of the year ended, our workforce in North America at the end of fiscal 2008 stood at 363. This represents a reduction of 63 (–14.8%) compared with the headcount on December 31, 2007 (426). The number of people employed in the Asia | Pacific region decreased 2.2% to 309 from 316 in 2007.

About 57% of the Group's workforce was employed in production or areas directly linked to production, such as quality management and supply chain management (59% in 2007). The proportion of employees working in sales and distribution rose slightly to 28% (27% in 2007). The percentage of employees in research and development also increased, in this case from 8% to 9%. The proportion of employees engaged in administrative functions remained unchanged at 6%. This number is relatively low as some administrative functions have been outsourced to Sartorius companies outside the scope of consolidation.

As an innovative technology group, Sartorius Stedim Biotech employs highly qualified staff, especially in the natural sciences and process engineering. We also maintain a number of teams in the administrative functions, such as purchasing, finances and human resources, in order to ensure that our operations run smoothly within the company and with our business partners and customers. We seek to retain our employees for the long term by presenting interesting opportunities for personal development. Thanks to the success of this retention strategy, many of our employees have gained considerable years of experience during their careers at the Sartorius Group or the Sartorius Stedim Biotech Group.

As early as their traineeships with us, young people are promoted and trained according to need. Our highly practical study programs in both the natural sciences and business administration, which provide targeted hands-on development, are particularly effective at preparing promising young individuals for important future roles. The training we offer young people also includes an international component.

We prefer to fill management vacancies at Sartorius Stedim Biotech from within our own ranks. Our comprehensive management development program provides suitable employees with the opportunity to enhance and expand their individual management skills. We cultivate an open, team-oriented environment at all levels of our company in line with our management guidelines.

At an international level, we aim to fill research and development posts by working to establish from an early stage strong ties between the company and students and graduates in the natural sciences and engineering from across the globe. Our International Biosciences Scholarship program helps young people gain formal qualifications, and seeks to develop the skills employees need for effective international project and team work. Strength in this area is vital for us as a global company.

In addition to facilitating the continued education of our employees and providing opportunities for personal development, we also take a close interest in employees' health. Indeed, promoting health and job safety are the two pillars of our corporate health management policy. It aims to bring about sustained improvements in health awareness and industrial accident prevention and to ensure that the job demands and work organization are conducive to good health.

We continuously optimize and adapt job safety policies in line with the applicable laws and regulations and the relevant expert recommendations. Training events and information days about job safety and continuing education opportunities are also held regularly, as are health promotion seminars on subjects such as quitting smoking.

Environmental Management

Sartorius Stedim Biotech takes an active approach to corporate environmental management, consisting of ongoing activities and standards of responsible conduct that extend well beyond simple compliance with statutory requirements. On the basis of our environmental management system, which is certified in accordance with the international ISO 14001 standard, we operate an environmental protection program that covers every stage of our products and production. This program is subject to continuous further development and represents the standard for our international sites. Our environmental protection activities focus on the efficient use of raw materials and energy, reductions in the use of consumable materials and recycling.

During the reporting year, Sartorius Stedim Biotech invested €1.8 million in two major projects at the Goettingen site, which is the company's largest, to help reduce its environmental impact and carbon footprint. A new combined heat and power plant, which produces electricity and heat for internal use, was commissioned in the summer of 2008. This efficient form of energy generation enables us to reduce our CO_2 emissions by 2,500 metric tons a year. The company also built a dedicated facility to recycle solvents used in membrane production. Thanks to this new unit, these solvents, primarily alcohols, can now be recycled in the production process directly, without leaving the Goettingen site. Nearly all of the solvent that passes through the new facility can be reused, which considerably reduces the volume of fresh solvent that has to be purchased. Recycling solvents on site additionally benefits the environment by reducing the amount of collection and delivery travel needed and, therefore, the environmental impact.

Sartorius Stedim Biotech S.A., the parent company, designs and manufactures single-use soft plastic containers in France for the biopharmaceutical industry. Its operations are environmentally compatible as a result of its distinct characteristics.

The majority of Sartorius Stedim Biotech S.A.'s products are made from recyclable plastics. PVC, a known environmental hazard, is not used in its products. Manufacturing focuses on plastic transformation processes, such as film extrusion, injection molding, film sealing and assembly. These processes do not impact the environment negatively, as they do not discharge hazardous wastes into the environment. Furthermore, all products are manufactured in a controlled environment. Thus, all aspects of production are undertaken in a class 10,000 cleanroom, resulting in near-sterile conditions for the facilities and products.

The operations performed at Sartorius Stedim Biotech S.A. do not cause noise pollution in the surrounding area.

Social Responsibility

We seek in our social activities to maintain tangible links with our scientific and regional roots. Thus, science and research, education and society are inevitably the main focus of our attention.

In the area of science and research, Sartorius Stedim Biotech has made it a priority to support and promote academic education and to provide financial assistance to talented young scientists. Sartorius sponsors outstanding young researchers from within the company through its own international scholarship program, the Sartorius International Biosciences Scholarship, which focuses largely on research and development and product management. We sponsored a new university study program in applied biotechnology and biotech equipment engineering in Bielefeld, Germany, in 2008, by donating advanced equipment, including bioreactors, water purification systems and filtration systems, to the university's labs. Moreover, we continued to contribute financially to the Academy Prize for Biology awarded by the Goettingen Academy of Sciences, which we have been helping to support for many years. We also maintained our funding of a half-scholarship for the elite Molecular Biology | Neuroscience courses offered at the International Max Planck Research School in Goettingen, Germany, and our support for the Goettingen XLAB Experimental Laboratory for Young People.

Sartorius College, the Sartorius Group's conference and training center in Goettingen, offers a platform for professional knowledge transfer both for our own employees and for current and potential external customers. The educational program comprises many seminars every year in communications, business leadership, business administration and foreign languages as well as some 40 specialized training courses in biotechnology and mechatronics for Sartorius employees. Moreover, this program offers nearly 50 seminars on diverse subjects in biotechnology and mechatronics for our international customers. Sartorius Stedim Biotech also encourages dialog between science, business and society through public lectures, readings and technical symposia.

Sartorius Stedim Biotech is an active sponsor of regional events and projects, especially in the social and cultural spheres. In these projects, we place great value on professional quality and broad appeal in order to strengthen the company's attractiveness to the regions where it is located — and therefore to its employees.

Marketing | Sales and Distribution | Service

Sartorius Stedim Biotech is a global supplier and technology partner for the biopharmaceutical industry. Our business strategy as a provider of integrated and complete solutions is to cover most of our customers' process chain with the widest range of innovative products. Now more than ever, customers seek access to innovative and efficient methods of manufacturing their products that will help them cut investment costs and reduce tied-up capital. Central to our effort to meet this need are single-use products, which are becoming increasingly prevalent for biopharmaceutical manufacturing in nearly all areas. In keeping pace with this trend, our marketing activities in the reporting year included the launch of a large number of promising products for the future. These breakthrough products covered all of the application segments created

by realigning our organization in 2007: Filtration, Fluid Management, Fermentation, Purification, Laboratory and Services.

One of the fields in which the trend of opting for single-use products is growing especially rapidly is vaccine production. This segment has given a considerable boost to the pharmaceutical industry as a whole in recent years and has consequently been an area of particular focus for us. The success of preventive measures, which are often implemented at irregular intervals, depends to a great extent on the speed with which vaccines can be developed and manufactured. This enhances the appeal of flexible single-use production systems for the pharmaceutical industry in this field. Our entire product array for cell cultivation, fermentation, filtration, purification and storage of biopharmaceuticals stands to benefit from this development. Both the rapid mutation of target viruses and the wider use of efficient cell culture processes developed for vaccine production in recent years are amplifying this effect and encouraging the use of flexible single-use solutions.

In addition to generating a whole series of in-house developments in the period under review, we also made significant progress in integrating innovative technologies from development partners, building up existing strategic partnerships and developing new partnerships. One of the major highlights in this area in 2008 came with our acquisition of the Swiss company Wave Biotech. We had been collaborating very successfully with this highly innovative company on the development and marketing of single-use bioreactors since the spring of 2006, and its acquisition represents a strategic step in further extending our leading position in fast-growing single-use systems for the cell cultivation segment.

We also stepped up our collaboration with Canadian biotech company ProMetic for the Asian region once again during the reporting year. This strategic partnership, which similarly began in 2006, makes Sartorius Stedim Biotech a preferred supplier of filtration products for blood fractionation and other consumables for ProMetic.

Integrating sensors into single-use systems is currently one of the biggest and most significant challenges we face in seeking to market disposables successfully for process-critical biotech applications. The new agreement we concluded with Swiss company Metroglas AG during the reporting year specifically addresses this issue. The agreement relates to the exclusive supply of first-to-market electrochemical pH sensors that can be integrated directly into products. These sensors are suitable for use in our bioreactors and disposable bags in the Fluid Management segment, so this agreement represents an immensely significant step for Sartorius Stedim Biotech as we work to exploit the full potential of single-use technologies in the biotech industry.

Other prominent developments in the period under review include a cooperation agreement with WuXi AppTec in the area of non-GLP viral clearance studies. WuXi AppTec supplies us with relevant viruses, materials and methods, enabling us to conduct these studies ourselves in the new laboratories we have established expressly for this purpose. This gives us a compelling advantage to offer our customers: we can recommend the best viral clearance method in each case at an early stage in the customers' process development work, thereby helping to reduce their development costs.

Viral safety in the context of biopharmaceuticals is also at the focus of the important alliance we entered into with Bayer Technology Services GmbH (BTS) in the reporting year. The agreement concerns the manufacture and global marketing of UVivatec products, which feature a BTS-developed technology that uses UVC radiation to inactivate small non-enveloped viruses (such as Parvo) in biopharmaceuticals. Sartorius Stedim Biotech will be marketing this scalable technology as single-use modules, laboratory bench units and process systems. Thanks to this new cooperative arrangement, we now have a unique viral safety technology platform based on three separate yet freely combinable methods.

In the reporting year, we concluded a supply agreement with ATMI Life Sciences, a U.S. specialist in single-use technologies and cleanroom production processes, securing our exclusive sales and distribution rights to a unique mixing system from our former cooperation partner LevTech, which now belongs to ATMI Life Sciences. As a result, we have continued to offer our customers a highly innovative, patented mixing technology that is based on levitation of a single-use impeller and is used in combination with our disposable bags to mix biopharmaceuticals.

We further extended our sales, distribution and organizational structures in the reporting year. In Eastern Europe, we acquired our distribution partners in Hungary and Poland and founded our own sales companies there. In Singapore, we opened a Technical Support Center, the Process Application Service Singapore (PASS), in collaboration with our partner institute Temasek Polytechnic for local training. These activities reflect our desire, as an international biotech supplier, to assist our key accounts in the biopharmaceutical industry in their current and future projects involving relocation of their manufacturing operations to this region, and to provide optimal local technical support at their new sites.

Attending conferences and trade shows in Europe, America and Asia was a key component of our marketing activities in the reporting period in order to bring our customers face to face with our products. We exhibited at a number of trade fairs including Expoquimia (Barcelona, Spain), Forum LABO (Paris, France), Het Instrument (Utrecht, Netherlands), Biotechnica (Hanover, Germany) and Interphex (Philadelphia, Pennsylvania, USA). One of our special highlights at Interphex was the premiere of the BIOSTAT Cultibag STR, which made quite an impact.

In addition, initiatives to promote active knowledge sharing among our own experts, researchers and users in industry feature prominently in our marketing activities every year. Specialists from Sartorius Stedim Biotech were invited to present at numerous conferences around the world in 2008, and their expertise was repeatedly sought by international journals. To facilitate knowledge transfer and to thus boost the pace of innovation in specifically targeted technical fields, we again successfully organized several of our highly acclaimed Downstream Technology Forums in Europe and the USA. These events have become a popular and highly respected feature with customers, scientists and application specialists alike. Last year's Forum in Goettingen, Germany, attracted our highest attendance yet.

In 2008, we published a large number of advertisements and articles in international trade journals, as usual, and also made consistent use of the Biotech Newsletter, an online marketing resource launched in 2007, to address customers directly via the Internet. The Biotech Newsletter, which provides information about new products, events and trade fairs, appears quarterly and is e-mailed to some 12,000 addressees who are likely to be interested in our activities. Not only does it keep our regular and potential customers up to date, but it also increases the frequency of visits to the product pages on our website.

Products

As providers of integrated solutions for the biopharmaceutical industry, we extended our range of disposables significantly again during the reporting year. We focused in particular on single-use products for cell cultivation by fermentation and the storage and transport of biopharmaceuticals as well as filtration products. We combined our expertise in manufacturing plastic films and our knowledge of plant and equipment engineering to develop and launch new products in this area.

Our strategic policy entails offering complete scalability for most of our products in order to match the phases of biopharmaceutical process development. In this way, we ensure that our customers can use the same production technology as the quantities of active pharmaceutical ingredient increase from test phase to test phase.

Demand for disposable solutions and the greater flexibility they offer in the design and development of fermentation processes has been rising for some time. The BIOSTAT CultiBag STR, which we launched during the reporting year, extends these advantages to relatively high-volume processes. Designed for the cultivation of mammalian cells, insect cells and cell lines with industrial applications, this new disposable bioreactor is unique in that it incorporates highly innovative single-use sensor and stirrer technologies. It is the first scalable stirred bioreactor in its market segment to have been developed specifically for a single use. Our BIOSTAT CultiBag STR makes conversion from traditional stainless steel components to single-use products especially easy for our customers. The wide array of single-use bags, now manufactured internally, provides our customers with full scalability capabilities in designing their processes, from research and development to pilot scale, all the way to process scale. We currently supply 200l bags, and are already working on other sizes with volumes ranging from 50l to 1,000l.

The BIOSTAT CultiBag RM 600, a single-use bioreactor designed for working volumes of up to 300l, was launched during the reporting year to extend the range of BIOSTAT CultiBag RM 100 and RM 200 disposable bioreactors for laboratory applications that joined our product line in 2006 and 2007. This entire family of products resulted from our successful collaboration with Swiss company Wave Biotech AG, which we acquired at the end of the reporting year.

Another new single-use bioreactor presented in 2008 was the SuperSpinner D 1000, which is designed for the fast and cost-effective production of recombinant proteins, monoclonal antibodies and biomass. At the core of this pre-assembled, ready-to-use system is a membrane stirrer that permits controlled, gentle mixing and bubble-free aeration of the cell culture. A hollow-fiber membrane wound around the stirrer bar ensures excellent oxygen transfer, which means optimal conditions for growth and, hence, significantly higher cell densities than those yielded by conventional spinner flasks. Engineered for use in an incubator, the 1l system represents an ideal solution for high-density cell cultivation.

We enhanced our range of membrane chromatography products in the reporting year with the addition of the Sartobind Q mega capsule. The Sartobind Q mega permits exceptionally rapid polishing of expensive proteins and removes viruses, host cell proteins and DNA to below the detection threshold. Designed for processing relatively large volumes, the mega capsule has a bed volume of 1.6l. Its housing accommodates three 30" capsules, which provide a three-fold increase in binding capacity. The macroporous structure of the Sartobind Q membrane enables it to deliver a high recommended flow rate of 50l a minute, which is considerably faster than the process media conventionally employed. This makes the purification stage especially quick and efficient: not only are labor costs lower, but buffer consumption can also be reduced by as much as 95%.

We added two new types of filter, Sartopore 2 XLG and Sartopore 2 XLI, to our range of sterilizing-grade filters in the period under review. These filter elements, which are also available as MaxiCaps disposable filter units in 10", 20" and 30" sizes, are custom-tailored for sterile filtration of special cell culture media and product solutions during downstream processing. Their unique double-layer polyethersulfone membrane achieves exceptionally high flow rates and throughputs, and ensures reliable sterile filtration under process conditions in biotechnology applications in both upstream and downstream processes. Sartopore 2 XLG and Sartopore 2 XLI help users to design cost-effective sterile filtration systems and to obtain maximum yields in product filtration.

Vivacon 2, a new ultrafiltration unit unveiled during the reporting year, has created an optimal solution for concentrating diluted DNA samples in forensic analysis. It is currently the only solution on the market for concentrating forensic DNA samples.

BACTair, another of the new products we introduced in 2008, is an innovative system for sampling airborne organisms when monitoring ambient air in work and production areas with elevated hygiene requirements. Designed to be operated in combination with AirPort MD8 for pumping the air stream during sampling, the air sampler uses culture media plates as collection heads so that microbes impact directly onto the plate. The system's novel approach simplifies ambient air monitoring by eliminating the usual metal sieve plates or slots, which have to be sterilized as part of routine operation.

The high-performance SARTOFLOW Alpha plus filtration system we presented in 2007 now has a single-use equivalent: SARTOFLOW Alpha plus SU. This cGMP-compliant system can very easily be fitted with disposable components such as bags and tubing in place of stainless steel modules and consequently offers users maximum flexibility and process reliability for microfiltration, ultrafiltration and diafiltration applications. The SU model eliminates the risk of cross-contamination and is therefore ideal for customers with applications in which the medium to be filtered changes frequently. The single-use components, which are supplied pre-sterilized and ready-to-use, ensure constant production conditions. The system is already being piloted and will be launched during 2009.

Production and Supply Chain Management

Sartorius Stedim Biotech operates a well-developed global production network comprising a total of eleven production facilities to ensure that it can supply its customers around the world promptly and reliably. Filter membranes and disposable filters are manufactured at our Goettingen (Germany) and Yauco (Puerto Rico) sites, single-use bags in Aubagne (France), Concord, California (USA) and M'Hamdia (Tunisia), bioreactors and other equipment in Melsungen (Germany), Bangalore (India) and Tagelswangen (Switzerland), disposable laboratory products in Stonehouse (U.K.), and aseptic transfer systems in Lourdes (France). We also engineer fermentors, bioreactors and filtration and freeze-thaw systems for the North American market in Springfield, Missouri (USA).

The reorganization of the stainless steel systems business in North America during the reporting year represents a highly significant strategic step for the company. As already initiated at the end of the previous year, we modified our business model in this area by entering into a cooperative agreement with U.S. plant engineering specialist Paul Mueller Company. We successfully began operations under this new arrangement in 2008 and closed our former production facilities in Bethlehem, Pennsylvania, during the first half. Our customer-specific plant engineering operations in the freeze-thaw business, which had previously been based in Napa, California, also relocated to Springfield, Missouri, as part of the program to concentrate all activities at this site. The measures implemented have enabled us to reduce vertical integration and focus our attention more strongly on engineering expertise, project management and order processing.

We also placed global responsibility for our engineered systems business in the hands of a centralized management team in the reporting year. This team now looks after all activities at the Springfield, Melsungen and Bangalore sites. Plans have already been drawn up to integrate the Tagelswangen site in Switzerland – which came into the company as a result of the acquisition of Wave Biotech – into this new organizational structure in 2009.

We continued to expand our manufacturing capability at our Indian site in Bangalore in the reporting year. Alongside our engineered systems activities, which include the production of cell cultivation and crossflow systems, we began manufacturing equipment such as the arium laboratory water purification systems in Bangalore and also made a very successful start on disc filter production, which had previously been based at Goettingen. This transfer entailed the establishment of a GMP-compliant manufacturing environment at the Indian site, which is now also growing in importance as an internal and highly competitive supplier of components such as vessels and stainless steel filter housings. The development of the new plant, which is due to be formally opened in mid-2009, progressed on schedule.

A decision was made during the reporting year to increase membrane production capacity at the Goettingen site once again in response to rising demand for our filter products. The associated plans, which have long-term significance for the company and will take several years to implement, involve installing two new casting machines, one using the quenching bath method and the other the evaporation method, and constructing the buildings necessary to house them. Directly linked to this decision is a new arrangement negotiated with our employee representatives that opens the door to further productivity improvements through training periods, greater flexibility in employee working hours and other steps.

The progress we made in expanding and enhancing our integrated global quality management organization also ranks among our highlights of fiscal 2008. Our quality management experts, each of whom focuses on a particular area of production, ensure compliance with requirements that are frequently highly complex. The quality assurance processes in each of the various production areas now also form a part of our new universal quality management system.

We pressed ahead with our consistent business process improvement measures in the reporting year as part of our efforts to ensure prompt and reliable deliveries to our customers. It remains our policy here to supply the various markets directly from our production facilities in most cases in order to reduce order processing and turnaround times as well as currency risks.

Net Worth and Financial Position

Consolidated Balance Sheet

The balance sheet total of the Sartorius Stedim Biotech Group increased by €11.6 million to €652.3 million between December 31, 2007, and the reporting date on December 31, 2008.

On the assets side, non-current assets rose from €479.0 million to €489.1 million essentially as a result of the acquisition of Swiss company Wave Biotech AG, which was completed in December 2008. Current assets climbed from €161.7 million to €163.2 million due to increases in inventories and cash and cash equivalents, coupled with reductions in receivables.

On the equity and liabilities side, equity rose from €362.8 million to €371.6 million. The Sartorius Stedim Biotech Group's equity ratio accordingly stands at 57.0% (December 31, 2007: 56.6%), which is a comfortable level.

Non-current liabilities increased from €55.7 million in 2007 to €182.6 million in 2008, while current liabilities fell from €222.3 million to €98.1 million relative to the same period. This change can be attributed almost entirely to the replacement during the reporting period of the short-term credit line, obtained to finance the merger of Sartorius AG's Biotechnology Division and Stedim Biosystems S.A. in 2007, by a syndicated credit line that has a term of five years.

The long-term-capital-to-fixed-assets ratio rose from 89.0% to 115.6%. Gearing, which is calculated as the ratio of net debt to equity, remains unchanged at 0.4.

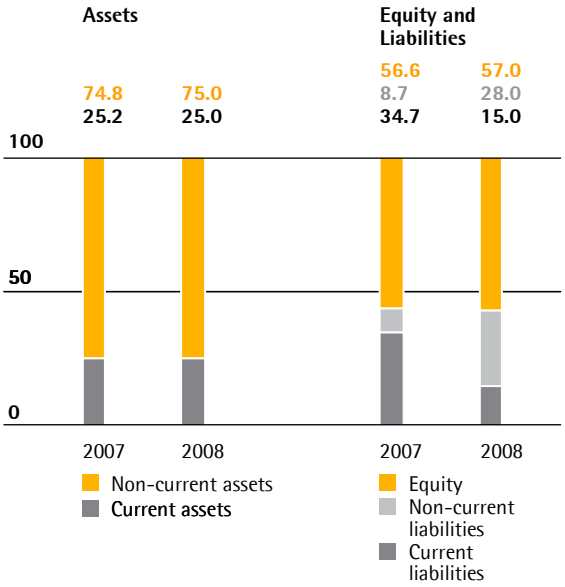
Financing | Treasury

We refinanced the bridge loan arranged in March 2007 by a syndicated credit facility in September 2008. This credit line, which is for an aggregate of €220 million and a term of five years, was provided by a syndicate of thirteen banks led by Commerzbank, West/LB and Dresdner Kleinwort. Thus, our financing is now on a broad-based, long-term footing under highly favorable terms, especially from today's perspective.

We have so far utilized only a part of the syndicated credit line, and also have in place several bilateral credit lines worth around €45 million, none of which we have yet utilized in full.

Gross debt owed to banks increased slightly year on year, reaching €163.3 million on the reporting date (previous year: €161.3 million). This was due in part to the acquisition of Swiss company Wave Biotech AG. Net debt, however, was down slightly year on year at €150.1 million (€153.8 million in 2007). The ratio of net debt to EBITDA stood at 2.7 on December 31, 2008 (December 31, 2007: 2.3), and the interest coverage ratio (ratio of EBITDA to interest payable) was 5.6. The key financials are therefore at a comfortable level.

Balance Sheet Structure
in %



Key Working Capital Figures
in days

		2008	2007*
Rate of turnover for inventories			
Inventories / Sales revenue	x 360	**60**	51
Rate of turnover for receivables			
Trade receivables / Sales revenue	x 360	**72**	81
Rate of turnover for net working capital			
Net working capital** / Sales revenue	x 360	**101**	103

* on a pro forma basis
** sum of inventories and trade receivables less the trade payables

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 hedge the remaining net currency exposure through suitable currency transactions. The costs we incurred by applying IAS 39 were higher than average in fiscal 2008 as a result of the extreme volatility in the currency markets.

Key Balance Sheet Figures

	2008	2007
Equity ratio		
Equity / Balance sheet total	**57.0%**	56.6%
Long-term-capital-to-fixed-assets ratio		
Long-term capital / Fixed assets	**115.6%**	89.0%

Key Financials

	2008	2007
Net-debt-to-EBITDA ratio		
Net debt / EBITDA	**2.7**	2.3*
Interest coverage ratio		
EBITDA / Interest payable	**5.6**	-
Gearing		
Net debt / Equity	**0.4**	0.4

* pro forma underlying

Risk and Opportunities Report

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 reviews and also use early warning systems. In addition, we maintain reserve inventories for strategic raw materials, and work with alternative suppliers where possible. Our acquisition of a development partner and supplier of components for single-use bioreactors in 2008 has given us greater independence on the procurement side.

