



Dr. h.c. Willy Michel, Chairman of the Board of Directors



Dr. Dieter Schäfer, Vice Chairman of the Board of Directors



Prof. Dr. rer. pol. Dr. h.c. mult. Norbert Thom, Member of the Board of Directors



Peter Kappeler, Member of the Board of Directors

“The corporate governance report describes the management and control principles at the highest level of the company and its subsidiaries, in line with the SWX Swiss Exchange guidelines on corporate governance information.”

Ypsomed, which is headquartered in Burgdorf, Switzerland, is the world leader in the field of injection systems for self-administering pharmaceutical substances. Ypsomed develops and produces its products primarily in Switzerland. Ypsomed products are marketed by biotech and pharmaceutical partners around the world, as well as through the company's own distribution network and by independent distributors. The Ypsomed Group also includes Ypsotec, a supplier of precision rotary parts and subassemblies.

The Ypsomed Group's rules and regulations on Corporate Governance are defined in the Articles of Association (Statuten) and in the Organization Policy of the Board of Directors (Organisationsreglement) of Ypsomed Holding AG and correspond to the Corporate Governance Directive of 1 July 2002 issued by the SWX Swiss Exchange. A copy of Ypsomed Holding AG's Articles of Association (in the German version) can be ordered from the company or can be viewed on the company's website at www.ypsomed.com (under Media/Investors/Corporate Governance).

Group structure

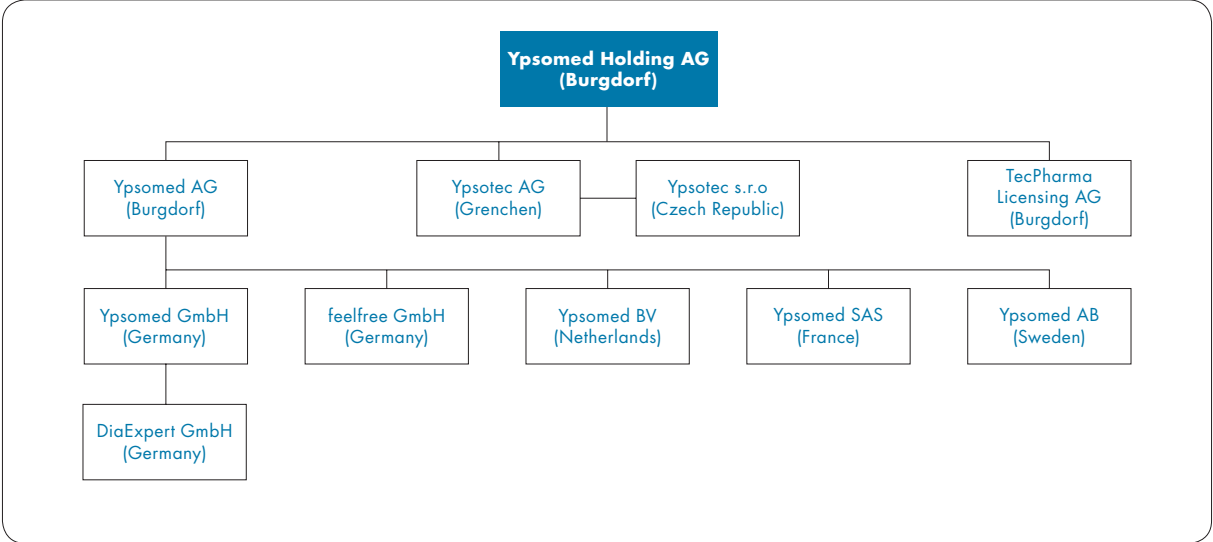
Ypsomed Holding AG is organized as a holding company pursuant to Swiss law and directly or indirectly owns or controls all companies that are part of the Ypsomed Group worldwide. None of Ypsomed Holding AG's subsidiaries are listed companies.

History of Ypsomed's development

Disetronic was founded in 1984. It developed and produced infusion systems and, from 1986, injection systems. On 30 April 2003, Roche Holding AG acquired all of the shares in Disetronic Holding AG held directly and indirectly by Dr. h.c. Willy Michel, which amounted to approximately 33% of the shares in the company, and, through a public tender offer to the other shareholders, all remaining shares in the company. At the same time, Dr. h.c. Willy Michel acquired the injection business of Disetronic indirectly through Finox Beteiligungen AG, whose sole shareholder was Dr. h.c. Willy Michel, and which acquired all of the shares in Ypsomed AG (formerly known as Disetronic Injection Systems AG), in TecPharma Licensing AG (formerly known as Disetronic Services AG) and in Ypsotec AG (formerly known as Décolletage AG).