Production Risks

We manufacture products that belong to our core areas of technical expertise ourselves, usually with a high level of vertical integration, and work in collaboration with partners to manufacture other non-core products. The latter entails transferring a portion of the production risks 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 beverages 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. 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. Patents 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 and beverage industries as well as from research and educational institutions of the public sector. Most of them are relatively large organizations that have been in existence for some time and have strong credit ratings. We cultivate long-term cooperative relationships, based on well-founded trust, with the vast majority of our customers, and our bad debt losses have consequently been very low for many years. 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, although the Stedim transaction has created a certain amount of customer concentration in a few product segments. We are aiming at further expanding our customer base by offering the corresponding products to a broader circle of our already existing customers, with the goal of establishing these products in even wider target group ranges. In fiscal 2008, we generated approx. 25% of sales revenue with our top ten customers.

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 Millipore and Pall. As we serve a considerable number of conservative customers from highly regulated sectors like the pharmaceutical and food and beverage industries, and the technological barriers to market entry are substantially high, we regard the risk of new 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.

Financial Risks

The global nature of the Sartorius Stedim Biotech Group's operations means that its business activities are inevitably exposed to financial risks. These are primarily 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 (please refer to pages 124 to 126).

Exchange Rate Risks

We generate approximately 40% 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 approximately 1.5 years in advance. Hedging transactions are set up by one group of staff and monitored by another, separate group.

Interest Rate Risks

We have concluded fixed interest agreements for a small portion of our outstanding loans, and these consequently pose no interest rate risk. However, the major part of the loans outstanding on the reporting date is subject to interest based on the market rate and therefore exposed to interest rate risks. 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.

We have undertaken to comply with common customary financial covenants in relation to our syndicated credit facility. We could fall into temporary non-compliance with these financial covenants if our business would develop significantly weaker than expected and this, in turn, would lead to an increase in our financing costs.

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. 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.

Pharmaceutical, Medical and 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 and operations is such that its operations constantly interact with the environment so we thus need to deal with environmental risk issues, such as emissions and other potential sources of pollution. Responsibility for preventing incidents of this kind and monitoring all of our environmentally-relevant operations around the world rests with the Environmental Protection and Occupational Safety Department. The department's environmental management system, which is accredited under DIN EN ISO 14001, encompasses all divisions of the Group and covers a whole series of environmental regulations to minimize risks in this area. We invested heavily in environmental protection in 2008 and significantly reduced the environmental risks to which we are exposed by commissioning a new combined heat and power plant and a new solvent recycling plant.

Risks Associated with the Current Financial and Economic Crisis

Historically, our business was relatively immune to events in the wider economy. The current financial and economic crisis does not appear to be having any effect on our business at the moment.

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.

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. The nature and extent of our insurance protection are monitored and adjusted regularly by an independent department specially assigned to this task.

Estimate of the Overall Risk Situation

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

Risks of Future Development

Similarly, based on our current review, there are no discernible risks that could threaten the further existence of the company.

Business Development Report

Future Macroeconomic Environment

Banks and economic research institutes revised their forecasts significantly downward again at the end of 2008 as the rapidly deteriorating economic outlook rendered the figures published just a few months ago obsolete. Uncertainty about the future remains high in all markets and makes it very difficult to provide a realistic assessment of global economic prospects. A preponderance of indicators, chief among them the risk that the turbulence in the financial markets will have a greater impact than previously expected on the real economy, suggest a slowdown in global economic growth. Looking ahead to 2009, low commodity prices and weakening demand both point to additional decreases in inflation.

The United Nations (UN) expects the gross domestic product of the industrialized countries to grow by around 1% in 2009 according to a neutral scenario. Assuming that the central banks in the USA, Europe and Japan continue to make sufficient liquidity available in 2009, growth should begin to return to more normal levels during the third quarter of 2009. Negative scenarios indicate a global recession and push the start of any recovery in economic activity back to 2010.

It is clear that the economic outlook for 2009 in the USA has worsened significantly since the crisis in the financial markets intensified, and the ECB expects a further decline in growth in the country's real economy compared with the last quarters of 2008. The latest assessments from the OECD and IMF anticipate that gross domestic product (GDP) will contract in the USA (-0.9% and -0.7%, respectively) in 2009 (2008: +1.4%).

The OECD's 2009 prediction for the euro-zone countries issued last December suggested a decline in real gross domestic product of 1.0%—0.0% (2008: +0.8% to +1.2%). This coincides with the forecasts of the IMF, whose most recent figures suggest a fall of 0.5% (2008: +1.2%) in the region. The export-led German economy could well be hit especially hard by the global economic downturn. Experts expect gross domestic product to shrink again in the first half of 2009, and the OECD and IMF are predicting a drop of 0.8% in gross domestic product for the year as a whole (2008: +1.7%). According to data from the OECD, the recent turbulence will also extend into 2009 in France, which will similarly see gross domestic product shrink in the first six months of the year. The second half of the year, however, is expected to bring the start of a gradual recovery in economic activity. Overall, the OECD is forecasting a reverse of 0.4% for the French economy for the full year of 2009 (2008: +0.9%). The IMF takes a broadly similar view, predicting a dip of 0.5% for 2009 (2008: +0.8%), which suggests that France would feel less of an impact from this slowdown than Germany.

Expert forecasts so far indicate that economic activity in Japan will remain muted in the early part of 2009. Private consumption is likely to stay weak in light of the poor employment situation, and exports are expected to further decline due to a lack of international demand. The IMF and OECD anticipate that the Japanese economy will shrink by 0.1% in 2009 (2008: +0.5%).

The ECB believes that growth will also slow in the emerging nations of Asia, although it still expects significant expansion in China and India in 2009. The IMF's November 2008 forecast predicts growth of 8.5% for China in 2009 (2008: 9.7%), while the OECD anticipates a figure of 8.0% (2008: 9.5%). The Indian economy is expected to grow by 6.3% according to the IMF data (2008: 7.8%). The OECD's assessment for India quotes a figure of 7.3% (2008: 7.0%).

The IMF's most recent forecast for the global economy predicts growth of 2.2% in 2009 (2008: 3.7%).

Sector Outlook

International market research institute IMS Health expects the growth rate in the global pharmaceutical market in 2009 to remain largely unchanged from the previous year to reach 4.5%—5.5%, approximately the previous year's level.

Growth of this magnitude would push sector sales revenue above U.S.$820 billion. Experts anticipate that the global economic downturn will impact the pharmaceutical industry, especially in those countries in which the majority of patients pay for their own medications directly rather than through their health insurers. Among the countries concerned, this applies especially to the USA, which is the world's largest market for pharmaceuticals. For North America, IMS Health is consequently forecasting growth here of just 1%–2%. Researchers predict moderate growth of 3%–4% for the five largest countries of the European Union and an increase of 4%–5% in Japan, and report that the shift in the consumer market away from the mature western industrialized countries toward the developing countries, which has already been apparent for some time, seems likely to continue.

Sector observers estimate that the biopharmaceutical segment, which is of particular interest to the Sartorius Biotechnology Division, will again see significantly stronger growth than the pharmaceutical market as a whole. Analyses from market watchers at Frost & Sullivan forecast that although growth projected at 9.8% will be somewhat weaker in 2009 than in recent years, the medium-term prospects remain solidly positive. The compound annual growth rate for the period of 2007 to 2014 is expected to be around 11.6% according to calculations published by the researchers, who assert that both new medications and new indications for existing drugs will help maintain these above-average rates of expansion. Some sources have issued less bullish forecasts for 2009, however, with several large biotech companies predicting that growth in their own business in 2009 will not exceed the single-digit range.

All market participants agree that the high price of medications produced using biotech methods will slow their rate of market penetration. Such biologics are more expensive than drugs produced by chemical methods because of the comparatively complex – and hence more cost-intensive – research and manufacturing processes involved. For this reason, it seems likely that the sector will step up its efforts once again over the next few years to increase the productivity of the processes concerned. The trend toward increased application of single-use technologies will also play an important role in this connection, as they offer a way to reduce investment spending and validation costs and improve the overall flexibility and cost-effectiveness of production. Certain disposable products, such as single-use bioreactors, are already in operation in laboratories but have only just begun to make inroads into the market for production applications. Substantial growth rates are consequently expected in this area. Manufacturers are particularly interested in the concept of complete single-use solutions for individual stages of the production process, as this represents the only way to realize the technology's full cost-efficiency potential. In this context at least, the increased cost pressure in the biopharmaceutical industry therefore additionally opens up new opportunities for providers of innovative technologies and solutions, such as Sartorius Stedim Biotech. This particular trend goes hand in hand with the manufacturers' efforts to reduce their supplier base to just a few strategic partners.

The process of consolidation in the pharmaceutical industry is set to continue according to the experts, especially in light of the favorable conditions for acquisitions likely to be created by the economic crisis. Large pharmaceutical groups buying up small and midsize biotech companies will probably be the most common pattern; major transactions like Roche's reported complete takeover of Genentech or Pfizer's acquisition of Wyeth are consequently bound to remain the exception rather than the rule.

Future Business Development

As suppliers to the biopharmaceutical industry, we are exposed to the risks typical of this market. The decisions of regulatory agencies, especially those concerning the granting or withholding of approval for new medications, can have a significant effect on our customers' investment and purchasing decisions and their timing. Disposables technologies are very much in the ascendant at the moment, and we anticipate that disposables product business will be our principal driver of growth over the coming years. Taking all of these factors into account, our planning for fiscal 2009 anticipates an increase in sales revenue. The biopharmaceutical industry has shown itself to be comparatively resistant to cyclical effects in the past, but given the persistently high level of uncertainty surrounding the likely course of the global economy, we do not think it possible to issue a reliable forecast for our business in 2009 at this moment.

Financial Statements of the Parent Company Sartorius Stedim Biotech S.A.

Financial Statements of the Parent Company

Sartorius Stedim Biotech S.A. is the holding 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 Finance, Human Resources, Research and Development, Information Systems, Quality Management and Purchasing.

In 2008, sales revenue generated at Sartorius Stedim Biotech S.A. was €46,655 K compared to €48,616 K in 2007, a drop of 4%. The operating profit was -€2,551 K. The net financing income totaled +€7,448 K and includes the effects of reorganizing its U.S. companies.

The net profit for 2008 is €5,654 K compared to -€11,481 K in 2007.

Net debt owed to banks is €19,746 K.

Appropriation of the Net Profit

The Annual General Shareholders' Meeting (AGM) approves appropriation of the net profit of 2008 (€5,654,467) as follows:

- Deduct earlier losses of €1,481,567 from the net profit;
- Which yields a balance of €4,172,900;
- Allocate 5% of this balance (€208,645) to the legal reserves;
- In determining the existence of a distributable profit, said allocation results in a distributable profit of €3,964,255;
- Add the transfer of €1,112,491.40 from "Share premiums", to this distributable profit;
- This sum yields a total distributable profit of €5,076,746.40.

The AGM thus decides to disburse to shareholders an amount totaling €5,076,746.40.

As a result, for every share with a par value of €0.61, a net dividend of €0.30 will be paid. 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 18% tax on this dividend income to fully satisfy their tax liability imposed on such income according to the "Prélévement forfaitaire libératoire."

The dividend will be paid out on April 30, 2009.

The amounts distributed after January 1, 2006, 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, 2007	€5,069,396	
Dec. 31, 2006	€1,344,458	
Dec. 31, 2005	€1,328,270	

Sartorius Stedim Biotech S.A. Share Capital

Share Capital as of December 31, 2008

Total capital amounts to ten million three hundred and twenty-two seven hundred and seventeen euros and sixty-eight cents (€10,322,717.68). It is divided into 16,922,488 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 2008 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
Jan. 15, 2003	Exercise of share subscription options	3.1	268.4	4,763.4	88	1,144,530	3,490,816.5
May 23, 2003	Granting of a free share for every 10 shares held, deducted from share premium	3.1	349,081.7	-349,081.7	114,453	1,258,983	3,839,898.2
May 5, 2004	Granting of a free share for every 10 shares held, deducted from share premium	3.1	383,988.9	-383,988.9	125,898	1,384,881	4,223,887.1
May and June 2005	Exercise of share subscription options	3.1	10,226.7	129,972.6	3,353	1,388,234	4,234,113.7
June 10, 2005	5 for 1 split of share par value	0.6	0.0	0.0	5,552,936	6,941,170	4,234,113.7
2nd half of 2005	Exercise of share subscription options	0.6	28,197.3	368,513.3	46,225	6,987,395	4,262,311.0
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

Sartorius Stedim Biotech S.A. Shareholdings as of December 31, 2008

Situation of Sartorius Stedim Biotech 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%	Financière de la Seigneurie	Financière de la Seigneurie

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

	December 31, 2006			December 31, 2007			**December 31, 2008**		
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				9,770,178	57.8%	51.7%	**10,025,360**	**59.2%**	**52.9%**
Single voting rights				9,770,178	57.8%	51.7%	**10,025,360**	**59.2%**	**52.9%**
Double voting rights									
VL Finance[1)]	3,527,266	50.0%	66.4%	2,012,095	11.9%	21.3%	**2,012,095**	**11.9%**	**21.3%**
Single voting rights	70,231								
Double voting rights	3,457,035			2,012,095	11.9%	21.3%	**2,012,095**	**11.9%**	**21.3%**
Total Sartorius Group				11,782,273	69.7%	72.9%	**12,037,455**	**71.1%**	**74.2%**
Financière de la Seigneurie				902,744	5.3%	4.8%	**902,744**	**5.3%**	**4.8%**
VAL Invest				608,884	3.6%	3.2%	**608,884**	**3.6%**	**3.2%**
Treasury shares									
Personnel and other shareholders									
General public	3,530,289	50.0%	33.6%	3,604,087	21.3%	19.1%	**3,373,405**	**19.9%**	**17.8%**
Total shares	7,057,555			16,897,988	100.0%	100.0%	**16,922,488**	**100.0%**	**100.0%**

[1)] Belonging to Sartorius AG after the reverse merger between Sartorius and Stedim

Legal Disclosure Thresholds Crossed

During 2008, Sartorius Stedim Biotech S.A. registered the following equity threshold events:

– By means of the letter dated December 22, 2008, the simplified joint stock company, Financière de la Seignuerie, Athélia IV, Le forum B, 13 600 La Ciotat[1)] declared that on December 19, 2008, it had exceeded the threshold of 5% in share capital of Sartorius Stedim Biotech and that it now holds 902,744 shares representing 5.33% of the latter's share capital and 4.77% of its voting rights[2)].

[1)] Controlled by the Lemaître family
[2)] Based on the capital composed of 16,922,488 shares representing 18,937,113 voting rights

The table previously shown on page 50 shows the distribution of the company's share capital as of December 31, 2007.

Control of the Company as of December 31, 2008

Sartorius AG holds, directly or indirectly, 71.1% of the share capital and 74.2% of the 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

Sartorius Stedim Biotech is not currently planning to buy back any of its own shares.

Unpaid Capital

None

Authorized but Unissued Capital

None

Securities Not Representative of the Share Capital

None

Other Securities Giving Access to the Share Capital

Stock Options

Share Subscription Plan

It has been proposed to delegate to the Board of Directors, for a period of thirty-eight months, the ability to grant share subscription options for the benefit of salaried employees and senior executives, as defined by law, both in the company and in economic interest groups and companies linked to it, pursuant to Article L.225-180 of the French Commercial Code.

The total number of options that may be granted by the Board of Directors by virtue of this authorization may not give the right to subscribe or purchase more than 1% of the share capital outstanding on the day of first allocation, in accordance with legal limits, in particular those set forth by Articles L.225-182 and R225-143 of the French Commercial Code.

The share subscription price to be paid by beneficiaries will be established on the day options are granted by the Board of Directors and may not be less than the minimum price determined by applicable prevailing legal provisions. The option exercise period set by the Board may not exceed ten years from the allocation date.

In consideration of the aforementioned restrictions, the Board is thus vested with all powers to set other terms and conditions for the allocation and exercise of options, in particular to set the conditions according to which options shall be granted, and to draw up the list or categories of beneficiaries as provided for above, to set the period or periods for the exercise of any such options granted, to carry out or provide for all actions and formalities for the purposes of finalizing the capital increase or increases that may result from the exercise of options, to amend the bylaws accordingly and, in general, to take any action as required.

Such options enabling the subscription of shares have been granted to certain employees. The options are dependent on achievement of the consolidated net profit objectives set each year by the Board of Directors. The objective of these stock option plans is to optimize the commitment of certain senior managers and executives employed by the Group in order to increase their contribution to the expansion of the Company and allow them to share in this growth by providing them with the opportunity to subscribe to shares of the Company.

Date on which the AGM* authorized the plan	Date of the 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 to Dec. 31, 2008	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		0		0
June 23, 2000	Sept. 28, 2001	142,855			7	11.94		4,060		1
June 23, 2000	Oct. 14, 2002	12,100			1	6.78		0		0
June 23, 2000	Sept. 10, 2003	22,000			1	7.9		4,400		1
June 23, 2000	Feb. 11, 2004	66,000			1	6.42	22,000	0		0
June 23, 2000	July 23, 2004	140,000			19	9.23	2,500	67,500		10
June 10, 2005	Sept. 15, 2005	127,500	10,000	1	15	18.87		50,000		5
June 10, 2005	Nov. 10, 2005	35,000			2	29.51		17,500		2
Total		**684,560**	**10,000**	**1**	**51**		**24,500**	**143,460**	**0**	**19**
									143,460	

* AGM = Annual General Shareholders' Meeting

Development of the Number of Stock Options
between January 1, 2006, and December 31, 2008

	2008	2007	2006
Outstanding shares at January 1	**179,027**	318,450	378,610
Allocated during the period		0	35,000
Cancelled during the period	**-11,067**	-27,653	-25,000
Exercised during the period	**-24,500**	-89,270	-70,160
Lapsed during the period	**0**	-22,500	0
Outstanding at December 31	**143,460**	**179,027**	**318,450**

Share Capital Dilution

At December 31, 2008, the total number of shares capable of being issued on the basis of performance-based share subscription options was a potential 143,460 shares, or 0.85%, of the fully diluted share capital.

Share Subscription Options Granted to Each Senior Executive of the Company and Options Exercised by Them in Fiscal 2008

None

Share Subscription Options Granted to the Ten Top Non-senior Executive Beneficiaries and Options Exercised by Them in the 2008 Fiscal Year

None

Options Exercised during the Fiscal Year

Of the 24,500 options exercised during the fiscal year, the ten most significant accounted for a total of 24,500 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

in €	2007	2006	2005	2004	2003
Dividend per share for the fiscal year	0.3	0.19	0.19	0.14	0.13
Number of shares	16,897,988	7,057,955	6,987,395	6,924,405	6,294,915
Dividend corrected per share[1)]	**0.30**	**0.08**	**0.08**	**0.06**	**0.05**

[1)] Compared to the number of shares as of December 31, 2007

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 21, 2008, the Annual General Shareholders' Meeting voted for payment of a dividend of €0.30 per share. The dividend was available for payment on April 30, 2008.

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).

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. They represent 5% of salaries of the ten best-paid individuals employed by Sartorius Stedim Biotech S.A.

A third of these directors' fees is evenly distributed among the Directors. The balance is allocated at the end of the year based on the number of board meetings each member attends.

A total of €66 K was paid in directors' meeting attendance fees in 2008.

Compensation of the Executive Management Team

		Base | fixed salaries € in K	Annual incentives[6] € in K	Long-term incentives[6] € in K	Other € in K	Stock options	Departure indemnity € in K	Directors' meeting attendance fees € in K
	2007	1,145.0	728.0	112.0	126.0	10,000	240.0	22.0
Total	**2008**	**1,064.0**	**522.0**	**79.0**	**0.0**	**10,000**	**240.0**	**13.0**
Joachim Kreuzburg[1] in 2007		440.0	475.0	112.0[2]	63.0	0	0.0	0.0[3]
Joachim Kreuzburg[1] in 2008		480.0	309.0	79.0[2]	0.0	0	0.0	0.0[3]
Liliane de Lassus in 2007		240.0	53.0	0.0	23.0	10,000	240.0	12.0
Liliane de Lassus in 2008		60.0	48.0	0.0	0.0	10,000	240.0	13.0
Reinhard Vogt[4] in 2007		236.0	100.0	0.0	20.0	0	0.0	4.0
Reinhard Vogt[4] in 2008		259.0	82.5	0.0	0.0	0	0.0	0.0
Volker Niebel[5] in 2007		229.0	100.0	0.0	20.0	0	0.0	6.0
Volker Niebel[5] in 2008		265.0	82.5	0.0	0.0	0	0.0	0.0

[1] Joachim Kreuzburg receives his salary from Sartorius AG for his duties as CEO 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 long-term incentive plan is comprised of a phantom stock plan and an addition to the pension provisions. 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 three years and is payable only if this price exceeds at least 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 German Corporate Governance Code. To date, no payment has been made to Joachim Kreuzburg according to this phantom stock plan.

[3] Due to his employment contract with Sartorius AG, Joachim Kreuzburg is not allowed to receive additional remuneration in any other Group company. His remuneration is determined annually by the shareholders of Sartorius Stedim Biotech GmbH.

[4] Reinhard Vogt 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] 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.

[6] The term "incentive" is a variable portion of the remuneration that 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.

Independent Auditors

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

– Ernst & Young, represented by Jérôme Magnan –
Alternate auditor: Patrick Gounelle

– 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.

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

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

€ in K	2004	2005	2006	2007	**2008**
Share capital at end of period					
Share capital (capital stock)	4,224	4,262	4,305	10,308	**10,323**
Number of shares outstanding	6,924,405	6,987,395	7,057,555	16,897,988	**16,922,488**
Transactions and financial performance					
Sales revenue (excl. VAT)	37,590	41,449	52,158	48,616	**46,655**
Profit before tax, employee profit sharing plan, amortization, depreciation and provision expenses (and reversals)	8,107	4,180	13,401	6,502	**-6,298**
Income tax	1,262	226	4,499	-282	**-1,364**
Contribution to employee profit-sharing plan	257	0	944	0	**0**
Net profit	4,489	504	7,858	-11,481	**5,654**
Dividends	969	1,328	1,351	5,071	**5,077**
Earnings per share					
EPS after tax and employee profit-sharing, but before amortization, depreciation and provision expenses	0.95	0.57	2.67	0.37	**-0.29**
EPS after tax and employee profit-sharing, amortization, depreciation and provision expenses	0.65	0.07	1.11	-0.68	**-0.38**
Dividend per share	0.14	0.19	0.19	0.30	**0.30**
Personnel					
Workforce size	214	229	240	246	**285**
Personnel costs	7,250	7,730	8,973	9,990	**10,577**
Social security costs	3,401	4,004	4,576	5,112	**5,431**

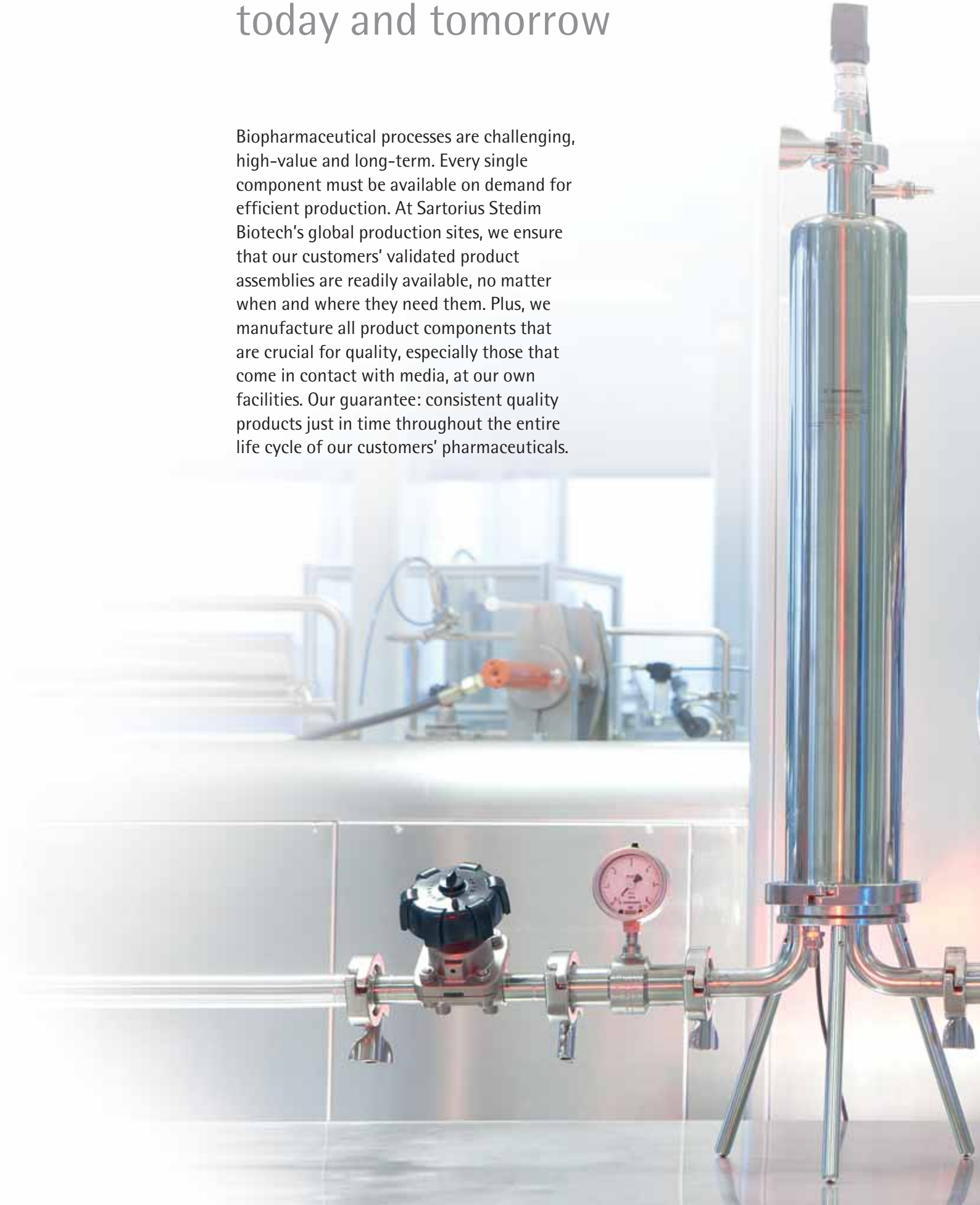
turning science into solutions

Leading the way from traditional to next-generation biomanufacturing

When setting up new bioproduction processes or enhancing existing production operations, our customers are increasingly changing over from reusable equipment to single-use systems. The reasons for this are clear: they are looking to increase the productivity of drug manufacture by reducing the need for cleaning and validation, preventing system downtime and minimizing capital investment and risk. As a strategic partner, Sartorius Stedim Biotech offers its customers one of the industry's broadest single-use portfolios and on-site and off-site consulting to ease the transition from the reusable to the single-use "world."

Assuring our customers' supply – today and tomorrow

Biopharmaceutical processes are challenging, high-value and long-term. Every single component must be available on demand for efficient production. At Sartorius Stedim Biotech's global production sites, we ensure that our customers' validated product assemblies are readily available, no matter when and where they need them. Plus, we manufacture all product components that are crucial for quality, especially those that come in contact with media, at our own facilities. Our guarantee: consistent quality products just in time throughout the entire life cycle of our customers' pharmaceuticals.



Defining the benchmarks for cell culture technologies

Our in-depth experience in classic, reusable bioreactor systems has teamed up with innovative single-use approaches. As technology leaders in both bioreactor designing and automation as well as in culture bag manufacturing, we are right at the forefront when it comes to propelling the development of new cell culture technologies into the age of single use. We are the world's only biopharma process solution providers to offer a choice of four different single-use agitation technologies, a sophisticated line-up of control and feed towers and a complete range of single-use sensors for controlling pH and oxygen, for instance. Our customers stand to benefit: They obtain proven, efficient and, at the same time, highly innovative cell culture systems.

Scalable from lab to process

We think in entire processes, not in isolated steps. Before commercial manufacturing can start, products are subject to numerous lab- and pilot-scale test phases. That is why our fully scalable products guarantee the same materials of construction, the same geometry and the same performance from development to process scale. Our customers profit: Correct scaling up and down with equal performance results enables them to bring new therapeutics faster to market.

Partnering with industry leaders

Providing integrated solutions for complex applications, such as development and manufacturing of vaccines, requires core expertise in a broad range of technologies. Concentrating on its own core competencies, Sartorius Stedim Biotech partners with other life science leaders to allow faster development of fully integrated process solutions. These strategic alliances ensure continuous growth of our product pipeline to address the challenges of next-generation biomanufacturing.

SSB solutions for customer challenges

Our customers set production targets – Sartorius Stedim Biotech provides process design consulting and the right technologies. We understand that different biopharmaceutical products, development stages and production scales call for different solutions. Additionally, each drug manufacturer faces very unique challenges in his particular biomanufacturing environment. This is why our application specialists design and simulate processes, carry out small-scale trials or feasibility studies, define which technologies perform best and set up cost models. Moreover, we provide full support in all regulatory and validation matters. The result: safe, flexible and efficient operations.

03

Corporate Governance

The Board of Directors and Its Committees

The Board of Directors

The Board of Directors is composed of seven 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, 2008

Joachim Kreuzburg

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

Appointed on: June 29, 2007
Appointed until: date of the Annual General Shareholders' Meeting in 2010 to approve the fiscal year ending Dec. 31, 2009

Number of Sartorius Stedim Biotech Shares held: 1

Other current directorships and positions:
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.;
Managing Director (Geschäftsführer) of Sartorius Corporate Administration GmbH;
Member of the Board of Directors of Sartorius Mechatronics Japan K.K.;
Member of the Board of Directors of Beijing Sartorius Instrument & System Engineering Co. Ltd.;
Member of the Board of Directors of Sartorius Scientific Instruments (Beijing) Co. Ltd.;
Member of the Advisory Board (Landesbeirat) of Commerzbank AG

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

Biography:
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: Vice President, Finance and Investor Relations
Since Nov. 11, 2002	Member of the Executive Board of Sartorius AG, Goettingen, Germany Responsible for Finance, Controlling and Investor Relations
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

Volker Niebel

Executive member – Vice CEO of Operations
Date of birth: August 14, 1956
Nationality: German

Appointed on: June 29, 2007
Appointed until: date of the Annual General Shareholders' Meeting in 2010 to approve the fiscal year ending Dec. 31, 2009

Number of Sartorius Stedim Biotech Shares held: 1

Other current directorships and positions:
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 Systems 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):
Member of the Board of Directors of Sartorius Mechatronics Corporation;
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

Biography:
Diplom-Betriebswirt (university degree: MBA)

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, Biotech Division
Since 2007	Managing Director of Sartorius Stedim Biotech GmbH in Goettingen, Germany

Reinhard Vogt

Executive member – Vice CEO of Sales & Marketing
Date of birth: August 4, 1955
Nationality: German

Appointed on: June 29, 2007
Appointed until: date of the Annual General Shareholders' Meeting in 2010 to approve the fiscal year ending Dec. 31, 2009

Number of Sartorius Stedim Biotech Shares held: 1

Other current directorships and positions:
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.;
Managing Director (Geschäftsführer) of Sartorius Stedim Poland sp. z o.o.;
Managing Director (Geschäftsführer) of Sartorius Stedim Hungária Kft.;
Managing Director (Geschäftsführer) of Sartorius Technologies & Services GmbH;
Managing Director (Geschäftsführer) of Sartorius Stedim F&B GmbH

Past directorships (held during the past five years):
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.

Biography:
Industriekaufmann (Industrial Business Manager)

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, Biotech Division
Since 2007	Managing Director of Sartorius Stedim Biotech GmbH in Goettingen, Germany

Liliane de Lassus

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

Appointed on: June 29, 2007
Appointed until: date of the Annual General Shareholders' Meeting in 2010 to approve the fiscal year ending Dec. 31, 2009

Number of Sartorius Stedim Biotech Shares held: 1

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

Past directorships (held during the past five years):
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

Biography:
PhD in organic chemistry (1972)
MBA (1966)
Masters' degree in Sanskrit (1969)

1969–1977	Scientific employee in charge of research in French CNRS (National Center for Scientific Research), later at UC Berkeley (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
Since May 2008	Managing Director (Gérant) of L2L Conseil SARL (management consulting services; management of human resources)

Bernard Lemaître

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

Appointed on: June 29, 2007
Appointed until: date of the Annual General Shareholders' Meeting in 2010 to approve the fiscal year ending Dec. 31, 2009

Number of Sartorius Stedim Biotech Shares held: 902,744 via Financière de La Seigneurie S.A.S.

Other current directorships and positions:
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):
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.;
Member of the Supervisory Board of Intrasense S.A.

Biography:

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: June 29, 2007
Appointed until: date of the Annual General Shareholders' Meeting in 2010 to approve the fiscal year ending Dec. 31, 2009

Number of Sartorius Stedim Biotech Shares held: 1

Other current directorships and positions:
Chairman of the Supervisory Board (Aufsichtsrat) of Sartorius AG;
Chairman of the Supervisory Board (Aufsichtsrat) of Sartorius Stedim Biotech GmbH;
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;
Vice Chairman of the Supervisory Board (Aufsichtsrat) of etelon e-solutions AG

Past directorships (held during the past five years):
Chairman of the Supervisory Board (Aufsichtsrat) of Datango AG

Biography:
Bankkaufmann, Diplom-Kaufmann (banker, Graduate 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 Munich 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: June 29, 2007

Appointed until: date of the Annual General Shareholders' Meeting in 2010 to approve the fiscal year ending Dec. 31, 2009

Number of Sartorius Stedim Biotech Shares held: 600

Other current directorships and positions:
Member of the Board of Hendyplan S.A., Belgium;
President of Odec

Past directorships (held during the past five years):
Member of the Board of Groupe Ginger S.A.;
Board Member of Technofirst S.A., Deputy CEO;
Member of the Board of Barclays Asset Management

Biography:
Diplôme Institut Supérieur de Gestion (France) (Graduate of Business Management)

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	Deputy CEO of Barclays Asset Management in charge of all fund management businesses
Since 2004	CFO of Hendyplan S.A.

Changes in the Membership of the Board of Directors:

The aforementioned seven directors were appointed by the Annual General Shareholders' Meeting held on June 29, 2007, following the purchase by Sartorius AG of a controlling stake in the Stedim Group. The only change in fiscal 2008 in the Board of Directors was the change of Liliane de Lassus' membership from an executive position to a non-executive position, effective March 31, 2008.

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 significant 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.

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 SSB Group and granting him | 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 in 2008.

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 twice in 2008.

For more information on the organization, functions and activities of each Committee during fiscal 2008, please refer to the Chairman's Report Pursuant to Article L. 225-37 of the French Commercial Code included in this publication (page 78).

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. However, the Executive Committee also implements decisions and resolutions of the Board of Directors into daily business. Since April 1, 2008, it has been composed of the following persons:

– Joachim Kreuzburg
– Volker Niebel
– Reinhard Vogt

The Executive Committee met eight times during fiscal 2008.

Until March 31, 2008, it was composed of:

– Joachim Kreuzburg
– Liliane de Lassus
– Volker Niebel
– Reinhardt Vogt

Pursuant to a decision of the Board of Directors of the company dated March 6, 2008, the Board decided to reorganize the company's general management, in particular the allocation of functions among the CEO, executive vice presidents and other managers of the company.

As a result of the reorganization of the general management decided by the Board of Directors, Mrs. Liliane de Lassus's functions as executive vice president ("vice CEO") have ceased, and certain responsibilities have been reallocated among the CEO and executive vice presidents. However, it is specified that Mrs. Liliane de Lassus will remain a director of the company until the term of her position has expired, i.e., until the end of the Annual General Shareholders' Meeting to be held in 2010 to approve the 2009 financial statements.

Commitments of the Company for the Benefit of Directors and Officers

At the meeting held on June 29, 2007, the Board of Directors appointed Mrs. Liliane de Lassus executive vice president of the company, and the duties of CEO were assumed by Dr. Joachim Kreuzburg on that same day. In the context of such an appointment, the Board decided that, in case of revocation of Mrs. Liliane de Lassus's appointment as executive vice president for a cause other than negligence or gross negligence, Mrs. Liliane de Lassus would receive severance payment in the amount of 12 months of her gross monthly remuneration, where such "departure indemnity" excludes any other compensation or indemnification.

Pursuant to this decision on June 29, 2007, and after having acknowledged the fulfillment of the conditions provided for that purpose, the Board of Directors decided during its meeting held on March 6, 2008, to pay such indemnity to Mrs. Liliane de Lassus in the context of the termination of her duties as executive vice president ("vice CEO"). The payment of this indemnity was approved by a decision of the Annual General Shareholders' Meeting held April 21, 2008.

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, 2008, 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 adapt a Corporate Governance Code. The Board of Directors therefore decided to adopt to the AFEP-MEDEF recommendations.

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. In case 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 the 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 will examine whether the number of its members needs to be increased in the future, particularly by appointing independent members. The integration process is also the rationale that explains why the Company has a Président-Directeur général instead of separating the functions of Président and CEO. The efficiency of the Board will be evaluated for the first time in fiscal 2009, and this evaluation will then be conducted regularly. 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. This option will possibly be discussed in the future within the nominations committee that will be set up in the near future for reviewing any changes to the Board's membership.

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 reviews 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 2008

The Board of Directors met six times during the fiscal year. The average attendance was 90.4%.

The Board reviewed and approved the consolidated and parent corporation's financial statements for 2007.

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

– Strategic direction and major Group projects — acquisition of Wave Biotech AG;
– The annual, half-year and quarterly financial statements;
– Budgets presented by Executive Management;
– Information on the financial structure and cash flow items;
– Refinancing of the bridge loan;
– Guarantees to be given to Group subsidiaries in order to manage Group cash flow resources efficiently (central treasury management);
– Significant off-balance sheet commitments;
– Risk indicators for the Group;
– Internal organization projects;
– Stock market performance, stock options.

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 Supplied to the Directors

The Directors receive a report on the agenda items that require prior examination and consideration in due time and with prior notice in advance of each Board meeting.

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 always precedes the Board meeting, either the day before or on the same day of this 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 Board of Directors has created two Committees since mid-2007. These bodies, 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, internal and external controlling, financial communication and risk management.

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

– Examining all annual parent corporation and consolidated financial statements: review 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 accounts of the financial year ended in 2008; and presenting its observations and recommendations to the Board of Directors;
– Ensuring that the accounting methods and procedures chosen by the company are appropriate and that they are correctly applied; 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; and
- Analyzing and issuing an opinion on the definition, scope and timetable of their assignment and fees.

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

- Examining the company's exposure to significant financial risks; and
- Verifying satisfactory 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 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 2008

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

The Audit Committee dealt with the following topics:

- Examining all parent corporation's and consolidated financial statements: reviewing the quarterly, half-yearly and annual corporate accounts and consolidated accounts, including examining the accounting treatment of purchase price allocation associated with the acquisition of Wave Biotech AG as well as all other significant transactions;

- Reviewing the settlement of the syndicated loan of Sartorius Stedim Biotech;

- Reviewing the renewal of the appointment of Ernst & Young as an independent auditing company for the next six years;

Duties of the Remuneration Committee:

The purpose of the Remuneration Committee is to help the company's Board of Directors 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.

Activity Report of the Remuneration Committee for 2008

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

The Remuneration Committee deliberated on the following topics:

- Reviewing its internal bylaws;

- Reviewing the remuneration for corporate officers;

- Reviewing the remuneration of the meeting attendance fees granted to the Directors.

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

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

Limitations on the Powers of the Chairman and Chief Executive Officer

As of 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 provided by the law.

Remuneration of Executive and Non-executive Directors ("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 Management Report of the Sartorius Stedim Biotech Group.

For changes to the remuneration of Board of Directors' executive members, a Remuneration Committee has been set up that deals with these topics. Furthermore, the Remuneration Committee discusses and agrees on the meeting attendance fees for the non-executive members of the Board of Directors.

Joachim Kreuzburg's remuneration is determined annually by the Executive Task Committee of Sartorius AG's Supervisory Board. His remuneration consists of fixed and variable components and is in line with his area of responsibilities. The variable portion contains both short-term and long-term components. The short-term components are paid out every year. A phantom stock plan is used as a variable long-term incentive component that is subject to risk. This remuneration component depends on the development of the Sartorius AG share price over a period of at least three years and is payable only if this price exceeds at least 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 Corporate Governance Code. To date, no payment has been made to Dr. Kreuzburg according to this phantom stock plan.

The remuneration for Reinhard Vogt and Volker Niebel is discussed within the Remuneration Committee and is implemented afterwards by the Annual General Shareholders' Meeting of Sartorius Stedim Biotech GmbH (Germany), with which Reinhard Vogt and Volker Niebel have signed their employment contracts. Their remuneration consists of fixed and variable components and is in line with their respective area of responsibilities.

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 assets of Sartorius Stedim or even its existence;
- Ensure that management activities, the transactions completed and the conduct of employees are within the framework defined by senior executives and the applicable laws and regulations, by the fundamental values, standards and internal rules of the business and by the ethical codes and conventions of the health industry;
- Ensure that accounting and financial information and management data provided to senior executives 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 Consolidation

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 competence – 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 organization must be aware of, and deal with, the risks it faces. It must set itself objectives and integrate these objectives 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 the range of activities that are undertaken at every level of the Group to ensure that internal control is efficient. Possible control activities include 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

Availability and dissemination 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.

The internal controlling procedures relating to financial information are disclosed in the paragraph on procedures for the production of financial information.

Monitoring

Responsibilities and authorities must be defined and understood on a unit level as well as on an entire company level if internal control is 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

Senior 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 and monitoring of the internal control and controlling systems and for providing the necessary assurances that these steps have been implemented.

Audit Committee

The Audit Committee, which was created in mid-2007, 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 76.

Risk Management

The Sartorius Stedim Biotech Group is inevitably exposed to a wide variety of risks through its operations around the world. A risk management system has been instituted to help track existing and potential risks efficiently. This system is designed to allow early identification, assessment and monitoring of risks. Within this risk management system, an ad hoc committee comprised of representatives of various specialized departments additionally deals with current topics on risk management. The information it provides keeps the Executive Management Team abreast of the overall risk situation at all times and enables it to take appropriate action when required.

Internal Audit Department

The Internal Audit Department is a function that is managed at the level of the Sartorius AG Group. This department addresses the effectiveness and appropriateness of the risk management and the internal controlling system at the headquarters of the companies constituting the Sartorius Stedim Biotech Group as well as the compliance of all activities and processes with internal and external rules and standards. The Internal Audit Department provides independent and objective auditing and consulting services that focus on compliance with all relevant legal provisions and the improvement of business processes at the company. To ensure the independence of this Department's in-house auditors, the Audit Committee receives a yearly report from them on their findings and their work concerning the Group affiliates.

Finance and Controlling Departments

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

The Finance and Controlling Departments define the Group's principles and key financial processes (five-year business plan, budget, etc.) as well as reporting tools to monitor the day-to-day business.

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

The accounts of local affiliates are prepared in accordance with the Group's accounting policies. The data is then adjusted, where necessary, to provide company accounts that comply with the locally applicable legal and tax provisions. Integrated con-

solidation 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 as currently adopted by the European Union. The consolidated financial statements comply with accounting policies as detailed in the Notes to the Consolidated Financial Statements.

Roles of the Group's Finance & Controlling Departments

These Departments check the quality of the reporting packages submitted by the local affiliates, focusing primarily on reconciliations between legal entities and reporting entities, inter-company eliminations and on 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 Department also checks the result 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 relevant local Finance Director of each subsidiary. Local Finance Directors must ensure that information provided via the Management Information System complies fully with all applicable disclosure requirements.

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 as applied by the Group and as set out in the Accounting and Reporting Manual, in order to ensure the timelines and accuracy of accounting for transactions and assets in circulation.

Internal Control in 2008

Following the initiation of the Internal Control Reference Framework project, including AMF recommendations, the Group gave high priority to internal control in fiscal 2008.

Considering that the business model and the organization of Sartorius Stedim Biotech S.A. did not materially change in 2008, we did not fill out the self-assessment questionnaire during the course of that year.

Nevertheless, following the request made by the Sartorius AG Supervisory Board, the parent company's statutory auditors traveled to the North American continent to perform audits of the financial records of American entities to ensure these accounts were kept properly and in conformance with the respective procedures. There were no material divergences found during these internal controlling audits.

Mid-term Prospects

The Group reiterates its intention of finalizing the further steps of the Internal Control Reference Framework project properly over the medium term. This presupposes the following:

1. Definition and implementation of a plan of action targeted at critical elements inherent in accounting and financial process risk mapping;

2. Definition and implementation of a management testing program to provide to a list of controls involving some materiality; and

3. Updating of the internal control self-assessment on an annual basis.

Aubagne, March 6, 2009

The Chairman and the members of the Board

Joachim Kreuzburg

Volker Niebel

Reinhard Vogt

Liliane de Lassus

Bernard Lemaître

Arnold Picot

Henri Riey

Statutory Auditors' Report Prepared in Accordance with Article L. 225—235 of the French Commercial Code

Statutory Auditors' report, written 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 S.A. (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 the requirements of Article L. 225—235 of the French Commercial Code ("Code de Commerce"), we present you with our report concerning the one 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, 2008.

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 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 information contained in the Chairman's Report regarding internal control procedures relating to the preparation and processing of accounting and financial information,

- Confirm that the report also includes other information required by Article L. 225—37 of the French Commercial Code ("Code de commerce"). It should be noted that our task is not to verify whether this other information presents a fair view.

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

Information on internal control 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 fair view of the information provided in the Chairman's Report regarding internal control procedures relating to the preparation and processing of accounting and financial information. These procedures consist mainly of:

- Obtaining an understanding of the internal control procedures relating to the preparation and processing of 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 whether any material weaknesses in internal control procedures relating to the preparation and processing of 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 nothing to report on the information regarding the company's internal control procedures relating to the preparation and processing of 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 other information required by Article L. 225—37 of the French Commercial Code ("Code de commerce").

Marseille, March 6, 2008

The Statutory Auditors

Deloitte & Associés	Ernst & Young Audit
French original signed by Vincent Gros	French original signed by Jérôme Magnan

Independent Auditors' Fees

Principal Independent Auditors

Ernst and Young Audit

408, Avenue du Prado – BP 116 –
13267 Marseille Cedex 08 – France
Represented by Jérôme Magnan.
First commissioned by the Combined General Shareholders' Meeting on June 28, 1985.
Date commission expires: 2009 Annual General Shareholders' Meeting to approve the 2008 financial statements.
Member of Compagnie régionale de Versailles.

Deloitte et Associés

10, place de la Joliette – Les Docks – Atrium 10.4 –
13002 Marseille – 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		**2008**		2007		2006		**2008**		2007		2006
Audit												
Independent audit, certification, parent company & consolidated financial statements												
Parent company	**183**	**96.8%**	70	17.0%	104	87.4%	**163**	**29.5%**	64	10.7%	51	94.4%
Subsidiaries	**6**	**3.2%**	5	1.2%		0.0%	**308.1**	**55.7%**	320	53.4%		0.0%
Services directly related to audit services												
Parent company												
Subsidiaries			337	81.8%	15	12.6%		**0.0%**	94	15.7%	3	5.6%
Subtotal	**189**	**100.0%**	412	100.0%	119	100.0%	**471.1**	**85.2%**	478	79.8%	54	100.0%
Other services												
Legal, tax, corporate							**82**		121			
Information technology, other												
Subtotal	**0**	**0%**	0	0%	0	0%	**82**	**15%**	121	20%	0	0%
Total	**189**	**100%**	**412**	**100%**	**119**	**100%**	**553.1**	**100%**	**599**	**100%**	**54**	**100%**

Substitute Independent Auditors

Patrick Gounelle

Tour Ernst & Young – Faubourg de l'Arche – 92037 Paris La Défense Cedex – France
Member of Compagnie régionale de Versailles.
First commissioned by the Annual General Shareholders' Meeting on March 22, 1991.
Date commission expires: 2009 Annual General Shareholders' Meeting to approve the 2008 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
	2008		2007		2006		**2008**		2007	2006
	0.0%		0.0%		0.0%	**346**	**35.5%**	134	10.4%	155	63.5%
232.8	**100.0%**	208	73.5%	71	100.0%	**546.9**	**56.1%**	533	41.2%	71	29.1%
						0		0		0	
	0.0%		0.0%		0.0%	**0**	**0.0%**	431	33.3%	18	7.4%
232.8	**100.0%**	208	73.5%	71	100.0%	**892.9**	**91.6%**	1098	84.9%	244	100.0%
		75				**82**		196		0	
						0		0		0	
0	**0%**	75	27%	0	0%	**82**	**8%**	196	15%	0	0%
232.8	**100%**	**283**	**100%**	**71**	**100%**	**974.9**	**100%**	**1294**	**100%**	**244**	**100%**

04

Consolidated Financial Statements and Notes

Consolidated Balance Sheet

Assets	Notes	**Dec. 31, 2008 € in K**	Dec. 31, 2007 € in K
A. Non-current assets			
I. Goodwill	[12]	**250,269**	249,306
II. Intangible assets	[12]	**112,635**	105,236
III. Property, plant and equipment	[13/14]	**114,419**	113,852
IV. Financial assets	[15]	**1,997**	1,766
		479,321	**470,160**
V. Receivables and other assets		**1,693**	319
VI. Deferred tax assets	[16]	**8,121**	8,535
		489,135	**479,014**
B. Current assets			
I. Inventories	[17]	**60,915**	53,751
II. Trade receivables	[18]	**74,067**	84,852
III. Current tax assets	[18]	**4,303**	5,288
IV. Other assets	[18]	**10,699**	10,354
V. Cash and cash equivalents		**13,222**	7,461
		163,207	**161,706**
Total assets		**652,342**	**640,720**

Equity and Liabilities	Notes	**Dec. 31, 2008 € in K**	Dec. 31, 2007[1] € in K
A. Equity			
I. Issued capital	[19]	**10,323**	10,308
II. Capital reserves	[20]	**338,352**	338,202
III. Retained earnings (including net profit)	[20]	**21,093**	14,247
IV. Minority interest		**1,878**	0
		371,646	**362,757**
B. Non-current liabilities			
I. Pension provisions	[21]	**11,836**	11,426
II. Deferred tax liabilities	[22]	**36,613**	36,425
III. Other provisions	[22]	**3,076**	2,625
IV. Loans and borrowings	[23]	**130,819**	4,908
V. Other liabilities	[23]	**246**	320
		182,589	**55,704**
C. Current liabilities			
I. Provisions	[24]	**5,185**	7,518
II. Trade payables	[25]	**31,729**	31,252
III. Loans and borrowings	[25]	**32,458**	156,386
IV. Current tax liabilities	[25]	**4,550**	3,467
V. Other liabilities	[25]	**24,186**	23,636
		98,107	**222,259**
Total equity and liabilities		**652,342**	**640,720**

[1] The figures of the balance sheet consolidated as of December 31, 2007, have been adjusted with regard to the allocation of liabilities to subsidiaries of the Sartorius AG Group and payments received for orders. These have been reclassified from other current liabilities into trade payables in order to better reflect their nature. The amount reclassified was €8,292 K.