On 23 March 2004, Ypsomed Holding AG, a subsidiary of Finox Beteiligungen AG, acquired all of the shares in Ypsomed AG, TecPharma Licensing AG and Ypsotec AG from Finox Beteiligungen AG, with retroactive effect from 30 November 2003. With retroactive effect from 1 July 2004, the subsidiary Ypsomed Holding AG took over its parent company, Finox Beteiligungen AG, by way of a reverse merger. As a result of this merger, Finox Beteiligungen AG was wound up.

The offering circular (which is only available in English) contains further information and can be viewed on the company's website at www.ypsomed.com (under Media/Investors/Corporate Governance).



Listed holding company

Ypsomed Holding AG, which has its registered office in Burgdorf, is the holding company of the Ypsomed Group. It has a share capital of CHF 116 377 604.55, divided into 11 244 213 registered shares with a par value of CHF 10.35 each. Shares in Ypsomed Holding AG have been traded on the principal market of the Swiss Exchange SWX since 22 September 2004 under Security Number 1 939 699 and Symbol YPSN. The stock market capitalisation on 31 March 2007 was CHF 1 160 402 781 (prior year: CHF 2 453 487 276).

Operating organization

The Ypsomed Group's operating organization is based on a parent company structure. It is divided into the following departments: Corporate Finance/IT, Operations (including Technology and Production & Logistics and Precision Rotary Parts), Marketing & Sales, Corporate Development, Human Resources, Quality Management & Regulatory Affairs and Legal & Intellectual Property. As a rule, two members of the management of the Ypsomed Group sit on the Board of Directors of each subsidiary.

The corporate structure of Ypsomed Holding AG on 31 March 2007 is illustrated on page 67.

Shareholder structure

Registered shareholders

There were 7 745 shareholders registered in the Share Register on 31 March 2007 (prior year: 5 622 shareholders).

The distribution of shareholdings is divided as follows:

Number of shares	Number of shareholders on 31 March 2007	Number of shareholders (change from prior year)
1 to 100	4 882	(+1 231)
101 to 1000	2 684	(+ 879)
1001 to 10 000	156	(+20)
10 001 to 100 000	20	(-6)
more than 100 000	3	(-1)

The shareholder body on 31 March 2007 was constituted as follows:

Shareholder structure according to category of investor (number of shares)

Principal shareholder incl. affiliated persons	70.1%
Natural persons	12.8%
Banks	1.9%
Funds, foundations and other legal persons	4.4%
Not registered in stock register	10.8%

Shareholder structure by nationality (number of shareholders)

Swiss	96.0%
German	1.7%
Italian	0.6%
English	0.1%
Rest of the world	1.6%

Significant shareholders

Significant shareholder is Dr. h.c. Willy Michel, Chairman of the Board of Directors of Ypsomed Holding AG, who held 7 700 330 registered shares on 31 March 2007. Dr. h.c. Michel and affiliated persons together hold total 7 881 984 (70.1%) shares in the company. There are no shareholder agreements or other agreements between shareholders.

Cross participations

There are no cross participations.

Capital structure

Capital

Ypsomed Holding AG has a share capital of CHF 116 377 604.55, divided into 11 244 213 fully paid up registered shares, each with a par value of CHF 10.35. All shares entitle the holders to receive dividends. Ypsomed Holding AG does not have an authorised share capital amount. The company has neither issued profit certificates nor participation certificates. There are no convertible bonds outstanding, and no options have been issued for participation rights in Ypsomed Holding AG or any Group companies.

Contingent share capital

Ypsomed Holding AG has conditional share capital totalling CHF 1 656 000. The company may issue to selected employees and members of the Board of Directors up to 160 000 registered shares, to be paid up in full, with a par value of CHF 10.35 each. Shareholders' purchase and advance subscription rights are excluded. Pursuant to the Articles of Association, shares and option rights may be issued at a price below the stock market value. The company has not issued any shares or option rights to date.