Consolidated Income Statement

	Notes	2008 12 months € in K	2007[1] 9 months € in K
1. Sales revenue	[29]	**367,996**	268,836
2. Cost of sales	[30]	**– 192,189**	– 149,431
3. Gross profit on sales		**175,806**	**119,405**
4. Selling and distribution costs	[31]	**– 87,887**	– 59,898
5. Research and development costs	[32]	**– 24,548**	– 18,922
6. General administrative expenses	[33]	**– 23,344**	– 16,020
7. Other operating income and expenses	[34]	**25**	– 6,412
8. Earnings before interest, taxes and amortization (EBITA)		**40,053**	**18,153**
9. Amortization[2]		**– 6,323**	– 4,241
10. Earnings before interest and taxes (EBIT)		**33,730**	**13,912**
11. Interest and similar income	[35]	**607**	101
12. Interest and similar expenses	[35]	**– 13,129**	– 6,367
13. Financial result		**– 12,522**	**– 6,265**
14. Profit before tax		**21,208**	**7,647**
15. Deferred tax income | expenses	[36]	**1,538**	2,103
16. Income tax expense	[36]	**– 7,621**	– 4,016
17. Other taxes		**– 2,021**	– 992
18. Taxes		**– 8,104**	**– 2,905**
19. Net profit for the period		**13,104**	4,742
Attributable to:			
20. Equity holders of Sartorius Stedim Biotech		**13,091**	4,742
21. Minority interest		**13**	0.0
Earnings per share (€)	[37]	**0.77**	0.39
Diluted earnings per share (€)	[37]	**0.77**	0.39

[1] On June 29, 2007, the combination of the Stedim Group and the Biotechnology Division of the Sartorius AG Group gave rise to the Sartorius Stedim Biotech Group. The income statement of Sartorius Stedim Biotech is identical to that of the Sartorius Biotech subgroup up to the date of the business combination. From a formal point of view, this subgroup has resulted from the carve-out of the Biotechnology Division of the Sartorius Group, effective April 1, 2007. For this reason, the income 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).

[2] 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 (see Note 8).

The Notes are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

€ in K	Issued capital	Capital reserves	Hedging reserves	Pension reserves	Retained earnings	Foreign currency translation reserves	Group equity	Minority interest	**Total equity**
Balance at April 1, 2007	4,305	34,538	0	– 1,130	13,438	0	51,151	0	**51,151**
Total recognized income and expense for the period	0	0	1,128	1,038	4,742	– 4,831	2,077	0	**2,077**
Stock options	7	134	0	0	0	0	141	0	**141**
Effects from reverse acquisition	5,996	308,875	0	– 138	0	0	314,733	0	**314,733**
Equity issuance costs	0	– 5,345	0	0	0	0	– 5,345	0	**– 5,345**
Change in minority interest	0	0	0	0	0	0	0	0	**0**
Dividends	0	0	0	0	0	0	0	0	**0**
Balance at Dec. 31, 2007 | Jan. 1, 2008	**10,308**	**338,202**	**1,128**	**– 230**	**18,180**	**– 4,831**	**362,757**	**0**	**362,757**
Total recognized income and expense for the period	0	0	– 1,666	448	12,917	178	11,877	13	**11,890**
Stock options	15	150	0	0	0	0	165	0	**165**
Change in minority interest	0	0	0	0	0	0	0	1,865	**1,865**
Dividends	0	0	0	0	– 5,070	0	– 5,070	0	**– 5,070**
Other changes	0	0	0	0	39	0	39	0	**39**
Balance at Dec. 31, 2008	**10,323**	**338,352**	**– 538**	**218**	**26,066**	**– 4,653**	**369,768**	**1,878**	**371,646**

As explained in the consolidated statement of changes in equity included in the Reference Document 2007, we retroactively adjusted the legal subsidiary's (Sartorius Stedim Biotech GmbH) issued capital as of April 1, 2007, to reflect the equity structure of the legal parent (Sartorius Stedim Biotech S.A.).

Statement of recognized income and expenses

	2008 12 months € in K	2007 9 months € in K
Net profit for the period	**13,104**	4,742
Cash flow hedges	**– 2,379**	1,611
Actuarial gains | losses from pension provisions	**633**	1,593
Currency translation differences	**178**	– 4,831
Net investment in a foreign operation	**– 249**	0
Deferred taxes	**603**	– 1,038
Net income recognized directly in equity	**– 1,214**	– 2,665
Total recognized income and expense	**11,890**	**2,077**
Attributable to:		
Equity holders of Sartorius Stedim Biotech	**11,877**	2,077
Minority interest	**13**	0

Consolidated Cash Flow Statement

	Notes	**2008 12 months € in K**	2007[1] 9 months € in K
Cash flows from operating activities			
Net result		**13,091**	4,742
Minority interest		**13**	0
Tax expenses	[36]	**8,105**	2,905
Financial expenses	[35]	**12,522**	6,265
Depreciation | amortization of fixed assets		**20,896**	15,253
Increase | decrease in provisions	[22/24]	**– 3,881**	3,862
Increase | decrease in receivables	[16/18]	**9,802**	– 3,216
Increase | decrease in inventories	[17]	**– 5,341**	– 575
Increase | decrease in liabilities	[25]	**– 2,428**	4,258
Income taxes paid	[36]	**– 5,553**	– 7,473
Net cash flow from operating activities		**47,226**	**26,021**
Cash flows from investing activities			
Payments for financial assets	[15]	**– 309**	– 16
Payments for property, plant and equipment	[13/14]	**– 14,512**	– 10,405
Income from the disposal of fixed assets	[13/14]	**1,789**	975
Payments for intangible assets	[12]	**– 5,719**	– 3,279
Acquisition of subsidiaries		**– 7,903**	– 886
Net cash flow from investing activities		**– 26,654**	**– 13,611**
Cash flows from financing activities			
Changes in capital		**165**	– 5,972
Interest received	[35]	**464**	101
Interest paid and other financial charges	[35]	**– 8,658**	– 6,367
Payments for derivative financial instruments	[35]	**– 3,138**	0
Dividends paid to:			
- Shareholders of the parent company		**– 5,070**	0
- Minority shareholders		**0**	0
Changes in minority interest		**– 13**	0
Loans and borrowings	[23/25]	**1,856**	5,721
Net cash flow from financing activities		**– 14,394**	**– 6,517**
Net increase | decrease in cash and cash equivalents		**6,178**	5,893
Cash and cash equivalents at the beginning of the period		**7,461**	2,879
Net effect of currency translation on cash and cash equivalents		**– 417**	– 1,311
Cash and cash equivalents at the end of the period		**13,222**	**7,461**
Gross debt owed to banks		**163,276**	**161,294**
Net debt owed to banks		**150,054**	**153,833**

[1] On June 29, 2007, the combination of the Stedim Group and the Biotechnology Division of the Sartorius AG Group gave rise to the Sartorius Stedim Biotech Group. The income statement of Sartorius Stedim Biotech is identical to that of the Sartorius Biotech subgroup up to the date of the business combination. From a formal point of view, this subgroup has resulted from the carve-out of the Biotechnology Division of the Sartorius Group, effective April 1, 2007. For this reason, 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).

Segment Reports

Segment Report by Division

€ in K			Biopharma			Non-allocated assets and liabilities			Group
	2008	2007	Change	**2008**	2007	Change	**2008**	2007	Change
Order intake	**368,922**	257,434	43%				**368,922**	257,434	43%
Sales revenue	**367,996**	268,836	37%				**367,996**	268,836	37%
- as a total %	**100.0%**	100.0%					**100.0%**	100.0%	
EBITDA	**54,626**	29,165	87%				**54,626**	29,165	87%
- as a % of sales revenue	**14.8%**	10.8%					**14.8%**	10.8%	
Depreciation and amortization	**14,573**	11,012	32%				**14,573**	11,012	32%
EBITA	**40,053**	18,153	121%				**40,053**	18,153	121%
- as a % of sales revenue	**10.9%**	6.8%					**10.9%**	6.8%	
Amortization	**6,323**	4,241					**6,323**	4,241	49%
EBIT	**33,730**	13,912	142%				**33,730**	13,912	142%
- as a % of sales revenue	**9.2%**	5.2%					**9.2%**	5.2%	
Segment assets	**626,697**	619,437	1%	**25,646**	21,283	20%	**652,343**	640,720	2%
Segment liabilities	**75,621**	78,033	– 3%	**205,076**	199,930	3%	**280,697**	277,963	1%
Investments	**20,232**	14,207	42%				**20,232**	14,207	42%
- as a % of sales revenue	**5.5%**	5.3%					**5.5%**	5.3%	
R&D costs	**24,548**	18,922	30%				**24,548**	18,922	30%
No. of employees at December 31	**2,369**	2,311	3%				**2,369**	2,311	3%

Segment Report by Region

€ in K		Europe			North America	
	2008	2007	Change	**2008**	2007	Change
Sales revenue						
- acc. to customers' location	**222,707**	157,202	42%	**82,215**	60,159	37%
- as a total %	**60.5%**	58.5%		**22.3%**	22.4%	
- acc. to company location	**259,939**	173,157	50%	**82,303**	70,013	18%
EBITDA	**45,778**	24,486	87%	**4,600**	510	802%
- as a % of sales revenue	**17.6%**	14.1%		**5.6%**	0.7%	
Depreciation and amortization	**12,812**	8,738	47%	**1,174**	1,878	– 37%
EBITA	**32,966**	15,748	109%	**3,426**	– 1,368	– 350%
- as a % of sales revenue	**12.7%**	9.1%		**4.2%**	– 2.0%	
Amortization	**6,144**	3,926	56%	**179**	315	– 43%
EBIT	**26,822**	11,822	127%	**3,247**	– 1,683	– 293%
Segment assets	**568,636**	564,856	1%	**34,286**	32,356	6%
Segment liabilities	**59,490**	60,665	– 2%	**10,476**	12,956	– 19%
Investments	**17,146**	12,381	38%	**1,428**	936	53%
- as a % of sales revenue	**6.6%**	7.2%		**1.7%**	1.3%	
R&D costs	**23,923**	18,318	31%	**575**	596	– 3%
No. of employees at December 31	**1,626**	1,478	10%	**363**	426	– 15%

	Asia | Pacific			Other Markets			Non-allocated assets and liabilities			Group	
2008	2007	Change	**2008**	2007	Change	**2008**	2007	Change	**2008**	2007	Change
51,712	41,831	24%	**11,362**	9,644	18%				**367,996**	268,836	37%
14.1%	15.6%		**3.1%**	3.6%					**100.0%**	100.0%	
25,754	25,666	0%	**0**	0					**367,996**	268,836	37%
3,346	3,877		**902**	292	209%				**54,626**	29,165	87%
13.0%	15.1%		**-**	-					**14.8%**	10.8%	
339	269	26%	**248**	127	95%				**14,573**	11,012	32%
3,007	3,608	– 17%	**654**	165	296%				**40,053**	18,153	121%
11.7%	14.1%								**10.9%**	6.8%	
0	0		**0**	0					**6,323**	4,241	49%
3,007	3,608	– 17%	**654**	165	296%				**33,730**	13,912	142%
20,276	18,858	8%	**3,499**	3,367	4%	**25,646**	21,283	20%	**652,343**	640,720	2%
5,565	4,327	29%	**91**	86	6%	**205,076**	199,930	3%	**280,697**	277,963	1%
1,620	858	89%	**38**	32	18%				**20,232**	14,207	42%
6.3%	3.3%		**-**	-					**5.5%**	5.3%	
50	8	520%	**0**	0					**24,548**	18,922	30%
309	316	– 2%	**71**	91	– 22%				**2,369**	2,311	3%

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

The consolidated financial statements of the Sartorius Stedim Biotech Group for the financial year ended December 31, 2008, are to be read in addition to the audited consolidated financial statements of the financial year ended December 31, 2007, such as they appear in the Reference Document 2007 filed with the Autorité des Marchés Financiers on March 13, 2008, under the number D08-0106.

Sartorius Stedim Biotech's Financial Statements were prepared in accordance with the Standards and Interpretations (IFRS and IFRIC) of the IASB as adopted by the European Union on December 31, 2008, available at the site: http://ec.europa.eu/internal_market/accounting/ias_en.htm#status-adoption).

These accounting principles applied are consistent with those used in the preparation of the consolidated statements for the year ended December 31, 2007, with the exception of the following new Standards and Interpretations that were adopted:

- IFRIC 11 — IFRS 2 — Group and Treasury Share Transactions

- Amendment to IAS19 and IFRS 7 — Reclassification of Financial Assets

These principles do not differ from IFRS Standards published by the IASB insofar as application of the following Standards and Interpretations, which are obligatory for financial years beginning on January 1, 2009, and not yet adopted by the European Union, does not affect the financial statements of the Sartorius Stedim Biotech Group:

- IFRIC 12 — Service Concession Arrangements

- IFRIC 14 — IAS 19: The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, endorsed by the European Union in December 2008, but with a different obligatory date of application in the EU for financial years starting on December 31, 2008.

Regarding the Standards and Interpretations adopted by the European Union for which the application is not obligatory as of January 1, 2008, the Sartorius Stedim Biotech Group decided not to apply the following by anticipation:

- Amendments to IAS 1 — Presentation of Financial Statements (revised)
- Amendments to IAS 23 — Borrowing Costs
- IFRS 8 — Operating Segments
- IFRIC 13 — Customer Loyalty Programmes
- IFRS 2 (Revised) — Share-based Payments — Vesting Conditions and Cancellations
- IFRIC 14 — IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Moreover, the Group does not apply the following texts, which were not adopted by the European Union on December 31, 2008:

- IFRS 3 (Revised) — Business Combinations
- Amendments to IAS 27 — Consolidated and Separate Statements
- Amendments to IAS 39 — Financial Instruments — Recognition and Measurement
- IFRIC 15 — Agreements for the Construction of Real Estate
- IFRIC 16 — Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 — Distributions of Non-cash Assets to Owners
- Amendments to IAS 32 and IAS 1 — Puttable Financial Instruments and Obligations Arising on Liquidation
- IFRS Improvements (and in particular Amendments to IAS 38 — Intangible Assets: Expenditure on Advertising and Promotional Activities)

The table on the next page provides an overview of the current status of adoption and application of Standards and Interpretations.

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.

Title	Date on which standard is applied*	Adopted by the European Union	Date on which actually endorsed or expected to be endorsed by the EU	Anticipated to be applied as of December 31, 2008
IAS 27 Amendments — Consolidated and Separate Financial Statements	July 1, 2009		Q2 2009	
IFRS 3R — Business Combinations	July 1, 2009		Q2 2009	
Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items	July 1, 2009	NO	Q2 2009	Anticipated application not possible because standards conflict with the current referenced standards
IFRS 1 and IAS 27 Amendments — Cost of a Subsidiary in the Separate Financial Statements of a Parent on First-time Adoption of IFRSs	January 1, 2009	YES	OJ EU — January 24, 2009	Anticipated application possible
IAS 32 and IAS 1 Amendments — Puttable financial instruments and obligations arising on liquidation	January 1, 2009	YES	OJ EU — January 22, 2009	Anticipated application possible
2008 Improvements to IFRS	January 1, 2009	YES	OJ EU — January 24, 2009	Anticipated application possible for certain ones
IAS 1R Presentation of Financial Statements (revised in 2007)	January 1, 2009	YES	OJ EU — December 18, 2008	Anticipated application possible
IAS 23R — Nominal borrowing costs on equity securities (revised in 2007)	January 1, 2009	YES	OJ EU — December 17, 2008	Anticipated application possible
IFRS 2 Amendment — Share-based Payments: Vesting Conditions and Cancellations	January 1, 2009	YES	OJ EU — December 17, 2008	Anticipated application possible
Amendment to IAS 39 Reclassification of Financial Assets : Effective Date and Transition	July 1, 2008	NO	TBC	Anticipated application possible
IFRIC 11 — IFRS 2 — Group and Treasury Share Transactions	January 1, 2008 (January 1, 2009)	YES	OJ EU — June 2, 2007	Anticipated application possible
IFRIC 12 — Service Concession Arrangements	January 1, 2008	NO	Q1 2009	Application possible (except for transitional rules)
IFRIC 13 — Customer Loyalty Programs	July 1, 2008 (January 1, 2009)	YES	OJ EU — December 17, 2008	Anticipated application possible
IFRIC 14 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2008 (January 1, 2009)	YES	OJ EU — December 17, 2008	Anticipated application possible
IFRIC 15 — Agreements for the Construction of Real Estate	January 1, 2009	NO	Q2 2009	Application possible
IFRIC 16 — Hedges of a Net Investment in a Foreign Operation	October 1, 2008	NO	Q2 2009	Application possible (except for transitional rules)
IFRIC 17 — Distributions of Non-cash Assets to Owners	July 1, 2009	NO	TBC	Anticipated application not possible
Exposure drafts where their effective date for IASB is provided for in 2008				
Embedded Derivatives — Proposed Amendments to IFRIC 9 and IAS 39	Date of application provided by the ED: FY ended after Dec. 15, 2008			

* Corresponds to the application date envisaged by the IASB. For the texts adopted by the EU, the application date provided for by the EU Regulation is indicated in parentheses if the date differs from the date envisaged by the IASB.

3. Critical Accounting Judgements 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.

Assumptions and estimates primarily concern the following standards:

- IAS 19: Employee Benefits: The valuation of pension provisions depends on assumptions, including the future development of salaries and pensions, and interest rates. Differences between the assumptions made and the actual developments could lead to over- or underfundings of the liabilities. Please refer to Section 21 for more details.

- 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. For further details, please refer to Section 13.

- 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. Please also refer to Sections 22 and 24.

- 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. Please refer to Section 12.

- IAS 39: Financial Instruments: Recognition and Measurement: Determination of fair values for certain financial instruments is subject to estimations and assumptions, including the determination of interest rates and other calculation parameters. Actual developments may deviate from the assumptions made. Please refer to Section 27 for more details.

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.

In addition to securities recognized as current assets, the cash and cash equivalents include all liquid assets, i.e., cash on hand and deposits in banks.

5. Segment Reports

In accordance with IAS 14, segment reporting has to be carried out in a primary and in a secondary format. The decision whether an enterprise's primary reporting format is according to business segments or geographical areas has to be made on the basis of the dominant sources and nature of the enterprise's risks and returns. In this context, the internal organizational and management structure and the system of internal financial reporting to key management personnel is normally the basis for identifying the predominant source of risks and returns. Furthermore, if an enterprise's risks and rates of return are strongly affected both by differences in the products and services it produces and by differences in the geographical areas in which it operates, then the enterprise should use business segments as its primary segment reporting format.

The Sartorius Stedim Biotech Group has a global functional management organization in place (matrix organization). For this reason, the internal financial reporting is influenced by both business segments and geographical areas. Therefore, the primary segment format for Sartorius Stedim Biotech can be business segments only and the secondary format is then geographical areas. The primary format covers the operating business segment "Biopharma", which consists of "Single-Use Products" and "Equipment" products. Accordingly, the secondary reporting format is used for the geographical segments "Europe," "North America," "Asia | Pacific" and "Other Markets."

6. 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 relinquished.

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 results, revenues and expenses have been fully eliminated.

7. Scope of Consolidation

In fiscal 2008, the following subsidiary was acquired:

– Wave Biotech AG, Switzerland

The following subsidiaries were founded:

– Sartorius Stedim, Hungary

– Sartorius Stedim, Poland

– Sartorius Stedim Biotech (Beijing) Co. Ltd., China

The last three companies listed were not included in the scope of consolidation for 2008, because the figures were of minor importance for assessing the financial position of the Group.

Additionally, Sartorius Stedim Nordic A/S, Denmark, was initially included in the scope of consolidation in 2008. In the past, the company was not considered significant for assessing the financial position of the Group.

Finally, Sartorius Stedim Freeze Thaw Inc. is no longer included in the scope of consolidation, as this company was merged into Sartorius Stedim Systems Inc. in 2008.

The financial statements of the following companies have been included 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 F&B GmbH, Goettingen, Germany	100
Sartorius Technologies & Services 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 GmbH, Dietikon, Switzerland	100
Integrated Biosystems SARL, Fribourg, Switzerland	100
Wave Biotech AG, Tagelswangen, Switzerland	80
Sartorius Stedim Spain S.A., Madrid, Spain	100
America	
Sartorius Stedim North America Inc., New York, USA	100
Sartorius Stedim Systems Inc., Springfield, Missouri, 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
Other Markets	
Sartorius Stedim SUS SARL, M'Hamdia, Tunisia	99.9

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

8. Business Combinations

In 2007, accounting for the combination of the Stedim Group and the Biotechnology Division of Sartorius AG was done under the rules for reverse acquisitions according to IFRS 3. This means that the legal subsidiary must be regarded as the acquirer for the purposes of accounting. The cost of the business combinations is based on the fair value, at the date of the business combination, of the assets, liabilities and potential identifiable liabilities and on the fair value of the instruments of stockholders' equity emitted by the purchaser in order to obtain control of the acquired company. Directly identifiable costs of acquisition are added to these fair values. The excess of the cost of business combinations on the share acquired by the Group in the fair value of the assets, liabilities and potential identifiable liabilities is disclosed in goodwill.

The purchase price allocation in connection with the acquisition of the Stedim Group in 2007 has remained unchanged from the time the Reference Document 2007 was published. In fact, we observed no changes in the determination of the fair values of the acquiree's identifiable assets and liabilities at the acquisition date (please note that the purchase price allocation is detailed in the page 104 of Reference Document 2007).

Acquisition of Stedim in 2007

As the combination had not been completed until June 29, 2007, the previous year's sales and earnings figures do not represent the full-year numbers for the combined business. In the following table, we show the 2007 pro forma figures as if Sartorius had acquired Stedim on January 1, 2007.

Pro forma	2007 € in mn
Order intake	367.1
Sales revenue	375.9
EBITA	29.9
Underlying EBITA	49.7
Net result	6.9

Acquisition of Wave Biotech AG in 2008

On December 1, 2008, the Sartorius Stedim Biotech Group acquired a majority stake of 80% in Wave Biotech AG, Tagelswangen, Switzerland. The purchase contract stipulated that Sartorius Stedim Biotech would obligatorily acquire the remaining stake of 20% in the company at a fixed price and at a later date as soon as these shares had been transferred to the seller. As this transfer entails substantial uncertainties, we have not considered these additional shares in our 2008 financial statements.

The purchase price of €8.1 million was paid in cash and is allocated to the acquired assets and liabilities as follows:

	Carrying amounts directly before the business combination € in K	Fair values on the acquisition date € in K
Intangible assets	0	9,902
Property, plant and equipment	649	649
Inventories	1,484	1,530
Trade and other receivables	1,104	1,104
Cash and cash equivalents	364	364
Net deferred taxes	-124	-2,770
Financial liabilities	-333	-333
Other liabilities	-1,482	-1,482
Net assets acquired	**1,662**	**8,964**
Thereof 80%		7,171
Acquisition cost		8,015
Costs directly attributed to the business combination		119
Goodwill		**963**

The determination of the purchase costs and the fair values of the identifiable assets and liabilities of the acquiree is to be regarded as provisional according to IFRS 3.62.

Wave Biotech AG is among the globally leading companies for single-use bioreactors used by the biopharmaceutical industry to produce vaccines and monoclonal antibodies, for instance. With this acquisition, Sartorius Stedim Biotech has extended its strong position in classic and disposable fermentation technologies. The intangible assets acquired comprise mainly technologies (€7.9 million) and in-process research and development (€2.0 million).

As the company was acquired on December 1, 2008, there were no material contributions to the Group sales revenue and earnings in 2008. If the acquisition would have already occurred on January 1, 2008, sales revenue of Sartorius Stedim Biotech Group would have been €368.5 million and the net profit €13.5 million.

9. 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 71.1% in equity capital and 74.2% of the voting rights. Additional shareholders are the two Stedim found-ers and their families, who together hold an 8.9% stake. Shares in free float are 19.9%.

Transactions between Sartorius Stedim Biotech S.A. and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in these Notes to the Financial Statements. 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 (Mechatronics Division) companies 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) – depending on the respective local carve-out process – 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 2008, services for approx. €11.0 million were provided to Sartorius Stedim Biotech GmbH (€7.6 million in 2007). These services primarily covered administrative functions (accounting and controlling, legal affairs, human resource management and IT) as well as corporate marketing and public relations and 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 2008, the Group entered into the following contractual relationships with related parties that are not part of the Group (Sartorius Group Mechatronics Division):

	Sales revenue 2008 € in K	**Purchases 2008 € in K**	**Receivables Dec. 31, 2008 € in K**	**Payables Dec. 31, 2008 € in K**
Related parties, Mechatronics	**410**	**6,488**	**2,933**	**4,762**

	Sales revenue 2007 € in K	Purchases 2007 € in K	Receivables at Dec. 31, 2007 € in K	Payables at Dec. 31, 2007 € in K
Related parties, Mechatronics	5,813	5,126	12,031	3,767

In connection with the service agreements described above, the Group companies rendered administrative services worth €1.0 million to related parties that are not part of the Group; €13.7 million was paid for services received (€1.9 and €10.2 million in 2007, respectively).