Changes in capital

Since establishment, capital has changed as follows:

Changes in capital to 31 March 2007 pursuant to the accounts of Ypsomed Holding AG produced in accordance with company law

(in thousand CHF)

Date	Issue	Number of shares	Nominal value	Share capital	Capital reserves	Retained earnings	Own shares	Total
29.12.03	Founding	2 500	100.00	250 000.00				250 000.00
31.03.04	Net profit					11 096 910.20		11 346 910.20
01.04.04	Balance	2 500	100.00	250 000.00		11 096 910.20		11 346 910.20
01.07.04	Reverse merger with Finox Beteiligungen AG				-150 000.00	6 315 915.24		17 512 825.44
28.07.04	Capital increase settled with shareholderloan	997 500	100.00	99 750 000.00				117 262 825.44
18.09.04	Split 1 : 8	8 000 000	12.50					117 262 825.44
20.09.04	Capital increase IPO	3 016 000	12.50	37 700 000.00	165 143 042.21			320 105 867.65
28.09.04	Capital increase IPO over-allotment	228 213	12.50	2 852 662.50	12 495 951.29			335 454 481.44
31.03.05	Net profit					825 726.81		336 280 208.25
31.08.05	Nominal value reduction CHF 0.90 per share		-0.90	-10 119 791.70				326 160 416.55
31.03.06	Net profit					1 187 206.38		327 347 622.93
05.09.06	Nominal value reduction CHF 1.25 per share		-1.25	-14 055 266.25				313 292 356.68
31.03.07	Reserves for own shares					-2 223 985.21	2 223 985.21	313 292 356.68
31.03.07	Net profit					1 020 967.85		314 313 324.53
31.03.07	Balance	11 244 213	10.35	116 377 604.55	177 488 993.50	18 222 741.27	2 223 985.21	314 313 324.53

Share premium of IPO 20. + 28.09.2004	Capital	in %	IPO costs	Share premium gross	Share premium net
18.9.04 Capital increase	37 700 000.00	92.97%	10 189 057.47	165 143 042.21	154 953 984.74
28.9.04 Capital increase	2 852 662.50	7.03%	770 979.90	12 495 951.29	11 724 971.39
Total	40 552 662.50	100.00%	10 960 037.37	177 638 993.50	166 678 956.13

The costs for the IPO have been capitalized in the statutory accounts and are being amortized since September 2004 within five years.

Limitation on the transferability of shares

No share certificates are issued for Ypsomed Holding AG shares. Any shareholder may ask the company at any time to issue a confirmation regarding the registered shares entered in the Share Register in its name. Any person validly entered in the Share Register as an owner or beneficiary is considered to be a shareholder of the company. Any person acquiring registered shares or the beneficial entitlement to registered shares must apply in writing to be entered in the Share Register. Approval is given by the Board of Directors, which may delegate this power. The transfer is then entered in the Share Register. Applicants will be entered in the Share Register as shareholders with voting rights, provided they expressly declare that they have acquired the registered shares in their own name and for their own account. If this declaration is not made, the Board of Directors may refuse the entry. The Board of Directors may draw up principles for the entry of nominees and may permit nominees to be entered in the Share Register with voting rights for shares up to a maximum of 5% of the nominal share capital. The Board of Directors may also allow nominees to be entered in the Share Register with voting rights for shares exceeding this limit if the nominees disclose the names, addresses, nationality, domicile and shareholdings of the natural persons and legal entities on whose account they hold 1% or more of the nominal share capital. The 5% limit also applies to nominees who are related to "one another through capital ownership or voting rights, by virtue of a common management or otherwise. If a shareholder has been entered in the Share Register on the basis of incorrect information, having given the parties involved the right to be heard, the Board of Directors may remove from the Share Register the entry as a shareholder with voting rights and replace it with an entry as a shareholder without voting rights instead.

Restrictions on the transfer of registered shares may only be amended by a resolution passed at the General Meeting of Shareholders with a qualified majority of at least 2/3 of the votes represented and an absolute majority of the nominal share capital represented at such meeting.

Board of Directors

Members of the Board of Directors

The Board of Directors consists of a minimum of three and a maximum of five members elected for a term of office of three years with the possibility of reelection. The Board of Directors is self-constituting. All four members are non-executive members. Dr. h.c. Michel and Dr. Schäfer belonged to the group management of Disetronic Holding AG until April 2003 and March 2001 respectively. During the General Meeting of Shareholders in June 2007, Dr. Schäfer resigns from the board of directors after 15 years of function.

Dr. h.c. Willy Michel, Chairman of the Board of Directors of Ypsomed Holding AG, founded Disetronic together with his brother in 1984. They were together, until his brother's departure from the business in 1995, and thereafter Dr. h.c. Michel was alone responsible for the development, production, distribution and sale of Disetronic products. Within the context of the sale of Disetronic to Roche Holding AG in 2003, Dr. h.c. Michel bought back the injection business of Disetronic, which has traded under the name Ypsomed since then. He has held the post of Chairman of the Board of Directors of the Disetronic Group and now the Ypsomed Group without interruption. Prior to the founding of Disetronic, Dr. h.c. Michel obtained a broad range of experience with several industry and pharmaceutical companies in the fields of development, sales & marketing and he was the head of Novo-Nordisk Switzerland for six years (from 1978 until 1984). He was a member of the city council of Burgdorf for three years (from 1998 until 2001), which in 2004 awarded him the medal of honour. In addition, he is the owner of several companies, including companies involved in the fields of art and gastronomy. He is currently Chairman of the Board of Directors of BV Holding AG (since 2001), Member of the Board of Directors of Adval Tech Holding AG (since 2007), and is member of the Board of Directors with various non-listed companies. In 2005, Mr Michel was declared the "Master Entrepreneur of the Year" for his overall business performance by Ernst & Young AG, and in 2006 was awarded an honorary doctorate by the Economic and Social Science Faculty of Bern University (Dr. h.c.).

Board of Directors

Name	Nationality	Year	Position	Member since*	Elected until the AGM in
Dr. h.c. Willy Michel	Swiss	1947	Chairman of the Board of Directors	1984	2007
Dr. Dieter Schäfer	German	1942	Vice-Chairman of the Board of Directors	1992	2007
Peter Kappeler	Swiss	1947	Member of the Board of Directors	1996	2007
Prof. Dr. Norbert Thom	German	1946	Member of the Board of Directors	2005	2007

*including Member of the Board of Directors of Disetronic

Dr. phil. nat. Dieter Schäfer, Vice Chairman of the Board of Directors of Ypsomed Holding AG, joined Disetronic Holding AG in 1992 as a member of the Board and as general manager of all German subsidiaries of Disetronic at that time, being responsible for building up Disetronic's distribution network in Germany. He headed the marketing of the insulin pump and needle business in Germany and was very closely involved in the development of Disetronic products such as the insulin pump and injection systems. In addition, he was general manager of Disetronic GmbH in Kiel and as such responsible for the manufacturing of medical devices produced in Germany. Before Dr. Schäfer joined Disetronic, he was with Hoechst Germany (now Sanofi-Aventis) for twenty-two years, taking on various functions in the diabetes business and gathering a broad range of experience in the research and marketing of insulin and oral anti-diabetics. From 1974 to 1992, Dr. Schäfer headed the diabetes division of Hoechst Pharma Germany. Dieter Schäfer has a doctorate degree in chemistry from the University of Frankfurt a.M. in Germany.

Peter Kappeler, Member of the Board of Directors of Ypsomed Holding AG, was elected to the Board of Disetronic Holding AG in 1996, when that company went public. Between 1992 and 2003, Mr Kappeler operationally led the BEKB | BCBE and in 2003 was elected Chairman of the Board of the BEKB | BCBE. He has previously held various management positions in banking and other industries. He is also a member of various boards of directors, associations and foundations, including Cendres et Métaux SA (member of the Board since 2001), Givaudan SA (member of the Board since 2005), Schweizerische Mobiliar Holding AG (member of the Board since 2003), Schweizerische Mobiliar Genossenschaft (member of the Board since 2002) and Jungfraubahn Holding AG (member of the Board since 2003). Furthermore he is a member of the foundation Board of the Sommerakademie im Zentrum Paul Klee (since 2004) and the Lindenhof Bern Red Cross Foundation for Nursing (since 2005), as well as a board member on Canton of Berne's trade and industry union (since 1992) and a member of the management committee of the Trade and Industry Association of the Canton of Berne (since 1999). Mr Kappeler is an engineering graduate of the ETH Zurich (dip. Ing. ETH) and a graduate of INSEAD in Fontainebleau (MBA).