Compensation of Key Management Personnel

In 2008, the Executive Board Management received the following remuneration:

	Short-term benefits	Post-employment benefits	Other long-term benefits	Termination benefits[2)]	Share-based payments[3)]
	€ in K	€ in K	€ in K	€ in K	€ in K
2008[1)]	**1,600**	**42**	**0**	**240**	**37**
2007[1)]	1,895	38	103	240	97

[1)] The amounts include Dr. Joachim Kreuzburg's salary (as Chairman and CEO), which he receives from Sartorius AG for his work performed for the entire Sartorius Group, including Sartorius Mechatronics.
[2)] The termination benefits disclosed were considered off-balance sheet commitments in 2007 and were paid out in 2008.
[3)] 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 three years 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, is suggested by the German Corporate Governance Code.

10. Definitions and Balance Sheet and Income Statement Presentation

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. 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 figure "underlying EBITA" corresponds to EBITA adjusted for extraordinary, non-recurrent items resulting from the combination of the Stedim Group and the Biotechnology Division of Sartorius AG.

The key indicator EBITDA used in the segment reports refers to earnings before interest, taxes, depreciation and amortization. Compared with EBITA, 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 reports 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 the financial statements and if the modified presentation is likely to be persistent, so as not to affect the comparability. When such changes of presentation are realized and their impacts on the financial statements are considered significant, comparative information is also modified.

Concerning reclassification of the category "Other current liabilities" into the category "Trade payables," the figures of the consolidated balance sheet for the year ended December 31, 2007, were readjusted by modifying the assignment of the debts of the other companies of the "Sartorius AG" Group and the advances received on orders. These debts were reclassified from the "Other current liabilities" into the "Trade payables" in order to better reflect their nature.

11. 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 concept of "net investments in a foreign operation." The foreign currency translation differences resulting from these loans are recognized directly in equity according to IAS 21.32.

The following exchange rates were used for currency translation:

	Year-end exchange rates		Average exchange rates	
	2008	2007	**2008**	2007
USD	**1.39760**	1.47180	**1.47564**	1.36901
GBP	**0.95890**	0.73470	**0.79468**	0.68387
AUD	**2.02800**	1.67500	**1.73430**	1.63444
JPY	**126.40000**	165.10000	**153.26959**	161.14745
INR	**67.71000**	57.86000	**63.60717**	56.46958
CHF	**1.48800**	1.65600	**1.58951**	1.64249
SGD	**2.01450**	2.11390	**2.07855**	2.06060
MYR	**4.83570**	4.87980	**4.89096**	4.69887
TND	**1.82160**	1.79560	**1.80203**	1.76843
DKK	**7.45200**	7.45800	**7.45619**	7.45071

Notes to the Individual Balance Sheet Items

Non-current Assets

12. Goodwill and Other Intangible Assets

Goodwill

	Goodwill € in K
Gross book values at April 1, 2007	21,085
Currency translation	0
Change in the scope of consolidation	227,750
Investments	471
Disposals	0
Transfers	0
Gross book values at Dec. 31, 2007	249,306
Amortization at April 1, 2007	0
Currency translation	0
Amortization in 2007	0
Disposals	0
Transfers	0
Amortization at Dec. 31, 2007	0
Net book values at Dec. 31, 2007	**249,306**

	Goodwill € in K
Gross book values at Jan.1, 2008	**249,306**
Currency translation	**0**
Change in the scope of consolidation	**963**
Investments	**0**
Disposals	**0**
Transfers	**0**
Gross book values at Dec. 31, 2008	**250,269**
Amortization at Jan. 1, 2008	**0**
Currency translation	**0**
Amortization in 2008	**0**
Disposals	**0**
Transfers	**0**
Amortization at Dec. 31, 2008	**0**
Net book values at Dec. 31, 2008	**250,269**

The item reported as goodwill in the amount of €250,269 K is the capitalized difference in assets resulting from business combinations. According to IFRS 3, goodwill acquired in a business combination may not be amortized, but rather, must be tested annually for 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 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. Due to the various conjunctions and interdependences 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 2007, the impairment test conducted for 2008 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 8.0% and a terminal year growth rate of 3.0% for the years after 2013. The latter is derived from market expectations which forecast double-digit 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 | multi-use products to disposables | single-use products (e.g., filters and bags) utilized in biomanufacturing by the biopharmaceutical industry. With respect to the current economic crisis, we have to face some uncertainties regarding the business development in fiscal 2009. However, the biopharmaceutical industry has shown itself to be comparatively resistant to cyclical effects in the past, and our planning for fiscal 2009 consequently anticipates an increase in sales revenue.

In 2008, our impairment test did not result in recognition of impairment losses. In this context, calculations based on scenarios with different assumptions for discount rates and growth rates also came to the same result.

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 April 1, 2007	5,473			8,479	136	**14,088**
Currency translation	– 114	0	0	0	0	**– 114**
Change in the scope of consolidation	9,498	10,779	81,351	117	0	**101,745**
Investments	413	0	0	2,442	33	**2,888**
Disposals	– 375	0	0	0	-1	**– 376**
Transfers	0	0	0	0	0	**0**
Gross book values at Dec. 31, 2007	14,895	10,779	81,351	11,038	168	**118,231**
Amortization at April 1, 2007	– 3,289	0	0	– 4,313	0	**– 7,602**
Currency translation	17	0	0	0	0	**17**
Amortization in 2007	– 1,943	0	– 2,787	– 1,017	0	**– 5,747**
Disposals	337	0	0	0	0	**337**
Transfers	0	0	0	0	0	**0**
Amortization at Dec. 31, 2007	– 4,878	0	– 2,787	– 5,330	0	**– 12,995**
Net book values at Dec. 31, 2007	**10,017**	**10,779**	**78,564**	**5,708**	**168**	**105,236**

	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, 2008	14,895	10,779	81,351	11,038	168	**118,231**
Currency translation	– 82	0	0	0	7	**– 75**
Change in the scope of consolidation	8,295	0	0	2,053	0	**10,348**
Investments	1,831	0	0	3,765	124	**5,720**
Disposals	-4	0	0	0	0	**-4**
Transfers	– 37	0	0	0	– 151	**– 188**
Gross book values at Dec. 31, 2008	24,898	10,779	81,351	16,856	148	**134,032**
Amortization at Jan. 1, 2008	– 4,878	0	– 2,787	– 5,330	0	**– 12,995**
Currency translation	58	0	0	0	0	**58**
Amortization in 2008	– 1,671	0	– 5,488	– 1,346	0	**– 8,505**
Disposals	45	0	0	0	0	**45**
Transfers	-4	0	0	0	4	**0**
Amortization at Dec. 31, 2008	– 6,450	0	– 8,275	– 6,676	4	**– 21,397**
Net book values at Dec. 31, 2008	**18,448**	**10,779**	**73,076**	**10,180**	**152**	**112,635**

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 brand "Sartorius Stedim Biotech," a separate measurement of relevant cash flows is no longer possible. Therefore, no separate impairment test was carried out in 2008; the recoverability of the brand name was considered at the level of the "Biopharma 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 2008, the development costs of €3,765 K were recognized as assets (€2,442 K in 2007). 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

13. 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 April 1, 2007	66,272	51,757	32,381	9,117	**159,527**
Currency translation	– 288	– 979	– 231	48	**– 1,450**
Investments	2,978	2,303	4,258	1,404	**10,943**
Disposals	– 697	– 684	– 2,123	– 147	**– 3,651**
Transfers	6,503	125	2,187	– 8,832	**– 17**
Change in the scope of consolidation	15,619	3,806	2,822	96	**22,343**
Gross book values at Dec. 31, 2007	90,387	56,328	39,294	1,686	**187,695**
Depreciation at April 1, 2007	– 15,773	– 31,597	– 23,028	0	**– 70,398**
Currency translation	127	716	158	0	**1,001**
Depreciation in 2007	– 2,551	– 3,251	– 3,105	0	**– 8,907**
Disposals	365	515	1,878	0	**2,758**
Transfers	0	116	– 99	0	**17**
Change in the scope of consolidation	0	0	0	0	**0**
Depreciation at Dec. 31, 2007	– 17,832	– 33,501	– 24,196	0	**– 75,529**
Net book values at Dec. 31, 2007	**72,555**	**22,827**	**15,098**	**1,686**	**112,166**

	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, 2008	90,387	56,328	39,294	1,686	**187,695**
Currency translation	– 204	– 16	– 213	– 91	**– 524**
Investments	2,020	4,058	4,924	3,227	**14,229**
Disposals	– 21	– 2,184	– 3,230	-1	**– 5,436**
Transfers	266	716	492	– 1,418	**56**
Change in the scope of consolidation	294	219	234	0	**747**
Gross book values at Dec. 31, 2008	92,742	59,121	41,501	3,403	**196,767**
Depreciation at Jan. 1, 2008	– 17,832	– 33,501	– 24,196	0	**– 75,529**
Currency translation	– 48	– 115	21	0	**– 142**
Depreciation in 2008	– 3,212	– 4,195	– 4,269	-1	**– 11,677**
Disposals	3	1,444	2,300	0	**3,747**
Transfers	0	56	75	0	**131**
Change in the scope of consolidation	0	0	0	0	**0**
Depreciation at Dec. 31, 2008	– 21,089	– 36,311	– 26,069	-1	**– 83,470**
Net book values at Dec. 31, 2008	**71,653**	**22,810**	**15,432**	**3,402**	**113,297**

Property, Plant and Equipment

The item "Property, plant and equipment" 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 not capitalized.

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 are examined on each balance sheet date for indications 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 in order to determine the amount of the potential impairment loss. 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 2008, there were no impairment losses to recognize in the intangible assets and the property, plant and equipment.

14. Leasing

	Leasing equipment
	€ in K
Gross book values at April 1, 2007	**6,514**
Currency translation	**-5**
Investments	**0**
Disposals	**– 164**
Transfers	**0**
Change in the scope of consolidation	**9**
Gross book values at Dec. 31, 2007	**6,354**
Depreciation at April 1, 2007	**– 4,196**
Currency translation	**5**
Depreciation in 2007	**– 598**
Disposals	**121**
Transfers	**0**
Change in the scope of consolidation	**0**
Depreciation at Dec. 31, 2007	**– 4,668**
Net book values at Dec. 31, 2007	**1,686**

	Leasing equipment
	€ in K
Gross book values at Jan. 1, 2008	**6,354**
Currency translation	**-1**
Investments	**284**
Disposals	**– 742**
Transfers	**133**
Change in the scope of consolidation	**0**
Gross book values at Dec. 31, 2008	**6,028**
Depreciation at Jan. 1, 2008	**– 4,668**
Currency translation	**1**
Depreciation in 2008	**– 714**
Disposals	**606**
Transfers	**– 131**
Change in the scope of consolidation	**0**
Depreciation at Dec. 31, 2008	**– 4,906**
Net book values at Dec. 31, 2008	**1,122**

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 2008, we received lease payments of €1,087 K (2007: €1,713 K). For 2009, the expected lease payments for existing leasing contracts are €751 K and for 2010 to 2013, a total of €720 K.

15. Financial Assets

	Investments in subsidiaries not consolidated € in K	Participations € in K	Other € in K	**Total € in K**
Gross book values at April 1, 2007	81	2,785	37	**2,903**
Currency translation	0	0	0	**0**
Change in the scope of consolidation	0	10	3	**13**
Investments	10	0	0	**10**
Disposals	0	0	-4	**-4**
Transfers	0	0	0	**0**
Gross book values at Dec. 31, 2007	91	2,795	36	**2,922**
Impairment losses at April 1, 2007	0	– 1,153	0	**– 1,153**
Impairment losses in 2007	0	0	-3	**-3**
Disposals	0	0	0	**0**
Impairment losses at Dec.31, 2007	0	– 1,153	-3	**– 1,156**
Net book values at Dec. 31, 2007	**91**	**1,642**	**33**	**1,766**

	Investments in subsidiaries not consolidated € in K	Participations € in K	Other € in K	**Total € in K**
Gross book values at Jan. 1, 2008	91	2,795	36	**2,922**
Currency translation	0	0	0	**0**
Change in the scope of consolidation	– 72	0	0	**– 72**
Investments	200	109	0	**309**
Disposals	0	-5	0	**-5**
Transfers	0	0	0	**0**
Gross book values at Dec. 31, 2008	219	2,899	36	**3,154**
Impairment losses at Jan. 1, 2008	0	– 1,153	-3	**– 1,156**
Impairment losses in 2008	0	0	-1	**-1**
Disposals	0	0	0	**0**
Impairment losses at Dec. 31, 2008	0	– 1,153	-4	**– 1,157**
Net book values at Dec. 31, 2008	**219**	**1,746**	**32**	**1,997**

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. The other financial assets are accounted for at cost, unless they have to be reported at a lower recoverable amount on the balance sheet date.

For a list of the companies consolidated and their ownership percentages, please refer to “Scope of Consolidation" in Section 7.

16. Deferred Tax Assets

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 liabilities are recognized for all taxable temporary differences and are reported separately as deferred tax liabilities in the balance sheet. 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 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 2009: 33.33%. In Germany, we can expect a corporate tax rate of 15% for 2009. 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%.

The deferred tax assets developed as follows during 2008:

	Deferred taxes on losses carried forward € in K	Pension benefits € in K	Consolidation processes € in K	Other deductible temporary differences € in K	**Total € in K**
Balance at April 1, 2007	173	2,157	3,111	2,062	**7,503**
Change in the scope of consolidation	2,555	0	147	631	**3,333**
Actuarial gains | losses recognized directly in equity	0	– 555	0	0	**– 555**
Recognized as affecting net income	– 350	– 563	– 858	153	**– 1,618**
Differences in currency translation	0	0	0	– 128	**– 128**
Balance at Dec. 31, 2007	**2,378**	**1,039**	**2,400**	**2,718**	**8,535**

	Deferred taxes on losses carried forward € in K	Pension benefits € in K	Consolidation processes € in K	Other deductible temporary differences € in K	**Total € in K**
Balance at Jan. 1, 2008	2,378	1,039	2,400	2,718	**8,535**
Change in the scope of consolidation	0	0	0	83	**83**
Actuarial gains | losses recognized directly in equity	0	– 205	0	0	**– 205**
Recognized as affecting net income	254	177	– 192	– 608	**– 369**
Differences in currency translation	53	23	0	1	**77**
Balance at Dec. 31, 2008	**2,685**	**1,034**	**2,208**	**2,194**	**8,121**

The deferred taxes on "Consolidation processes" refer to tax effects on the elimination of gains from the sales inventories or fixed assets within the Group.

On the balance sheet date, the Group had unused tax loss amounts carried forward of €20.9 million to be deducted from future taxable profits (€16.8 million in 2007). A deferred tax amount was reported on approx. €7.8 million of these losses (€8.4 million in 2007). Concerning the remaining losses to be carried forward, no deferred tax amounts were recognized because of the lack of foreseeability of future taxable profits.

Current Assets

17. Inventories

	Dec. 31, 2008 € in K	Dec. 31, 2007 € in K
Raw materials and supplies	**14,707**	11,235
Work in progress	**15,970**	13,385
Finished goods and merchandise	**29,411**	25,301
Payments on account	**828**	3,830
	60,915	**53,751**

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.

In 2008, no material write-downs or reversals of write-downs were recognized in the income statement.

18. Current Trade | Other Receivables

	Dec. 31, 2008 € in K	Dec. 31, 2007 € in K
Trade receivables to third parties	**68,489**	72,784
Receivables from subsidiaries of the Sartorius AG Group	**5,490**	12,031
Receivables from participations	**87**	37
Trade receivables	**74,067**	**84,852**
Other assets including derivatives	**9,253**	8,567
Current tax assets	**4,303**	5,288
Prepaid expenses	**1,446**	**1,787**
	89,069	**100,494**

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

Trade and other receivables were reported so that all discernable risks are covered. Valuation allowances were determined on the basis of past experience with actual credit losses. In the opinion of the Executive Committee management, the book values of trade receivables and other receivables approximate their fair value. 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.

In the fermentation business area, 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. Consequently, at the close of each financial year, the amount requiring capitalization is reported under the receivables, while an equal amount is recorded as "sales revenue."

Development of allowances:

	Dec. 31, 2008 € in K	Dec. 31, 2007 € in K
Valuation allowance at the beginning of the year	**– 3,707**	– 3,497
Increase during the year	**– 2,524**	– 1,417
Derecognition and consumption	**1,226**	923
Recoveries of amounts previously impaired	**966**	252
Foreign currency translation differences	**73**	32
Valuation allowance at the end of the year	**– 3,966**	**– 3,707**

Aging of trade receivables past due, but not impaired:

	Dec. 31, 2008 € in K	Dec. 31, 2007 € in K
1-30 days	**11,772**	14,291
31-90 days	**7,585**	7,954
91-180 days	**2,415**	3,820
181-360 days	**1,651**	2,396
More than 360 days	**1,438**	1,222
	24,861	**29,683**

19. Issued Capital

At December 31, 2008, Group share capital totaled €10,323 K. The equity structure reflects the issued shares of the legal parent company, Sartorius Stedim Biotech S.A., which comprise 16,922,488 shares with a par value of €0.61. All shares are fully paid up.

As of December 31, 2006, December 31, 2007, and December 31, 2008, 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 Group did not hold any treasury shares as of December 31, 2006, December 31, 2007, or December 31, 2008.

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

20. 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 allocated to the pension reserves.

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, 2008, as follows: payment of a dividend of €0.30 per share, i.e., a total disbursement of €5,076,746.

	Dec. 31, 2008	Dec. 31, 2007
Number of shares at the beginning of the period	**16,897,988**	7,060,975
Stock options exercised	**24,500**	85,850
Increase in capital	**0**	9,751,163
Number of shares at the end of the period	**16,922,488**	**16,897,988**
Nominal value per share (in €)	**0.61**	0.61
Issued capital amount (€ in K)	**10,323**	10,308

Non-current Liabilities

21. Pension Provisions

	Dec. 31, 2008 € in K	Dec. 31, 2007 € in K
Pension provisions and similar obligations	**11,836**	11,426
Other non-current provisions	**3,076**	2,625
	14,911	**14,051**

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 IAS 19.93A option. The actuarial gains, which were transferred to the pension reserves, essentially resulted from a change in the discount rate and totaled €279 K (-€339 K in 2007).

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

In %	**Dec. 31, 2008**	Dec. 31, 2007
Discount rate	**5.1–5.75**	4.5–5.25
Future salary increases	**2.75–3.0**	2.75–3.0
Future pension increases	**2.00**	1.75

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

	Dec. 31, 2008 € in K	Dec. 31, 2007 € in K
Current service cost	**398**	362
Interest cost	**552**	383
	950	**745**

The net value and the present value, respectively, recognized in the balance sheet developed as follows in 2008:

	Dec. 31, 2008 € in K	Dec. 31, 2007 € in K
Present value of the obligations as of Jan. 1	**11,426**	11,923
Transfers	**284**	0
Current service cost	**398**	362
Interest cost	**552**	383
Change in the scope of consolidation	**0**	501
Actuarial gains | losses	**– 633**	– 1,593
Currency translation differences	**62**	– 13
Retirement benefits paid in the reporting year	**– 253**	– 137
Present value of the obligations as of Dec. 31	**11,836**	**11,426**

On the reporting date, the net liability that was wholly unfunded was €11,159 K as of December 31, 2008, and €11,139 K as of December 31, 2007.

22. Other Non-current Provisions

	Payments to employees on early retirement plan for offsetting reduced work hours € in K	Provisions for anniversaries € in K	Other € in K	**Total € in K**
Balance at April 1, 2007	2,077	492	554	**3,123**
Currency translation	0	0	– 1	**– 1**
Consumption	– 429	0	– 28	**– 457**
Reversals	– 53	– 12	– 129	**– 194**
Additions	99	34	21	**154**
Reclassification	0	0	0	**0**
Balance at Dec. 31, 2007	**1,694**	**514**	**417**	**2,625**

	Payments to employees on early retirement plan for offsetting reduced work hours € in K	Provisions for anniversaries € in K	Other € in K	**Total € in K**
Balance at Jan. 1, 2008	1,694	514	417	**2,625**
Currency translation	0	0	19	**19**
Consumption	– 303	– 252	-1	**– 556**
Reversals	-8	– 13	0	**– 21**
Additions	954	289	50	**1,293**
Reclassification	0	0	– 284	**– 284**
Balance at Dec. 31, 2008	**2,337**	**538**	**201**	**3,076**

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 5.75%. The provision for employees on the early retirement plan has a term of up to five years.

Deferred Tax Liabilities

	Differences in useful lives in the fixed assets € in K	Intangible assets € in K	Capitalized development costs € in K	Other taxable temporary differences € in K	**Total € in K**
Balance at April 1, 2007	3,986	0	1,666	2,111	**7,763**
Change in the scope of consolidation	1,423	29,219	829	445	**31,916**
Hedge accounting, not affecting net income	0	0	0	483	**483**
Affecting net income in the fiscal year	– 670	– 1,339	– 822	– 890	**– 3,721**
Currency translation	0	-6	0	– 10	**– 16**
Balance at Dec. 31, 2007	**4,739**	**27,874**	**1,673**	**2,139**	**36,425**

	Differences in useful lives in the fixed assets € in K	Intangible assets € in K	Capitalized development costs € in K	Other taxable temporary differences € in K	**Total € in K**
Balance at Jan. 1, 2008	4,739	27,874	1,673	2,139	**36,425**
Change in the scope of consolidation	0	2,882	0	0	**2,882**
Hedge accounting, not affecting net income	0	0	0	– 713	**– 713**
Affecting net income in the fiscal year	– 112	– 2,947	1,293	– 141	**– 1,907**
Currency translation	– 46	0	0	– 27	**– 73**
Balance at Dec. 31, 2008	**4,581**	**27,809**	**2,966**	**1,258**	**36,614**

The deferred tax liabilities in connection with intangible assets refer to assets acquired in business combinations and consequently are mainly linked to customer relationships (2008: €23.4 million; 2007: €26.1 million).

23. Non-current Liabilities

This item consists of the following:

	Balance at Dec. 31, 2008 € in K	**Remaining term of more than five years Dec. 31, 2008 € in K**	Balance at Dec. 31, 2007 € in K	Remaining term of more than five years Dec. 31, 2007 € in K
Loans and borrowings	**130,819**	**0**	4,908	357
Other liabilities	**246**	**0**	320	0
	131,065	**0**	**5,228**	**357**

The increase in non-current liabilities is due to the signing of a facility agreement in September 2008, with a five-year term, for credit lines amounting to an aggregate of €220 million. 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. With this transaction, Sartorius Stedim Biotech has put its financing on a solid, broad-based footing over the long term.

Current Liabilities

24. Current Provisions

During financial 2007 and 2008, the current provisions developed as follows:

	Warranties € in K	Other € in K	**Total € in K**
Balance at April 1, 2007	1,189	1,002	**2,191**
Currency translation	-5	– 237	**– 242**
Change in the scope of consolidation	105	1,689	**1,794**
Consumption	– 472	– 353	**– 825**
Release	4	– 270	**– 266**
Additions	529	4,338	**4,866**
Balance at Dec. 31, 2007	**1,349**	**6,169**	**7,518**

	Warranties € in K	Other € in K	**Total € in K**
Balance at Jan. 1, 2008	1,349	6,169	**7,518**
Currency translation	– 14	79	**65**
Change in the scope of consolidation	54	135	**189**
Consumption	– 652	– 2,004	**– 2,656**
Release	– 338	– 3,670	**– 4,008**
Additions	1,055	3,022	**4,077**
Balance at Dec. 31, 2008	**1,454**	**3,731**	**5,185**

In measuring the other provisions, all recognizable obligations that are based on past business transactions or past events and are of uncertain timing or amount are recognized. Provisions are considered only if they result from a legal or constructive obligation with respect to third parties. The other provisions include the employee benefits expense of €866 K as of December 31, 2008, and of €2,332 K as of December 31, 2007, mainly arising from severance payments.

The remaining amount of "Other provisions" refers mainly to the restructuring measures carried out in the equipment business in the U.S. in 2007 and 2008.

25. Current Liabilities

	Dec. 31, 2008 € in K	Dec. 31, 2007 € in K
Payments received on account of orders	**2,545**	4,489
Trade payables to third parties	**23,996**	22,960
Payables to participations	**382**	36
Payables to subsidiaries of the Sartorius AG Group	**4,806**	3,767
Trade payables	**31,729**	31,252
Loans and borrowings	**32,458**	156,386
Current tax liabilities	**4,550**	3,467
Other liabilities	**24,186**	**23,636**
	124,650	**245,993**

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

On the face of the consolidated balance sheet, the allocation of liabilities to subsidiaries of Sartorius AG Group and payments received for orders has been adjusted compared to December 31, 2007. In order to better reflect their nature, these items have been reclassified from "Other current liabilities" into "Trade payables."

26. Other Financial Obligations | Contingent Assets and Liabilities

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

	Dec. 31, 2008 € in K	Dec. 31, 2007 € in K
Rental and leasing contracts		
- due in the financial year 2009	**4,285**	
- due in the financial year 2008		2,978
- due in any one financial year from 2010 to 2013	**10,327**	
- due in any one financial year from 2009 to 2012		5,780
- due after 2013	**2,358**	
- due after 2012		851
Forward exchange transactions for hedging of commodity trade	**3,578**	2,038
Guarantee commitments	**5,634**	5,000

27. 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 banks concerning the market conditions at this time.

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, 2008	Financial assets at fair value through profit or loss		Financial assets at fair value recognized directly in equity				Total
	Initially designated at fair value € in K	Held for trading (including derivatives) € in K	Hedging instruments € in K	Loans and receivables € in K	Held-to-maturity financial assets € in K	Not in scope of IFRS 7 / IAS 39 € in K	€ in K
Non-current assets							
Financial assets					33	1,964	**1,997**
Receivables and other assets				600		1,093	**1,693**
Current assets							
Trade receivables to third parties				74,067			**74,067**
Other assets including derivative financial instruments				5,440		5,259	**10,699**
Cash and cash equivalents				13,222			**13,222**

December 31, 2007	Financial assets at fair value through profit or loss		Financial assets at fair value recognized directly in equity				Total
	Initially designated at fair value € in K	Held for trading (including derivatives) € in K	Hedging instruments € in K	Loans and receivables € in K	Held-to-maturity financial assets € in K	Not in scope of IFRS 7 / IAS 39 € in K	€ in K
Non-current assets							-
Financial assets					34	1,732	**1,766**
Receivables and other assets				319			**319**
Current assets							
Trade receivables to third parties				84,852			**84,852**
Other assets including derivative financial instruments		277	1,611	8,466			**10,354**
Cash and cash equivalents				7,461			**7,461**

December 31, 2008	Financial liabilities at fair value through profit or loss				Total
	Initially designated at fair value € in K	Held for trading (including derivatives) € in K	Financial liabilities at amortized cost	Not in scope of IFRS 7 / IAS 39 € in K	€ in K
Non-current liabilities					
Provisions			3,076		**3,076**
Loans and borrowings			130,819		**130,819**
Other liabilities			246		**246**
Current liabilities					
Provisions			3,731	1,454	**5,185**
Loans and borrowings			32,458		**32,458**
Trade payables			29,184	2,545	**31,729**
Other liabilities			15,341	8,845	**24,186**

December 31, 2007	Financial liabilities at fair value through profit or loss				Total
	Initially designated at fair value € in K	Held for trading (including derivatives) € in K	Financial liabilities at amortized cost	Not in scope of IFRS 7 / IAS 39 € in K	€ in K
Non-current liabilities					
Provisions			2,625		**2,625**
Loans and borrowings			4,908		**4,908**
Other liabilities			320		**320**
Current liabilities					
Provisions			6,169	1,349	**7,518**
Loans and borrowings			156,386		**156,386**
Trade payables			26,763	4,489	**31,252**
Other liabilities			23,636		**23,636**

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

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

Result from financial instruments held for trading

	2008 € in K	2007 9 months € in K
Valuation	**– 1,307**	277
Gains on realizations	**2,284**	573
Exchange gains I losses	**0**	0
	977	**850**

Result from receivables and payables

	2008 € in K	2007 9 months € in K
Interest income	**0**	0
Allowances	**– 2,524**	– 1,417
Income from the decrease in allowances for bad debts	**966**	252
Exchange gains I losses	**– 1,027**	541
	– 2,585	**– 624**

The maturity of the financial liabilities shows the following pattern:

	< 1 year € in K	1 - 5 years € in K	> 5 years € in K	**Carrying amount Dec. 31, 2008 € in K**
Non-current liabilities				
Provisions	0	3,076	0	**3,076**
Loans and borrowings	0	130,819	0	**130,819**
Other liabilities	0	246	0	**246**
Current liabilities				
Provisions	3,731	0	0	**3,731**
Loans and borrowings	32,458	0	0	**32,458**
Trade payables	29,184	0	0	**29,184**
Other liabilities	15,341	0	0	**15,341**

	< 1 year € in K	1 - 5 years € in K	> 5 years € in K	Carrying amount Dec. 31, 2007 € in K
Non-current liabilities				
Provisions		2,625		2,625
Loans and borrowings	0	4,551	357	4,908
Other liabilities	0	320	0	320
Current liabilities				
Provisions	6,169	0	0	6,169
Loans and borrowings	156,386	0	0	156,386
Trade payables	26,763	0	0	26,763
Other liabilities	23,636	0	0	23,636

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 in Sections 27 and 29 are regarded as managed capital and, furthermore, so are the cash and cash equivalents as well as equity capital in Sections 21 to 24.

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 – there is no speculative trading on the stock exchange. Following thorough analysis of the current and anticipated interest rate situation, the Group has not carried out interest hedging to date. We counteract liquidity risks by maintaining sufficient credit lines as well as by planning short-, mid- and long-term liquidity using the most advanced treasury software.

E. Management of Exchange Rate Risks

The Group is exposed to currency risks as approx. 40% 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. On principle, we use derivative financial instruments to hedge the net currency exposure resulting from currency translation of our sales revenue.

As a rule, we use zero-cost options that consist of purchasing and simultaneously selling an option. Because both options have the same value at the time of these transactions, no payment is due (zero cost). By purchasing an option, we secure the right to sell an established foreign currency amount on the exercise date at a specific exchange rate against the euro, independently of the exchange rate actually valid on this date, provided that this rate reaches a certain value during the term of the option.

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

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, 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.

The chart on the next page provides an overview of the foreign currency options held on the reporting date.

Currency	Volume	Term	Hedged exchange rate	Fair value € in K
Reporting date on Dec. 31, 2008				
USD	27,500,000	Up to 6 months	1.4547	– 41
USD	5,000,000	Up to 12 months	1.5625	– 251
USD		More than 12 months		
JPY	300,000,000	Up to 6 months	129.0000	– 31
JPY		Up to 12 months		
JPY		More than 12 months		
				– 324

Currency	Volume	Term	Hedged exchange rate	Fair value € in K
Reporting date on Dec. 31, 2007				
USD	12,500,000	Up to 6 months	1.3821	579
USD	20,000,000	Up to 12 months	1.4068	686
USD	10,000,000	More than 12 months	1.4225	227
	42,500,000			**1,492**

If the exchange rate of the U.S. dollar to the euro would have dropped 5%, earnings from currency hedging transactions in 2008 would have increased by around €0.8 million (2007: €0.7 million).

If the exchange rate of the U.S. dollar to the euro would have risen 5%, earnings from currency hedging transactions in 2008 would have fallen by about €0.7 million (2007: €0.7 million).

At the balance sheet date, there are no outstanding forward exchange transactions for hedging against currency risks. The following table shows the transactions as of December 31, 2007:

Currency	Volume	Maturity	Forward rate	Fair value € in K
USD	2,500,000	January 31, 2008	1.3283	184
USD	2,500,000	February 29, 2008	1.3079	212
				396

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.

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 difference between the existing credit line of €267 million as of December 31, 2008, and gross debt of €163 million shows the amount of unused credit lines.

The table on the following page provides an overview of the credit lines available on the reporting date.

	Credit line at Dec. 31, 2008	< 1 year	1 - 5 years	> 5 years	Interest rate
	€ in K	€ in K	€ in K	€ in K	
Syndicated credit line	**220,000**	13,000	207,000	0	Variable
Bilateral credit line	**46,624**	26,131	14,565	5,928	Variable and fixed
	266,624				

	Credit line at Dec. 31, 2007	< 1 year	1 - 5 years	> 5 years	Interest rate
	€ in K	€ in K	€ in K	€ in K	
Syndicated credit line	157,035	157,035			Variable
Bilateral credit line	47,633	42,725	4,551	357	Variable and fixed
	204,668				

If the market interest rate had been 1.0 percentage point higher, interest expenses in 2008 would have increased by about €1.6 million (2007: €1.2 million). If this interest rate had been 1.0 percentage point lower, interest expenses for 2008 would have decreased by about €1.6 million (2007: €1.2 million).

As explained in Section 23, the Group put in place a syndicated loan agreement with a credit line of €220 million. 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 EBITDA may not be greater than 3.0 and the interest coverage ratio (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, 2008, Sartorius Stedim Biotech achieved the following ratios:

Net debt € in K	EBITDA € in K	Ratio of net debt | EBITDA	Interest payable € in K	Interest coverage ratio
150,054	54,626	2.7	9,792	5.6

28. Share-based Payments

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

	Dec. 31, 2008 € in K	Dec. 31, 2007 € in K
Outstanding at beginning of period	**179,027**	318,450
Allocated during the period	**0**	0
Cancelled during the period	**– 11,067**	– 27,653
Exercised during the period	**– 24,500**	– 89,270
Lapsed in the period	**0**	– 22,500
Outstanding at end of period	**143,460**	179,027
Exercisable at the end of period	**143,460**	164,627

The various stock option plans outstanding at December 31, 2007, and December 31, 2008, 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 beneficiaries	Subscription on price in €	Number of shares subscribed over the fiscal year 2008	Number of options granted and exercisable at Dec. 31, 2008	Number of options subject to target performance at Dec. 31, 2008	Number of beneficiaries of valid options
June 23, 2000	Aug. 2, 2000	139,105			5	8.59	0			0
June 23, 2000	Sept. 28, 2001	142,855			7	11.94	0	4,060		1
June 23, 2000	Nov. 14, 2002	12,100			1	6.78	0	-		0
June 23, 2000	Sept. 10, 2003	22,000			1	7.9	0	4,400		1
June 23, 2000	Feb. 11, 2004	66,000			1	6.42	22,000	0		0
June 23, 2000	July 23, 2004	140,000			19	9.23	2,500	67,500		10
June 10, 2005	Sept. 15, 2005	127,500	10,000	1	15	18.87	0	50,000		5
June 10, 2005	Nov. 10, 2006	35,000			2	29.51	0	17,500		2
Total		**684,560**	**10,000**		**51**	**0**	**24,500**	**143,460**	**0**	**19**
									143,460	

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 beneficiaries	Subscription on price in €	Number of shares subscribed over the fiscal year 2007	Number of options granted and exercisable at Dec. 31, 2007	Number of options subject to target performance at Dec. 31, 2007	Number of beneficiaries of valid options
June 23, 2000	Aug. 2, 2000	139,105			5	8.59	16,600			0
June 23, 2000	Sept. 28, 2001	142,855			7	11.94	20,250	4,060		1
June 23, 2000	Nov. 14, 2002	12,100			1	6.78	2,420			0
June 23, 2000	Sept. 10, 2003	22,000			1	7.9		4,400	4,400	1
June 23, 2000	Feb. 11, 2004	66,000			1	6.42		22,000		1
June 23, 2000	July 23, 2004	140,000			19	9.23	35,000	70,000		12
June 10, 2005	Sept. 15, 2005	127,500	30,000	1	15	18.87	15,000	46,667	10,000	7
June 10, 2005	Nov. 10, 2006	35,000			2	29.51		17,500		1
Total		**684,560**	**30,000**		**51**	**0**	**89,270**	**164,627**	**14,400**	**23**
									179,027	

The cost for fiscal 2008 is €0 K. No additional stock options were granted in 2008.

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 definitively 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.

During the entitlement acquisition period, the total fair value 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.

Notes to the Income Statement

29. 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.

Sales revenue, which is broken down by business and geographical areas, consists of the following:

	2008 12 months € in K	2007 9 months € in K
France	**31,901**	27,281
Germany	**69,408**	29,811
All other countries	**266,687**	**211,744**
	367,996	**268,836**

An amount of €4,251 K was earned with subsidiaries in 2008 and €5,813 K in 2007.

30. 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.

31. Selling and Distribution Costs

These costs pertain, in particular, to the costs of the sales and marketing organization, distribution, advertising and market research.

32. 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.

33. General Administrative Expenses

Above all, this item includes employee benefits expense and the cost of materials of the general administrative area.

34. Other Operating Income and Expenses

	2008 12 months € in K	2007 9 months € in K
Currency translation gains	**8,834**	3,497
Income from the decrease in allowances for bad debts	**966**	252
Income from release and use of provisions and liabilities	**2,047**	954
Income from grants	**1,164**	1,675
Other income	**1,439**	1,832
Other operating income	**14,450**	**8,210**
Currency translation losses	**– 7,577**	– 2,383
Reorganization expenses	**– 1,800**	– 8,440
Allowances for bad debts	**– 2,524**	– 1,417
Other expenses	**– 2,524**	– 2,382
Other operating expenses	**– 14,425**	– 14,622
Total other operating income and expenses	**25**	**– 6,412**

35. Interest

	2008 12 months € in K	2007 9 months € in K
Interest and similar income	**607**	101
- of which from affiliated companies	**[282]**	[7]
Interest and similar expenses	**– 9,792**	– 5,865
- of which from affiliated companies	**[103]**	[0]
Expenses for derivative financial instruments	**– 2,658**	– 119
Interest expense for pensions	**– 552**	– 383
Other financial expenses	**– 127**	0
	– 12,522	**– 6,266**

36. Income Tax Expense

	2008 12 months € in K	2007 9 months € in K
Current income taxes	**– 7,621**	– 4,016
Deferred taxes	**1,538**	2,103
	– 6,083	**– 1,913**

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 40% was applied to the taxable income of 2007, whereas for 2008 and the following years, a rate of 30% is appropriate. 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 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.

	2008 12 months € in K	2007 9 months € in K
Expected tax expense (2008: 32% | 2007: 35%)	**6,140**	2,329
Difference from the Group average income tax rate	**– 1,146**	– 814
Expenses not deductible for tax purposes	**517**	453
Losses and temporary differences not considered as assets	**339**	4,316
Adjustments from previous years	**246**	– 1,673
Tax-free income and other tax exemptions	**– 607**	– 2,572
Other	**594**	– 126
	6,083	**1,913**
Effective tax rate	**31.7%**	28.7%

37. Earnings per Share

Diluted net earnings per share were measured by taking into account share subscription options outstanding at December 31, 2008, resulting in certain Group employees acquiring entitlements to subscribe to a total of 143,460 shares, with respect to the financial results reported for the years from 2000 to 2008 and allocations granted by the Group's Board of Directors since June 23, 2000.

The Extraordinary General Meetings on June 23, 2000, and June 10, 2005, delegated power to the Board of Directors to allocate new options providing entitlements to a maximum number of shares. Since the exercise of options is subject to the achievement of performance targets in the financial years of 2000 to 2008, their impact on diluted net earnings per share was taken into consideration up to the number of options permanently attributed with respect to the results of 2000 to 2008 and including potential options subject to the achievement of future performance targets.

Therefore, the diluted net earnings per share at December 31, 2006, December 31, 2007, and December 31, 2008, were calculated on the following basis:

- At December 31, 2006 — on the basis of 2006 financial year items — the number of existing and potential future shares (including optional shares) was 7,376,005.
- At December 31, 2007 — on the basis of 2007 financial year items — the number of existing and potential future shares (including optional shares) was 12,201,434.
- At December 31, 2008 — on the basis of 2008 financial year items — the number of existing and potential future shares (including optional shares) was 17,065,948.

	2008	2007
Net profit after tax (€ in K)	**13,091**	4,742
Group net profit after tax (€ in K)	**13,104**	4,742
Earnings per share (€)	**0.77**	0.39
Diluted earnings per share (€)	**0.77**	0.39
Number of shares used in earnings per share calculation	**16,922,488**	12,022,407
Future options	**143,460**	164,627
Potential options	**0**	14,400
Number of shares used in diluted earnings per share calculation	**17,065,948**	12,201,434

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 number of shares outstanding during the period. Net profit after minority interest was divided according to the ratio of the weighted number of ordinary shares.

38. 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

	2008 12 months € in K	2007 9 months € in K
Sales revenue	**367,996**	268,836
Purchases consumed	**– 114,043**	– 96,609
Cost of purchased services	**– 6,840**	– 6,120
Personnel costs	**– 116,482**	– 76,698
Amortization and depreciation	**– 20,896**	– 15,213
Other operating costs	**– 76,005**	– 60,284
	– 334,266	– 254,924
Operating profit	**33,730**	13,912
Financial income | expenses	**– 12,522**	– 6,265
Income tax and other taxes	**– 8,104**	– 2,905
Minority interest	**– 13**	0
Net profit	**13,091**	**4,742**

Raw Materials and Supplies

This item consists of the following:

	2008 12 months € in K	2007 9 months € in K
Expenses for raw materials, supplies and purchased materials	**114,043**	96,890
Cost of purchased services	**6,840**	6,120
	120,883	**103,011**

Employee Benefits Expense

This item can be broken down as follows:

	2008 12 months € in K	2007 9 months € in K
Wages and salaries	**94,282**	63,273
Social security	**19,315**	12,512
Expenses for retirement benefits and pensions	**2,884**	914
	116,482	**76,698**

Number of Employees

The average workforce employed during the year 2008 was 2,343 (2,294 in 2007).

Statutory Auditors' Report on the Consolidated Financial Statements

(Freely translated from the French original by the auditors)

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Shareholders' Meetings, we hereby report to you, for the year ended December 31, 2008, on the following:

- The audit of the accompanying consolidated financial statements of Sartorius Stedim Biotech;
- Justification of our assessments;
- The specific verifications and information 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. These 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 management and the presentation of the overall financial statements. 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

The accounting estimates used in the presentation of the financial statements for the year ended December 31, 2008, were prepared in a context of heavy market volatility and an uncertain economic outlook. It is in this context and in accordance with Article L. 823-9 of the French Commercial Code relating to the justification of our assessments that we conducted our own assessments. We would like to bring the following to your attention:

Note 3 "Critical Accounting Judgments and Key Sources of Estimation Uncertainty" to the consolidated financial statements refers to the significant judgments and estimates made by management, particularly those concerning the capitalization of research and development costs and the impairment tests on goodwill and assets with indefinite useful lives.

At the end of each reporting period, the company systematically performs an impairment test on goodwill and assets with indefinite useful lives and also assesses whether there is any indication of a loss in value concerning long-term assets, according to the terms and conditions defined in Note 12 "Goodwill and Other Intangible Assets" to the financial statements.

Our work consisted of assessing the data and assumptions on which these judgments and estimates were based; reviewing, on a test basis, the calculations performed by the company; comparing the accounting estimates of previous periods with the corresponding figures achieved; 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 to form 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.

Marseille, March 6, 2009

The Statutory Auditors

Deloitte & Associés	Ernst & Young Audit
French original signed by Vincent Gros	French original signed by Jérôme Magnan

05

Annual Financial Statements of Sartorius Stedim Biotech S.A. and Notes

Annual Financial Statements

Parent Company Balance Sheet: Assets (in thousands of €)

	Gross at Dec. 31, 2008	Depr., amort. and prov. Dec. 31, 2008	**Net at Dec. 31, 2008**	Net at Dec. 31, 2007	Net at Dec. 31, 2006
Intangible assets	**2,602**	–2,006	**596**	904	1,194
Property, plant and equipment	**32,026**	–19,530	**12,497**	10,637	11,428
Financial investments	**84,445**	0	**84,445**	84,454	39,980
Total non-current assets	**119,073**	–21,536	**97,537**	95,994	52,603
Inventories and work in progress	**11,875**	–1,517	**10,358**	6,053	8,410
Receivables					
Trade receivables	**9,520**	–901	**8,619**	11,712	10,740
Other receivables	**8,135**	0	**8,135**	7,964	6,616
Marketable securities	**376**	–376	**0**	0	0
Deposits and cash equivalents	**869**	0	**869**	624	175
Total current assets	**30,775**	–2,794	**27,981**	26,352	25,941
Prepaid expenses	**96**	0	**96**	314	190
Currency translation adjustment	**1,136**	0	**1,136**	21	16
Total assets	**151,080**	**–24,330**	**126,750**	**122,682**	**78,750**

Parent Company Balance Sheet: Equity and Liabilities (in thousands of €)

	At Dec. 31, 2008	At Dec. 31, 2007	At Dec. 31, 2006
Share capital	**10,323**	10,308	4,305
Share premium	**59,231**	64,151	19,096
Reserves	**1,023**	11,024	4,512
Retained earnings carried forward	**–1,482**	0	0
Profit for the period	**5,654**	–11,481	7,858
Regulated provisions	**1,228**	410	0
Total equity	**75,977**	**74,412**	**35,771**
Provisions for liabilities and charges	**1,176**	115	107
Total provisions for liabilities and charges	**1,176**	**115**	**107**
Loans and borrowings	**20,615**	29,040	19,699
Trade payables	**4,680**	7,456	5,675
Tax and social charges payable	**3,950**	3,886	7,035
Liabilities for non-current assets	**881**	137	93
Other liabilities	**19,453**	6,656	9,701
Total liabilities	**49,579**	**47,176**	**42,203**
Currency translation adjustment	**17**	979	669
Total equity and liabilities	**126,750**	**122,682**	**78,750**

Parent Company Balance Sheet: Income Statement (in thousands of €)

	At Dec. 31, 2008	At Dec. 31, 2007	At Dec. 31, 2006
Sale revenue	**46,655**	48,616	52,158
Inventory movements	**2,832**	–2,246	1,249
Capitalized production costs	**0**	0	4
Depreciation or amortization reversals	**1,175**	903	711
Other operating income and expense reallocation	**107**	77	149
Purchases consumed	**–22,696**	–18,410	–20,644
External charges for services	**–8,916**	–7,542	–7,621
Tax and duties	**–1,520**	–1,637	–1,845
Personnel costs	**–16,006**	–15,100	–13,549
Amortization, depreciation and provision charges	**–4,074**	–2,935	–2,778
Other operating expenses	**–109**	–116	–178
Operating profit	**–2,551**	**1,610**	**7,655**
Net financing income | (expense)	**7,448**	–12,861	–501
Profit | (loss) from ordinary activities	**4,896**	**–11,251**	**7,154**
Exceptional income | (expense)	**–606**	–512	6,147
Contribution to employee profit-sharing plan	**0**	0	–944
Income tax	**1,364**	282	–4,499
Net profit | (loss)	**5,654**	**–11,481**	**7,858**

Material Events

In 2008, Sartorius Stedim Biotech S.A. carried out a restructuring of its U.S. subsidiaries in order to streamline and optimize the U.S. engineered systems business. During this restructuring, the shares of the 100% subsidiary Sartorius Freeze Thaw Inc. were contributed to Sartorius Stedim Biotech GmbH. Sartorius Stedim Biotech GmbH contributed these shares together with the shares in its subsidiary Sartorius Stedim Systems Inc. to Sartorius Stedim North America Inc. After having centralized all U.S. companies and activities in Sartorius Stedim North America Inc., the engineered systems business was further consolidated into a sole entity by merging Sartorius Freeze Thaw Inc. and Sartorius Stedim Systems Inc. In addition to these organizational steps, the manufacturing of stainless steel systems was outsourced to Paul Mueller Company and the systems engineering activities of the merged company are now concentrated in Springfield, Missouri.

In the same manner, the shares held by Sartorius Stedim Biotech S.A. in the U.S. entity Sartorius Stedim SUS Inc. were transferred to Sartorius Stedim North America Inc. This legal restructuring resulted in a transfer of shares held by Sartorius Stedim Biotech S.A. to the United States. The total amount of this transfer, which equals the capital increase in Sartorius Stedim Biotech GmbH, is €20,466 K. These transfers were effected at the net book value.

1. Accounting Principles and Methods

The parent company financial statements for the year ended December 31, 2008, 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, 2008.

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 €2,230 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 noted, on an ongoing basis.

1.1.3. Financial Investments

Investments relate mainly to shareholdings in subsidiaries and are recorded at their acquisition cost, including fees linked to the acquisition.

A provision for write-down may be established to take into account, in particular, the underlying assets of these subsidiaries, their financial position and their prospects.

Shareholdings in subsidiaries are subject to impairment tests.

At December 31, 2008, the comparison of the book values of these assets with corresponding cash flows budgeted did not justify any write-down of investments posted on the balance sheet.

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 provision for write-down 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.

Inventories held by third parties are subject to an annual write-down as a function of their estimated useful life.

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 provision for write-down 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 "Currreny 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, 2006	Increase 2007	Decrease 2007	At Dec. 31, 2007	**Increase 2008**	**Decrease 2008**	**At Dec. 31, 2008**
Incorporation costs	4	0	0	4	**0**	**0**	**4**
Patents	292	44	0	336	**0**	**0**	**336**
Software, licenses	2,183	29	0	2,213	**48**	**0**	**2,260**
Business goodwill	2	0	0	2	**0**	**0**	**2**
Intangible assets in progress	0	0	0	0	**0**	**0**	**0**
Total	**2,481**	**73**	**0**	**2,554**	**48**	**0**	**2,602**
Amortization and depreciation	**1,288**	**363**	**0**	**1,651**	**355**		**2,006**
Net amount	**1,194**	**–290**	**0**	**904**	**–307**	**0**	**596**

2.2 Property, Plant and Equipment

Gross values	At Dec. 31, 2006	Increase 2007	Decrease 2007	At Dec. 31, 2007	**Increase 2008**	**Decrease 2008**	**At Dec. 31, 2008**
Land	396			396			**396**
Buildings	13,208			13,208	**800**		**14,008**
Plant and equipment	8,902	229	9	9,122	**1,259**	**60**	**10,321**
Other	5,835	148	160	5,823	**257**	**14**	**6,066**
Property, plant and equipment in progress	94	283	82	295	**941**	**0**	**1,235**
Total	**28,435**	**660**	**252**	**28,844**	**3,257**	**74**	**32,027**

Amortization and depreciation	At Dec. 31, 2006	Charge	Release	At Dec. 31, 2007	**Charge**	**Release**	**At Dec. 31, 2008**
Buildings	4,652	645		5,297	**595**		**5,892**
Plant and equipment	7,292	504	8	7,788	**591**	**60**	**8,319**
Other	5,063	218	160	5,121	**212**	**14**	**5,319**
Total	17,007	1,368	168	18,207	**1,398**	**74**	**19,531**
Property, plant and equipment, net	**11,428**			**10,637**			**12,497**

The increase in property, plant and equipment (€3,257 K) was primarily due to industrial equipment investments (€1,259 K), fixtures and fittings (€800 K) and office and IT equipment (€1,198 K).

2.3 Financial Investments

Investments	At Dec. 31, 2006	Increase 2007	Decrease 2007	At Dec. 31, 2007	**Increase 2008**	**Decrease 2008**	**At Dec. 31, 2008**
Shareholdings	39,961	59,836	20	99,778	**20,449**	**35,801**	**84,426**
Write-down of shareholdings	0	–15,335		–15,335	**15,335**		**0**
Deposits and guarantees	19		8	11	**8**	**0**	**19**
Total	**39,980**	**44,501**	**28**	**84,454**	**35,792**	**35,801**	**84,445**

The following is included under "Financial investments":

- 99.98% of the share capital of Sartorius Stedim SUS SARL, a Tunisian company acquired in January 2002, increased from €153 K to €2,628 K in 2006, following a share capital increase of €2,475 K by current account capitalization.

- 100% of the share capital of Sartorius Stedim Aseptics S.A., or €1,848 K, a French company of which 90% was acquired on October 1, 2004, for €1,512 K. Minority interest (10%) was acquired on September 30, 2007, in the amount of €336 K.

- 100% of the share capital of Sartorius GmbH (now Sartorius Stedim Biotech GmbH), a company governed by German law, on June 29, 2007, for €59,500 K and for an additional amount of €20,449 K within the scope of the legal reorganization of the American subsidiaries (see the "Material Events" section).

- Other investments: € 0.1 K.

3. Inventories and Trade Receivables (in thousands of €)

3.1 Inventories at Year-end

Inventories	At Dec. 31, 2006	Mvts..	At Dec. 31, 2007	Mvts..	**At Dec. 31, 2008**
Raw materials	2,516	95	2,611	1,467	**4,078**
Other consumables	231	8	240	22	**262**
Work in progress and finished goods	5,007	–2,246	2,761	2,832	**5,594**
Merchandise	1,558	46	1,604	337	**1,941**
Gross value	**9,313**	**–2,097**	**7,217**	**4,658**	**11,875**
Depreciation for write-down of raw materials and consumables	–143	–94	–236	–71	**–307**
Depreciation for write-down of work in progress and finished goods	–201	–11	–212	44	**–169**
Depreciation for write-down of merchandise	–559	–156	–715	–326	**–1,041**
Depreciation for write-down of inventories	–903	–260	–1,163	–353	**–1,517**
Net value	**8,410**	**–2,357**	**6,053**	**4,305**	**10,358**

In 2008, the company manufactured and launched a new range of standard products, with the objective of having these products at the customers' location within a short period. The storage of this new range of products, and our desire to reduce our lead time in order to meet the demand, contributed to an increase in both our finished products and raw materials. In 2009, the collaborative planning with our final customers and the end of the learning curve for this range of standard products should allow us to reduce our inventories.

3.2 Maturity of Receivables at Year-end

Type of receivable	Net amount	One year or less	More than 1 year
Deposits and guarantees	**19**	**0**	**19**
Non-current assets	19	0	19
Advances payments on account	595	595	
Trade receivables	8,619	8,619	0
Personnel	13	13	
Social security	0	0	
Taxes and duties	3,539	3,539	
Group	3,786	3,786	
Other receivables	202	202	
Current assets	**16,754**	**16,754**	**0**
Prepaid expenses	**96**	**96**	**0**
Total receivables	**16,870**	**16,850**	**19**

The "Trade receivables" item includes an amount of €1,146 K for invoices to be issued.

Receivables from Group subsidiaries (€3,786 K) relate to current account cash advances provided to Sartorius Stedim SUS SARL and VL Finance.

"Other receivables" especially includes the following items:

– Suppliers' debit balances of €16 K;

– Accrued income of €35 K.

The "Prepaid expenses" item essentially includes an amount of €23 K for financial interest, fees of €16 K and Microsoft® maintenance of €33 K.

4. Maturity of Liabilities at Year-end (in thousands of €)

Type of liability	Net amount	Less than 1 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	20,592	17,377	3,215	0
Current bank overdrafts and accrued interest	23	23	0	0
Trade payables	4,680	4,680	0	0
including bills of exchange	220	220	0	0
Advances and payments on account for orders	0	0	0	0
Tax and social security payable	3,950	3,950	0	0
Liabilities for non-current assets	881	881	0	0
Group and associates	18,993	18,993	0	0
Other	461	461	0	0
Total liabilities	**49,580**	**46,365**	**3,215**	**0**

Accrued expenses included in these accounts represented €4,227 K and concerned the following items:

Type of expense	At Dec. 31, 2008
Accrued interest	**23**
Suppliers' invoices to be received	**1,237**
Vacation including social security benefits	**1,299**
Bonuses, including social security benefits and profit-sharing	**1,239**
Social security payable	**162**
Taxes payable	**110**
Employee profit sharing	**155**
Total charges payable	**4,227**

5. Parent Company Statement of Changes in Equity (in thousands of €)

5.1 Equity

At December 31, 2008, the share capital was €10,323 K, comprising 16,922,488 shares of a €0.61 par value. The changes in equity in 2008 are the result of the following events:

- The exercise of stock options resulting in the issue of 24,500 shares with a par value of €0.61 each, for a total of €15 K;
- A €149 K share premium associated with this share capital increase.
- The Annual General Shareholders' Meeting on April 21, 2008, approved the appropriation of the net loss for the year of -€11,482 K, as follows:
- Net loss for the year: -€11,482 K
- Other reserves: €10,002 K
- Retained earnings carried forward: €1,482 K

A dividend total of €5,071 K, or a dividend per share of €0.30, was paid by deducting €5,069 K from the "Share premium" and €2 K from "Other reserves."

	Appropriation of profit for 2006					Equity before appropriation of profit for 2007
	Before	Changes	After	Increases	Decreases	
Number of shares:	7,057,555	0	7,057,555	9,840,433	0	16,897,988
Share capital	4,305		4,305	6,003		10,308
Share premium	2,956		2,956	45,054		48,011
Merger premium	16,140		16,140			16,140
Legal reserve	426	5	432			432
Other reserves	4,086	6,506	10,592			10,592
Balance carried forward	0		0			0
Dividend paid	0	1,346	1,346		1,346	0
Net profit to be appropriated	7,858	–7,858	0			0
Profit for the year	0		0	–11,481		–11,481
Regulated provisions	0		0	410		410
Total	**35,771**	**0**	**35,771**	**39,987**	**1,346**	**74,412**

	Appropriation of profit for 2007					**Equity before appropriation of profit for 2008**
	Before	Changes	After	Increases	Decreases	
Number of shares:	16,897,988	0	16,897,988	24,500	0	**16,922,488**
Share capital	10,308		10,308	15		**10,323**
Share premium	48,011	–5,069	42,942	149		**43,091**
Merger premium	16,140		16,140			**16,140**
Legal reserve	432		432			**432**
Other reserves	10,592	–10,002	591			**591**
Balance carried forward	0	–1,482	–1,482			**–1,482**
Dividend paid	0	5,072	5,072		5,072	**0**
Appropriation of net profit	–11,481	11,481	0			**0**
Profit for the year				5,654		**5,654**
Regulated provisions	410		410	818		**1,228**
Total	**74,412**	**0**	**74,413**	**6,636**	**5,072**	**75,977**

No treasury shares were held at December 31, 2008.

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 143,460.

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	Provision at Dec. 31, 2006	Addition 2007	Release 2007	Provisions at Dec. 31, 2007	**Addition 2008**	**Release 2008**	**Provisions at Dec. 31, 2008**
Regulated provisions							
Accelerated amortization and depreciation	0	410	0	410	**818**	**0**	**1,228**
Subtotal 1	**0**	**410**	**0**	**410**	**818**	**0**	**1,228**
Provisions for liabilities and charges							
Exchange risk	9	20	9	20	**1,136**	**20**	**1,136**
Litigation	0	30	0	30	**8**	**30**	**8**
Taxation	98	0	33	65	**0**	**33**	**33**
Subtotal 2	**107**	**50**	**42**	**115**	**1,144**	**83**	**1,176**
Grand total	**107**	**460**	**42**	**526**	**1,961**	**83**	**2,404**

There was no need to make any comments on the provisions reported as of December 31, 2008.

6.2. Market Risk Exposure

There are two different types of market risk exposure:

6.2.1. Operating Cash Flow Risk

At December 31, 2008, foreign currency denominated trade receivables and payables totaled:

– USD 2,223 K (debit position);

– USD 8,640 K (credit position);

– JPY 409,993 K (credit position);

– GBP 159 K (debit 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, 2008	
€ in K	Assets	Liabilities
Decrease in assets | liabilities	**1,136**	
Suppliers	**34**	
Customers	**68**	
Inter-company accounts	**1,034**	
Exchange hedgings (assets)	**0**	
Suppliers	**0**	
Customers	**0**	
Inter-company customers	**0**	
Increase in assets | liabilities		**17**
Suppliers		**15**
Customers		**2**
Inter-company accounts		**0**
Exchange hedgings (liabilities)		**0**
Suppliers		**0**
Customers		**0**
Inter-company customers		**0**
Currency translation differences	**1,136**	**17**

Sartorius Stedim Biotech GmbH has refined, year after year, a development and management policy providing enhanced control over the foreign exchange risk.

– Group treasury is centralized by the parent company Sartorius Stedim Biotech GmbH.

– The net financial risk, after offsetting, is managed by hedging transactions.

U.S. dollar risk management is therefore optimized.

7. Loans and Borrowings (in thousands of €)

Type of commitment	At Dec. 31, 2007	Increases	Refundings	**At Dec. 31, 2008**
Loans	6,526		–1,642	**4,884**
Credit lines and bank overdrafts	22,514		–6,807	**15,707**
Total	**29,040**	**0**	**–8,449**	**20,591**

8. Future Tax Position (in thousands of €)

The future income tax position results from:

– Tax paid in advance on expenses recognized during the fiscal year, but tax deductible in subsequent fiscal years;

– Tax paid in advance on unrecognized unrealized gains.

These deferred taxes were not recognized in the balance sheet.

The temporary differences between taxable income and expenses were as follows:

Future tax position			Dec. 31
Increases			
2008 solidarity contribution		75	
Net movement in 2008 currency translation differences	[1]	17	
Employee profit-sharing for 2008		0	
Write-down of subscription warrants		0	
Total increases			92
Decreases			
2007 solidarity contribution		78	
Net movement in 2007 currency translation differences	[1]	1,233	
Employee profit-sharing for 2007		0	
Write-down of subscription warrants		0	
Total decreases			1,311
2008 future tax position			**–1,219**

Increases			
2007 solidarity contribution		78	
Net movement in 2007 currency translation differences		1,233	
Employee profit-sharing for 2007		0	
Write-down of subscription warrants		376	
Total increases			1,687
Decreases			
2006 solidarity contribution		84	
Net movement in 2006 currency translation differences		662	
Employee profit-sharing for 2006		599	
Total decreases			1,344
2007 future tax position			**343**

Increases			
2006 solidarity contribution		84	
Net movement in 2006 currency translation differences		662	
Employee profit-sharing for 2006		599	
Total increases			1,344
Decreases			
2005 solidarity contribution		84	
Net movement in 2005 currency translation differences		40	
Employee profit-sharing for 2005		0	
Total decreases			124
2006 future tax position			**1,220**

[1] A translation adjustment liability of €1,136 K was recognized with regard to 2008. This is the unhedged portion of a U.S. dollar denominated liability, expressed in € during the 2007 fiscal year.

As of December 31, 2008, the cumulative amount of carry-forward losses was €5,214 K for the parent company and a negative €2,667 K for French tax consolidation relief.

9. Operating Income (in thousands of €)

9.1. Sales Revenue by Segment

Business segment	2008	%	2007	%	2006	%
Biopharm	**46,655**	100%	48,616	100%	52,158	100%
Total	**46,655**	**100%**	**48,616**	**100%**	**52,158**	**100%**

9.2. Sales Revenue by Geographic Region

Geographic area	2008	%	2007	%	2006	%
France	**5,978**	13%	6,711	14%	6,270	12%
Export	**40,677**	87%	41,904	86%	45,888	88%
EU and other countries	**29,324**		36,500		37,861	
North American continent	**11,352**		5,404		8,027	
Total	**46,655**	**100%**	**48,616**	**100%**	**52,158**	**100%**

10. Exceptional Income and Expense (in thousands of €)

		Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Exceptional income				
- on operations		**176**	0	4,869
- on capital transactions	[1]	**20,470**	0	18
Release of provisions and transfer of charges	[1]	**15,421**	33	1,672
Total exceptional income		**36,067**	**33**	**6,559**
Exceptional expense				
- on operations		**55**	80	398
- on capital transactions	[1]	**35,801**	1	14
- amortization, depreciation and provision charges	[2]	**817**	464	
Total exceptional expense		**36,673**	544	412
Exceptional income | (expense)		**–606**	**–512**	**6,147**

[1] In 2008, the exceptional income on capital transactions relates to the impact of the disposals of the American companies of the Sartorius Stedim Group at the net book value.

[2] Amortization and depreciation charges comprised accelerated depreciation and amortization of capitalized costs associated with the acquisition of Stedim by Sartorius. Where expenses are charged to the share premium, they are treated as a deduction in the calculation of the tax liability.

€4,104,860 was recognized at December 31, 2007, under "Non-current assets," to be amortized pro rata temporis over 5 years.

11. Employee Profit Sharing

The Company implements a profit-sharing agreement for senior executives.

No payments will be made with regard to fiscal 2008.

12. Individual Training Right

This individual occupational training right provides every employee with 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 on 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, 2008, was 18,022 hours.

13. Breakdown of Income Tax (in thousands of €)

	At Dec. 31, 2008			At Dec. 31, 2007			At Dec. 31, 2006		
	Profit before tax	**Income tax charge**	**Profit after tax**	Profit before tax	Income tax charge	Profit after tax	Profit before tax	Income tax charge	Profit after tax
Gross taxable income	**20,231**	**0**	**20,231**	–11,251	–7	–11,258	7,154	–2,871	4,283
Exceptional income|(expense)	**–15,941**	**0**	**–15,941**	–512	0	–512	6,147	–1,615	4,532
Employee profit-sharing contribution	**0**	**0**	**0**	0	0	0	–944	–200	–1,144
R&D tax credit	**0**	**719**	**719**		288	288		186	186
French tax integration relief	**0**	**645**	**645**			0			0
Net taxable income	**4,291**	**1,364**	**5,654**	**–11,763**	**281**	**–11,481**	**12,357**	**–4,500**	**7,857**

As of January 1, 2008, the company chose to adopt the integration tax relief within the framework of a tax group. The lead company is Sartorius Stedim Biotech S.A. The other "members" forming part of this integration tax relief are Sartorius Stedim Aseptics S.A. The "members" record the income tax as if there were no integration tax relief. The gains and losses are compensated at the parent company in order to determine the group income tax to be paid. For fiscal 2008, this resulted in a tax savings of €645 K.

14. Workforce Analysis

Workforce at December 31:

Workforce at December 31	**2008**			**2007**			**2006**		
	Men	**Women**	**Total**	Men	Women	Total	Men	Women	Total
Executives	**53**	**36**	**89**	40	34	74	39	31	70
Employees	**77**	**119**	**196**	63	109	172	62	108	170
Total	**130**	**155**	**285**	**103**	**143**	**246**	**101**	**139**	**240**

15. Directors' Remuneration

Remuneration paid to members of the Board of Directors as directors' meeting attendance fees amounted to €75 K, relating to the 2007 fiscal year and paid in 2008.

Remuneration paid to the general management of the company totaled €348 K in fiscal 2008.

16. Off-Balance Sheet Commitments (in thousands of €)

Type of commitment	Note	At Dec. 31, 2008	At Dec. 31, 2007	At Dec. 31, 2006
Commitments given				
Retirement commitment	[1]	**510**	479	440
Guarantee commitment given to Société Générale on behalf of Integrated Biosystems SARL		**5,000**	5,000	5,000
Pledge of Integrated Biosystems Inc. shares for authorization of a loan from Société Générale		**0**	11,992	12,984
Commitments received				
Contractual loan capacity from credit institutions	[2]	**15,707**	20,420	20,562

[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.

[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 financial key ratios (covenants). Please refer to Section 27 | paragraph G of the Consolidated Statements for more details.

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. Since the 2006 fiscal year, Sartorius Stedim Biotech S.A. has been assuming that employees will voluntarily retire at the age of sixty-five.

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 gives rise to provisions and primarily includes retirement bonuses.

The following actuarial assumptions were used:

Year	Discount rate	Rate of increase	Average age on retirement
2006	4.45%	2.75%	65 years
2007	5.15%	3.50%	65 years
2008	**5.10%**	**2.75%**	**65 years**

Attrition assumptions by age bracket were as follows:

Age range	Attrition at Dec. 31, 2008
20 to 29 years	**7%**
30 to 39 years	**6%**
40 to 49 years	**6%**
50 to 65 years	**2%**

17. Information on Affiliates (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).

Accounts	At Dec. 31, 2008	At Dec. 31, 2007	At Dec. 31, 2006
Investments	**84,425**	99,777	39,962
Trade receivables	**6,625**	4,495	2,626
Other receivables	**3,786**	4,222	3,528
Trade payables	**1,075**	1,640	2,225
Other liabilities	**18,993**	6,250	8,977
Income from investments	**9,000**	4,135	181
Other financial income	**203**	152	146
Finance expense	**480**	388	466

In the following, you will find the table of subsidiaries and shareholdings:

At Dec. 31, 2008	Share capital	Reserves, share premium and retained earnings before appropriation	Ownership in %	Book value of shares held		Loans outstanding and advances granted	Changes in deposits and pledges	Sales (ex-VAT) – for the financial year	Net profit	Dividends received
				Gross	Net					
Sartorius Stedim Biotech GmbH			100.0%							
(Euros)	6,000	47,754		79,949	79,949	–13,879	0	177,758	11,044	8,000
Sartorius Stedim SUS SARL			100.0%							
(Dinars)	4,357	–4,438						10,560	458	0
(Euros)				2,628	2,628	3,786	0	5,860	254	0
Sartorius Stedim Aseptics S.A.			100.0%							
(Euros)	448	1,960		1,848	1,848	–1,264	0	5,610	1,416	1,000

At Dec. 31, 2007	Share capital	Reserves, share premium and retained earnings before appropriation	Ownership in %	Book value of shares held		Loans outstanding and advances granted	Changes in deposits and pledges	Sales (ex-VAT) – for the financial year	Net profit	Dividends received
				Gross	Net					
Sartorius Stedim Biotech GmbH			100.0%							
(Euros)	6,000	29,162		59,500	59,500	317	0	116,737	6,125	4,000
Sartorius Stedim SUS Inc.			100.0%							
(Dollars)	3,910	4,719				0	0	27,413	970	0
(Euros)				4,009	4,009	0		20,024	709	0
Sartorius Stedim SUS SARL			100.0%							
(Dinars)	4,357	–4,412						9,453	396	0
(Euros)				2,628	2,628	3,800	0	5,463	229	0
Sartorius Stedim Freeze-Thaw Inc.			100.0%							
(Dollars)	18,611	–356				–7,699	0	21,042	–2,674	0
(Euros)				31,792	16,457	–5,266		15,370	–1,953	0
Sartorius Stedim Aseptics S.A.			100.0%							
(Euros)	448	1,179		1,848	1,848	–784		4,855	781	135

At Dec. 31, 2006	Share capital	Reserves, share premium and retained earnings before appropriation	Ownership in %	Book value of shares held		Loans outstanding and advances granted	Changes in deposits and pledges	Sales (ex-VAT) - for the financial year	Net profit	Dividends received
				Gross	Net					
Sartorius Stedim SUS Inc.			100.0%							
(Dollars)	3,910	1,626				0	0	30,230	2,123	0
(Euros)				4,009	4,009	0		24,076	1,691	0
Sartorius Stedim SUS SARL			100.0%							
(Dinars)	4,357	–4,115						11,717	–719	0
(Euros)				2,628	2,628	3,527	0	7,062	–211	0
Sartorius Stedim Freeze-Thaw Inc.			100.0%							
(Dollars)	18,611	1,053				–11,249	0	30,396	2,958	0
(Euros)				31,812	31,812	–8,657		24,208	2,356	0
Sartorius Stedim Aseptics S.A.			90.0%							
(Euros)	448	1,776		1,512	1,512	–320		3,446	539	180

Statutory Auditors' Report on the Annual Financial Statements

(Freely translated from the French original by the auditors)

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Shareholders' Meetings, we hereby report to you, for the year ended December 31, 2008, on the following:

- The audit of the accompanying annual financial statements of Sartorius Stedim Biotech;
- 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; these standards require that we plan and perform our 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 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 give a true and fair view, in all material respects, of the financial position of the company and of the results of its operations for the year ended December 31, 2008, 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 would like to bring the following to your attention:

The Notes to the Annual Financial Statements set out the rules and accounting methods relative to the valuation of investments. 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, served to form our audit opinion expressed in the first part of this report.

III. Specific verification and information

We have also performed the specific verifications required by French law.

We have no matters to report regarding the following:

- The fair presentation and the conformity with the financial statements of the information given in the management report and in the documents addressed to the shareholders with respect to the financial position and the financial statements;

- The fair presentation of the information given in the management report with respect to the remuneration of and benefits granted to the relevant directors and any other commitments made in their favor in connection with, or subsequent to, their appointment, termination or change in current function.

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 management report.

Marseille, March 6, 2008

The Statutory Auditors

Deloitte & Associés	Ernst & Young Audit
French original signed by	French original signed by
Vincent Gros	Jérôme Magnan

06

Additional Information

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, ZI des Paluds, avenue de Jouques.

This office may be transferred to another location in the same département [French country or state] or an adjacent département 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 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 wishes to all available, ordinary or extraordinary reserves, or carry it forward.

Shareholders' Meetings

Notification

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 company 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 notification (Heading 3, excerpt of Article 14, of the company bylaws). The forms and timescale of the notification are governed by French laws.

Agenda

The notice of the meeting must include the agenda approved by the author of the notice (Heading 3, excerpt of Article 14, of the company 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 company 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 bylaws).

Admission to Meetings – Powers (Heading 3, Excerpt of Article 14, of the Company 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 Company 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 extraordinary 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, 2008, there were 2,014,625 shares with a double voting right out of a total of 16,922,488 shares. Thus, the total voting rights are 18,937,113.

(Heading 3, Article 16 [excerpt])

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. It 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 a 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 in violation 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

The company has not set up a share buyback program.

Liquidity Contract

Under the liquidity contract concluded between Sartorius Stedim Biotech and the stockbroker Gilbert Dupont, the following assets appeared on the liquidity account at December 31, 2008:

- Number of shares: 5,110
- Liquidity account cash balance: €67,950.80

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 administrative 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 2008 totaled €11,044,308.47.

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.

Registered Trademarks and Trademark Applications

Name	EU	Germany	France	International registration in the countries designated	USA	Australia	Brazil	Mexico	UK	Canada
Sartorius Stedim Biotech	08/13/2007 No. 006228019 08/132017			11/16/2007 No. 962279 11/16/2017 + AU CH KR RU SG TR VN	08/17/2007 No. 76/680,786 Reg. in progress		01/142008 Applications filed for 13 different classes; reg. in progress			11/09/2007 No. 1371410 Reg. in progress
BIOSTAT		10/04/1968 No. 873661 10/31/2018		06/26/1985 No. 494574 06/26/2015 + AT BX CH DE ES FR IT PT	07/22/1988 No. 1572999 12/26/2009				07/16/1988 No. 1246230 07/16/2016	
HYDROSART	11/12/2001 No. 002458461 11/12/2011	04/07/1983 No. 1065357 04/07/2013			12/10/2001 No. 2677224 01/21/2013					11/28/2001 No. 609610 05/06/2019
MAXICAPS	10/04/1999 No. 001330885 10/042009				11/15/1999 No. 2450203 05/08/2011					
MIDICAPS	02/15/2005 No. 004289724 02/15/2015				02/16/2005 No. 3195052 01/02/2017					
MINISART		08/09/1978 No. 980370 08/09/2018	10/26/1988 No. 1495753 10/26/2018		02/07/1979 No. 1144895 12/30/2010				01/18/1979 No. 1107904 08/09/2009 01/18/1979 No. 1107903 01/18/2010	
SARTOCHECK		06/13/1979 No. 987883 06/13/2009	10/17/1989 No. 1555685 10/17/2009		12/05/1979 No. 1200237 07/06/2012				12/20/1986 No. 1125952 12/20/2010	
SARTOCON		06/06/1979 No. 988000 06/06/2009	10/17/1989 No. 1555684 10/17/2009		06/15/1982 No. 1197792 06/15/2012				12/20/1986 No. 1125951 12/20/2010	
VIROSART	11/02/2004 No. 004103701 11/02/2014	07/28//2004 No. 30443764 07/31/2014			11/10/2004 No. 3178067 11/28/2016					
SARTOFLOW		06/03/1983 No. 1057870 06/30/2013		03/06/1985 No. 494396 03/06/2015 + AT BX CH DE DZ EG ES FR HU IT KP LI MA MC PT RO RS RU SD VN	08/08/2007 No. 76/680,474 Reg. in progress				10/25/1984 No. 1228900 10/25/2015	
SARTOPORE	01/10/2000 No. 001454461 01/10/2010				02/15/2000 No. 2429825 02/20/2011					
FLEXBOY	08/31/2005 No. 004614038 08/31/2015		04/19/1993 No. 93465632 04/19/2013	01/24/1995 No. 630378 01/24/2015 + DE AT BX IT CH 02/27/2006 No. 879252 02/27/2016 + JP	08/31/1993 No. 2041550 03/04/2017	01/31/1995 No. 651778 01/31/2015	07/15/2003 No. 825688744 07/15/2013	09/03/2003 No. 810249 09/03/2013	01/31/1995 No. 2009384 01/31/2015	
FLEXEL	02/20/1998 No. 000753202 02/20/2018		09/02/1997 No. 97693975 09/02/2017		02/27/1998 No. 2414947 12/26/2010		07/15/2003 No. 825688736 07/15/2013	09/03/2003 No. 810250 09/03/2013		
PALLETANK	07/01/1998 No. 000865865 07/01/2018									
RAFT	08/31/2005 No. 004614046 08/31/2015									
EVAM	01/15/1999 No. 001344266 10/15/2009									
STEDIM	08/08/2005 No. 004582037 08/08/2015			10/09/2006 No. 904339 10/09/2016 + JP	03/30/1984 No. 1366524 10/22/2015					
NUTRIBAG			07/19/1989 No. 1627260 07/19/2009							
NUTRIKIT			06/05/1989 No. 1535354 06/05/2009							
NUTRIMIX			06/05/1989 No. 1535353 06/05/2009							
NUTRIPOCHE			06/05/1989 No. 1535352 06/05/2009							
BIOSAFE			02/01/1995 No. 95556118 02/01/2015	02/22/2001 No. 758706 02/22/2011 + DE DK GB CH						
BIOSTEAM			08/01/2005 No. 053373523 08/01/2015							
FLUXBULLE			11/03/1994 No. 94543057 11/03/2014							

Apart from the trademarks mentioned above, the Sartorius Stedim Biotech Group is the owner | applicant of 303 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	11/08/2007 No. 5170560 10/03/2018				11/28/2007 Applications filed for 13 different classes; reg. in progress			01/14/2008 Applications filed for 13 different classes; reg. in progress		11/19/2007 Applications filed for 13 different classes; reg. in progress	01/18/2008 Applications filed for 13 different classes; reg. in progress
BIOSTAT	02/22/1988 No. 2021770 02/22/2018 08/27/1986 No. 1880889 08/27/2016	06/28/1985 No. 233586 08/29/2016	01/05/1988 No. 100350 01/05/2018	07/01/1985 No. 116688 06/30/2016	07/11/1985 No. 8502982 07/11/2012	05/27/1987 No. 128877 05/27/2017	03/31/1988 No. 209760 03/31/2018				
HYDROSART	11/21/2001 No. 4663672 04/18/2013										
MAXICAPS	10/15/1999 No. 4535058 01/11/2012										
MIDICAPS	02/25/2005 No. 4906540 11/04/2015										
MINISART	02/09/1979 No. 1583197 04/26/2013										
SARTOCHECK	09/29/1983 No. 1618759 09/29/2013										
SARTOCON											
VIROSART	01/28/2005 No. 5040228 04/13/2017							11/24/2004 No. 4379959 06/21/2018	01/20/2005 No. 533,632 01/20/2015		
SARTOFLOW											
SARTOPORE	02/02/2000 No. 4495393 08/03/2011										
FLEXBOY							01/19/1995 No. 323347 05/16/2017				
FLEXEL	03/02/1998 No. 4470133 04/27/2011										
PALLETANK	02/28/2006 No. 5005301 11/24/2016										
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 303 different trademarks in various countries [the dates are indicated as month/day/year].

Special Report of the Statutory Auditors on Agreements and Commitments

(Freely translated from the French original by the auditors)

To the Shareholders,

In accordance with our appointment as Statutory Auditors of your company, we hereby report on the agreements and commitments involving members of the Board of Directors of the company.

The terms of our engagement do not require us to identify such agreements or commitments, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness or their merit. It is your responsibility, pursuant to Article R. 225–31 of the French Commercial Code ("Code de commerce"), to assess the interest involved with respect to the conclusion of these agreements and commitments for the purpose of approving them.

No agreements and commitments authorized during the fiscal year

Pursuant to Article L. 225–38 of the French Commercial Code ("Code de Commerce"), no agreements and commitments previously authorized by the Board of Directors have been brought to our attention.

Agreements and commitments approved during previous fiscal years with continuing effect

In addition, pursuant to the French Commercial Code, we were informed that the following agreements and commitments, approved during previous fiscal years, remained in effect.

With Ms Liliane de Lassus, Vice CEO [Executive Vice President]

1 | Severance Payment

Nature and Subject Matter:

In the event that the Board of Directors decided to terminate the duties of Ms. Liliane de Lassus for a cause other than gross negligence or willful misconduct, Ms. Liliane de Lassus would be entitled to a severance payment ("departure indemnity"). Said severance payment would be to the exclusion of any other form of remedies or indemnification in the context of the revocation of her appointment. To avoid any doubts, said severance payment shall not be due to Ms. Liliane de Lassus in the event of resignation, whether such resignation results from Ms. de Lassus's decision or from the applicable laws, regulations or bylaws of the company.

Terms:

The severance payment would be equal to 12 months of her fixed gross monthly salary. Ms. Lilianne de Lassus's appointment was revoked by the Board of Directors on March 6, 2008. The indemnity she received was €240,000.

2 | Supplementary Pension Plan

A Vice CEO [Executive Vice President] benefits from a supplementary, pre-funded pension plan in the form of a deferred annuity, the contributions to which are paid by Sartorius Stedim Biotech S.A.

This supplementary pension is payable at the normal age of retirement; the periodic payments are capitalized at the rate of 4.5%.

Terms:

With respect to the financial year, the contributions paid by Sartorius Stedim Biotech S.A. amounted to €6,900.

We conducted our procedures in accordance with professional standards of "Compagnie national des Commissaires aux comptes" that are applicable in France. These standards require that we verify whether the information provided to us agrees with the relevant source documents.

Marseille, March 6, 2008

The Statutory Auditors

Deloitte & Associés	Ernst & Young Audit
French original signed by Vincent Gros	French original signed by Jérôme Magnan

Resolutions Submitted to the Annual Combined Ordinary and Extraordinary Shareholders' Meeting on April 21, 2009

First Resolution

The Annual Combined Ordinary and Extraordinary 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, 2008, which disclosed a net profit of €5,654,467 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, 2008, which disclose a net profit (equity holders) of €13,091 K, 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, which is 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 for 2008 (€5,654,467) as follows:

- Deduct earlier losses of €1,481,567 from the net profit;

- Which yields a balance of €4,172,900;

- Allocate 5% of this balance, or €208,645, to the legal reserves;

In determining the existence of a distributable profit, said allocation results in a distributable profit of €3,964,255;

- Add the transfer of €1,112,491.40 from "Share premiums" to this distributable profit;

- This sum yields a total distributable profit of €5,076,746.40.

The AGM thus decides to disburse to shareholders an amount totaling €5,076,746.40.

As a result, for every share with a par value of €0.61, a net dividend of €0.30 will be paid. 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 (Article 158-3).

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 18% tax on this dividend income to fully satisfy their tax liability imposed on such income according to the "Prélévement forfaitaire libératoire."

The dividend will be paid out on April 30, 2009.

The amounts distributed after January 1, 2006, 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, 2007	€5,069,396	
Dec. 31, 2006	€1,344,458	
Dec. 31, 2005	€1,328,270	

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 Commercial Code, approves the conclusions of said report and the agreements contained therein.

Fourth Resolution

The AGM approves the amount of €65,956 to be paid to the Directors with regard to their meeting attendance fees for the reporting year of 2008.

Fifth Resolution

The AGM, acting under the quorum and majority conditions required for Ordinary General Shareholders' Meetings, resolves to appoint Mr. Oscar-Werner Reif as company director, effective as of the adjournment of this AGM and for a three-year term that will expire at the end of the AGM to be convened in 2012 for reviewing the accounts for the financial year ending on December 31, 2011.

Mr. Oscar-Werner Reif, prior to his appointment, made it known that he in principle accepted this nomination and that he is not prohibited from and is capable of accepting such an appointment.

Sixth Resolution

As the appointment of the principal legal auditor Ernst & Young is due to expire, the AGM resolves to renew Ernst & Young's appointment for a six-year term, i.e., to expire at the end of the AGM to be convened for endorsing the financial statements for the year ending on December 2014.

As the appointment of the substitute legal auditor Patrick Gounelle is due to expire, the AGM resolves to appoint Auditex as a replacement for Patrick Gounelle and for a six-year term, i.e., to expire at the end of the AGM to be convened for endorsing the financial statements for the year ending on December 2014.

Seventh Resolution

The AGM grants all powers to a bearer of the original, a copy or an extract from the minutes of the present meeting to carry out all necessary formalities.

Eighth Resolution

The AGM, after reading the special report of the legal auditors with regard to the cancellation of the preferential subscription rights, according to Article L.225-129-6 of the French Commercial Code ("Code de Commerce"), and after reading the Board of Directors report, delegates to the Board of Directors the authority to decide on increasing capital up to a maximum amount of 1% in a 26-month period, starting at the present AGM.

Thus, the AGM resolves to revoke the preferential subscription rights of the shareholders regarding employees subscribing to the company savings plan.

The AGM resolves that the issuance of the new shares will be determined according to the Article L. 443-5 of the French Labor Code ("Code du Travail").

The AGM delegates to the Board of Directors the discretionary power to settle on a list of beneficiaries and the number of shares to be allocated to each beneficiary.

Report of the Board of Directors on the Increase in Capital Reserved for Employees

By voting for the eighth resolution, the AGM would delegate to the Board of Directors the authority to proceed to increase the amount of issued capital, where necessary, within the limit of maximum nominal amount representing 1% of the share capital on the date the AGM takes place. This may lead to the issuance of ordinary shares to the employees subscribing to the company savings plan. The authority delegated would be for a 26-month term.

The Board of Directors may decide to set the share price to be subscribed at a discount prescribed by French law, i.e., a maximum of 20% during the last 20 trading days preceding the day of the opening date of the subscription).

Report of the Statutory Auditors on the Increase in Capital with Cancellation of Preferential Subscription Rights Reserved for Employees Who Are Members of a Company Savings Scheme

(Freely translated from the French original by the auditors)

To the Shareholders,

In our capacity as Statutory Auditors of your company and in compliance with Articles L. 225-135 and the following of French Commercial Code ("Code de Commerce"), we hereby report on the proposed increase in capital reserved for the employees of Sartorius Stedim Biotech, with cancellation of preferential subscription rights, upon which you are called to vote. This increase in capital by issuing ordinary shares is limited to 1% of the share capital of your company as of the date of the Board of Directors' decision and is reserved for the employees of Sartorius Stedim Biotech under the current company savings scheme.

This increase in capital is submitted for your approval in accordance with Articles L. 225-129-6 of the French Commercial Code ("Code de Commerce") and L. 3332-18 of French Labor Code ("Code du Travail").

Your Board of Directors proposes that, on the basis of its report, it be empowered for a period of 26 months to determine the conditions of this operation and proposes to revoke your preferential subscription rights.

In accordance with Articles R. 225-113 and R. 225-114 of French Commercial Code ("Code de Commerce"), it is the responsibility of your Board of Directors to prepare a report. Our responsibility is to report on the fair presentation of the financial information taken from the accounts concerning the proposed cancellation of the preferential subscription rights, and on other specific information relating to the issue contained in this report.

We performed the procedures we considered necessary to comply with the French national auditing body's (Compagnie Nationale des Commissaires aux Comptes) professional guidance for this commission. These procedures are designed to verify the information contained in the Board of Directors' Report relating to this operation and the methods used for determining the issue price.

Subject to a subsequent examination of the conditions for the proposed increase in capital, we have nothing to report on the methods used for determining the issue price provided in the Board of Directors' Report.

As the issue price has not yet been determined, we cannot report on the final conditions for the increase in capital or, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of French Commercial Code ("Code de Commerce"), we will issue a supplementary report when capital has been increased by your Board of Directors.

Marseille, March 6, 2009

The Statutory Auditors

Deloitte & Associés	Ernst & Young Audit
French original signed by Vincent Gros	French original signed by Jérôme Magnan

Information on the Reference Document and the Annual Financial Report

Declaration of Responsibility for the Reference Document and the 2008 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 (pages 20 to 55) presents a fair review of the development and performance of the business and financial position of the company and 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 131 and 149 of this Reference Document.

March 9, 2009

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 sections of the present document.

Headings of Part 1 of the European Regulation No. 809/2004 of April 29, 2004 Page number of the European Commission document		Corresponding page number in document
1.	**Persons responsible**	
1.1.	Persons responsible for information	166
1.2.	Certification of persons responsible for registering document	166
2.	**Independent auditors**	
2.1.	Name and address of Independent Auditors of the issuer	86
3.	**Selected financial information**	
3.1.	Presentation of selected historical financial information for every year of the period covered by this financial information	1, 96 - 101
4.	**Risk factors**	**42 – 45**
5.	**Information on the issuer**	
5.1.	History and development of the company	2
5.1.1.	Corporate name and commercial name of issuer	153
5.1.2.	Place and registration number of issuer	153
5.1.3.	Date of establishment and life of issuer	153
5.1.4.	Registered office and legal form of issuer, legislation governing its operation, country of origin, address	153
5.2.	Investments	29, 93
5.2.1.	Principal investments (including their amounts) carried out	29, 93
6.	**Overview of operations**	
6.1.	Principal operations	21 - 26
6.2.	Principal markets	23 - 26
6.3.	Dependence on patents, licenses and contracts	46 - 48
6.4.	Competition	47
7.	**Organigramme (organizational charts)**	
7.1.	Description of group	107
7.2.	List of subsidiaries	107
8.	**Property, plant and equipment**	
8.1.	Significant existing or planned property, plant and equipment	115 - 116
8.2.	Environmental issues	36, 48
9.	**Analysis of financial situation and results**	
9.1.	Financial position	31, 96 - 100
9.2.	Operating profit	26 à 28, 91
10.	**Cash position and capital**	
10.1.	Issuer's capital (short- and long-term)	56, 121
10.2.	Cash flow	99
10.3.	Borrowing conditions and financial structure	43, 132
10.4.	Expected sources of financing	43, 132
11.	**Research and development, patents and licenses**	**31**
12.	**Information on trends**	**21 – 26**
13.	**Profit forecasts or estimates**	**49 – 50**
14.	**Governing, management, supervisory and executive bodies**	
14.1.	Composition of governing and management bodies Nature of all family links amongst these persons	78 - 81
14.1.1.	Conviction for fraud within the last five years at least	83
14.1.2.	Bankruptcy, sequestration or liquidation of a member of governing bodies	83
14.1.3.	Indictment and/or official public sanction against a member of governing bodies	83
14.2.	Conflict of interest at the level of governing and management bodies	83
15.	**Remunerations and benefits**	
15.1.	Remuneration paid and benefits in kind	60, 87
15.2.	Pensions, retirement or other benefits	60, 87

Headings of Part 1 of European Regulation N°809/2004 of April 29, 2004 Page number of the European Commission document		Corresponding page number in document
16.	**Operation of governing and management bodies**	
16.1.	Expiration date of current mandates and terms of office	82
16.2.	Service agreements with the members	87
16.3.	Audit and Remuneration Committees of issuer	82
16.4.	Corporate governance	84, 87
17.	**Employees**	
17.1.	Workforce at end of period covered by historical financial information	136
17.2.	Shareholding in capital	132 - 133
17.3.	Employee shareholding in capital	55
18.	**Principal shareholders**	
18.1.	Crossing thresholds	55
18.2.	Double voting rights	161
18.3.	Control of the business	54
19.	**Transactions with related parties**	**166**
20.	**Financial information on the Issuer's assets, financial situation and profit**	
20.1.	Historical financial information (results of the last five years)	61
20.2.	2007/2008 consolidated financial results	30 - 31
20.3.	2008 consolidated income statement	97
20.4.	2007/2008 consolidated financial statements (balance sheet, income statement, cash flow, equity, notes to the consolidated financial statements)	96 - 136
20.5.	Verification of annual historical information (Independent Auditors' Reports)	137, 166
20.6.	Last financial information	3
20.7.	Dividend distribution policy	17, 162
20.8.	Legal and arbitration procedures	
20.9.	Significant change in financial or commercial situation	83
21.	**Additional information**	
21.1.	Share capital	53
21.1.1	Amount of issued capital, number of shares authorized, number of shares issued and fully paid, number of shares issued but not fully paid, par value per share and reconciliation of the number of shares outstanding at the beginning and end of the year	56 - 57, 133
21.1.2	Shares not representing capital	N/A
21.1.3	Number, book value and face value of shares held by or on behalf of the issuer itself or by subsidiaries of the issuer	52 - 53
21.1.4	Amount of convertible securities, exchangeable securities or securities with warrants	N/A
21.1.5	Information about and terms of any acquisition rights or obligations over authorized but unissued capital, or an undertaking to increase the capital	N/A
21.1.6	Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option	N/A
21.1.7	History of share capital for the period covered by the historical financial information	53, 61
21.2	Memorandum and articles of association	162
21.2.1	Objects and purposes of the issuer	159
21.2.2	Member of administrative, management and supervisory bodies	78 - 83
21.2.3	Rights, preferences and restrictions attaching to each class of the existing shares	132- 133
21.2.4	Actions required to change the rights of shareholders	N/A
21.2.5	Conditions governing the manner in which annual general meetings and extraordinary general meetings of shareholders are called including the conditions of admission	159
21.2.6	Provisions in the issuer's articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the issuer	N/A
21.2.7	Provisions in the articles of association, statutes, charter or bylaws governing the ownership threshold above which shareholder ownership must be disclosed	162
21.2.8	Conditions imposed by the memorandum and articles of association, statutes, charter or bylaws, governing changes in the capital, where such conditions are more stringent than is required by law	N/A
22.	**Major contracts**	**163**
23.	**Information provided by third parties, declaration by experts and declaration of interests**	**92 - 93**
24.	**Documents accessible to the public**	**3**
25.	**Information on shareholdings**	**107**

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.

DAX®, MDAX®, SDAX®, TecDAX®
German stock indexes of the transaction service provider and marketplace organizer Deutscher Börse AG

Derivative financial instruments
Instruments for hedging against the risks of changes in market prices in foreign currencies

D&O insurance — Directors' and Officers' liability insurance
This liability insurance provides coverage to executives and senior managerial employees

DVFA | SG
The Methods Commission of the Society of Investment Professionals in Germany (DFVA e.V.), also commonly referred to as the German association for financial analysis and asset management, and the Schmalenbach-Gesellschaft, one of the leading scientific societies in the area of business administration and financial reporting

EBITA
Earnings before interest, taxes and amortization. Amortization in this context refers exclusively to the purchase price allocation (PPA) to intangible assets acquired according to IFRS 3.

EBITA margin
Ratio of EBITA (earnings before interest, taxes and amortization) to sales revenue

EBITDA
Earnings before interest, taxes, depreciation and amortization. These exclude amortization for business combinations and intangible assets as well as depreciation for tangible assets.

Equity ratio
The ratio of equity to the balance sheet total

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 (at least 5% by definition)

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

Prime Standard
Market segment of the Frankfurt Stock Exchange with high, internationally accepted transparency requirements. It is intended to meet the needs of companies seeking to attract the attention of international investors.

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.

Pro forma underlying EBITA
Pro forma underlying earnings with non-operating and extraordinary items. The "pro forma underlying" presentation means that Stedim and the former Biotechnology Division of Sartorius were included as of January 1, 2007, and we proceeded to make adjustments for extraordinary expenses, the majority of which are related to the cost of the transaction and integration as well as for reorganization measures.

Return on equity
Ratio of the net profit to the average equity

Supply chain management
Setup and coordination of integrated flows of materials, information and finances (supply chains) over the entire valued-added process

Treasury
Short- and medium-term liquidity management

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Index

A Selection of Our Products

Sartorius MidiCaps® | MaxiCaps®
A group of scalable disposable filter capsules with a wide selection of filter membranes and connector options for process development and production

SARTOFLOW® Alpha plus
Modular crossflow filtration system for semi-automatic micro-, ultra- and diafiltration in laboratory-scale and small-scale pilot production plants

BIOSTAT® Cultibag STR
Single-use bioreactor system with disposable sensor and stirring technology for cultivation processes from pilot to process scale

Flexboy®
Sterile single-use bags for sampling of biopharmaceuticals

SuperSpinner D 1000
Single-use 1 l bioreactor for fast and economical production of recombinant proteins, monoclonal antibodies or biomass

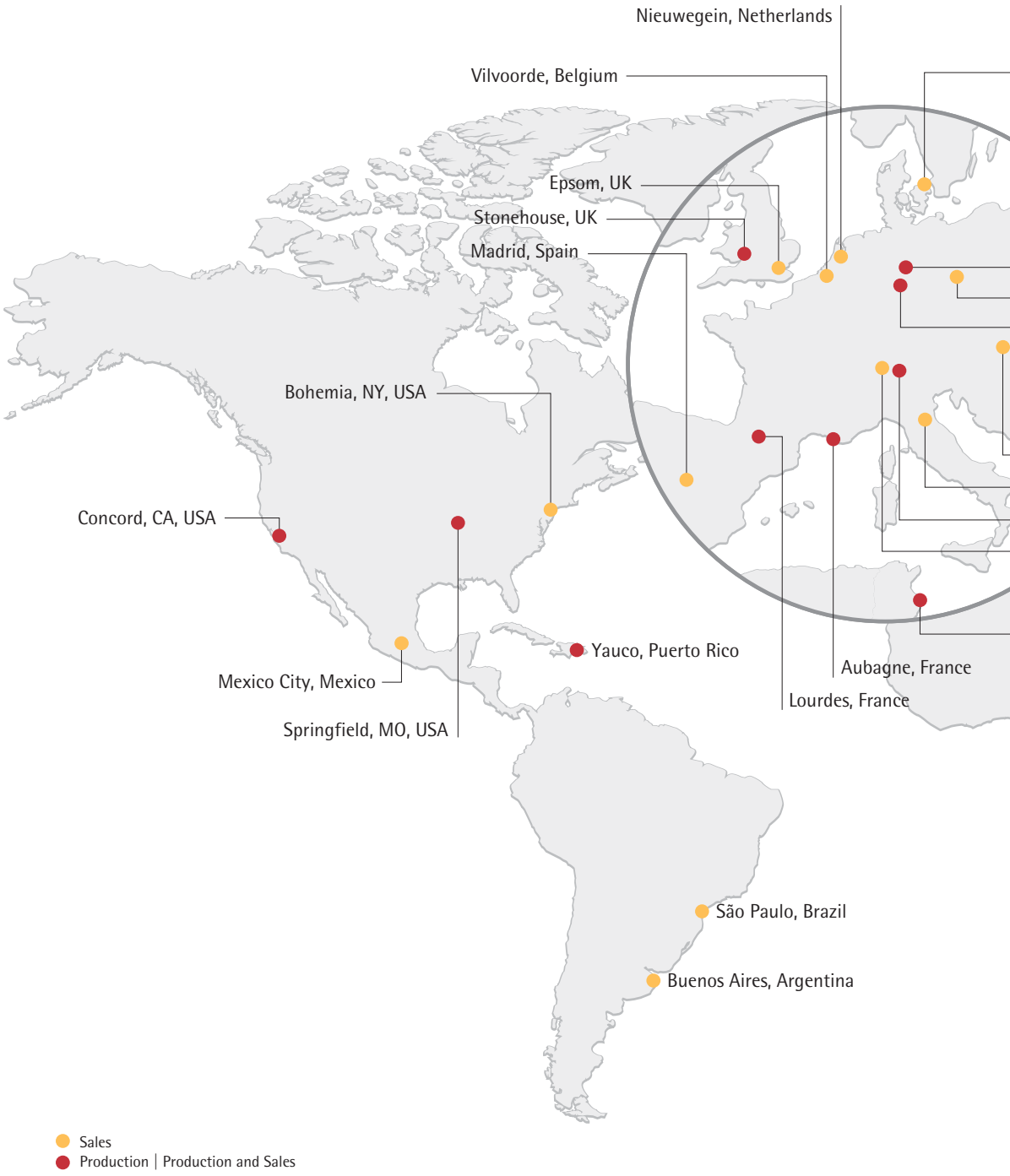
Sartobind® Q mega
Filter capsule for fast chromatographic polishing of therapeutic proteins

Flexel® 3D Modular Palletank® System
Stainless steel container for safe transportation and storage of biopharmaceutical liquids in sterile Flexel® 3D single-use bags

BIOSTAT® Qplus
Bioreactor system for process development and optimization; designed for parallel operation with fully independent control of up to twelve small-volume culture vessels

Vivacon 2
Centrifugal ultrafiltration unit used to concentrate diluted DNA samples for forensic analysis

A Local Presence Worldwide



sartorius stedim biotech

Financial Schedule and Contacts

Financial Schedule

March 18, 2009
SFAF Conference in Paris, France

April 21, 2009
Annual General
Shareholders' Meeting
in Aubagne, France

April 2009
Publication of first-quarter figures
for 2009

July 2009
Publication of first-half figures
for 2009

October 2009
Publication of nine-month figures
for 2009

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