Prof. Dr. rer.pol. Dr. h.c. mult. Norbert Thom, member of the Board of Directors of Ypsomed Holding AG since 2005. After studying economics and social sciences, he became scientific assistant, project manager and private tutor at the University of Cologne, Acting Professor at the University of Giessen and full-time Professor at the University of Freiburg, Switzer-

land, of management, organization and human resources studies. Prof. Thom is the founder (in 1991) and director of the Institute for Organization and Human Resources at the University of Bern, as well as full Professor of Business Management Studies. From 1995 until 1997 he was Vice-Chancellor of Finance and Planning and member of the Board of Governors at the University of Bern. From 1997 until 2000 he was a member of the Swiss Scientific Board, the advisory body of the Bundesrat for questions concerning economic policy. Prof. Thom has three honorary doctorates for his academic achievements in the areas of Public Management, Organization and Human Resource Management. He received these awards from universities in Lithuania (Vilnius), Austria (Linz) and Germany (Halle-Wittenberg). Many years of practical experience as among other things, organization and human resources advisor to companies, authorities and governments. Member of Board of Directors at Maschinenfabrik WIFAG, Bern. Involvement in the further training of managers, lecturer on several Executive Master Courses. Vice-Chairman of the Volkswirtschaftliche Gesellschaft des Kantons Bern.

Interrelated companies

Dr. h.c. Willy Michel, Chairman of the Board of Directors of Ypsomed Holding AG, is also Chairman of the Board of Directors of BV Holding AG, which is listed on the BX Berne eXchange. As at 31 March 2007, BV Holding AG held a total of 40 000 shares in Ypsomed Holding AG (previous year: 92 000 shares), representing a shareholding of 0.35% (previous year: 0.8%). Daniel Kusio, Managing Director of BV Holding AG, acts, on the basis of a personal mandate, as Ypsomed Holding AG's Head of Investor & Public Relations and other selected projects.

How the Board of Directors operates

The Board of Directors holds regular meetings four times per year, which each last at least 4 to 5 hours, at which it accepts the management's written report and the verbal comments of the CEO, and deliberates and decides on management proposals. The auditors participate in the May meeting of the Board of Directors, at which they give information on the explanatory report and on other questions. The Board of Directors meets on one additional occasion per year for two to three days within the context of a strategy meeting with the management. Occasionally the Board of Directors additionally makes decisions by correspondence. The agendas for the meetings are set by the Chairman in agreement with the CEO; any member may ask for points to be included in the agenda. The members generally receive the agenda and the necessary basis for decision-making 10 days before each meeting. Any member of the Board of Directors may request information about any aspect

of the Group's affairs. Votes and resolutions within the Board of Directors are taken by majority decision; if the vote is tied, the Chairman, or in his absence the Vice-Chairman, has the casting vote. Votes may not be taken by proxy. Meetings of the Board of Directors are regularly attended by the CEO and the CFO and, depending on the business to be discussed, by other members of the management. Simon Michel, the son of Dr. h.c. Willy Michel, who is standing as Business Development Manager in a work contract with Ypsomed AG (100%) since 1 October 2006, also takes part in the Board of Directors' meetings with an advisory vote. Simon Michel is not member of the Board.

Given the size of the Board of Directors, it may advise and decide on all matters in plenary. However, pursuant to the Organisation Policy, it may delegate some of its powers to a committee of the Board of Directors on a case by case basis. There are currently no additional permanent committees appointed.

The Chairman of the Board of Directors routinely meets with the CEO several times a month, and with the CFO several times a quarter, to discuss individual business operations.

Competences

The Board of Directors has certain non-transferable and inalienable duties according to Swiss company law. In particular, it defines company policy and the strategic direction of the Ypsomed Group, sets its targets and priorities and allocates the resources for achieving the targets set. The Board of Directors defines the organisation of the Ypsomed Group, supervises business activities, is responsible for appointments and dismissals of the persons entrusted with management duties. It also monitors the business activities of the Group companies.

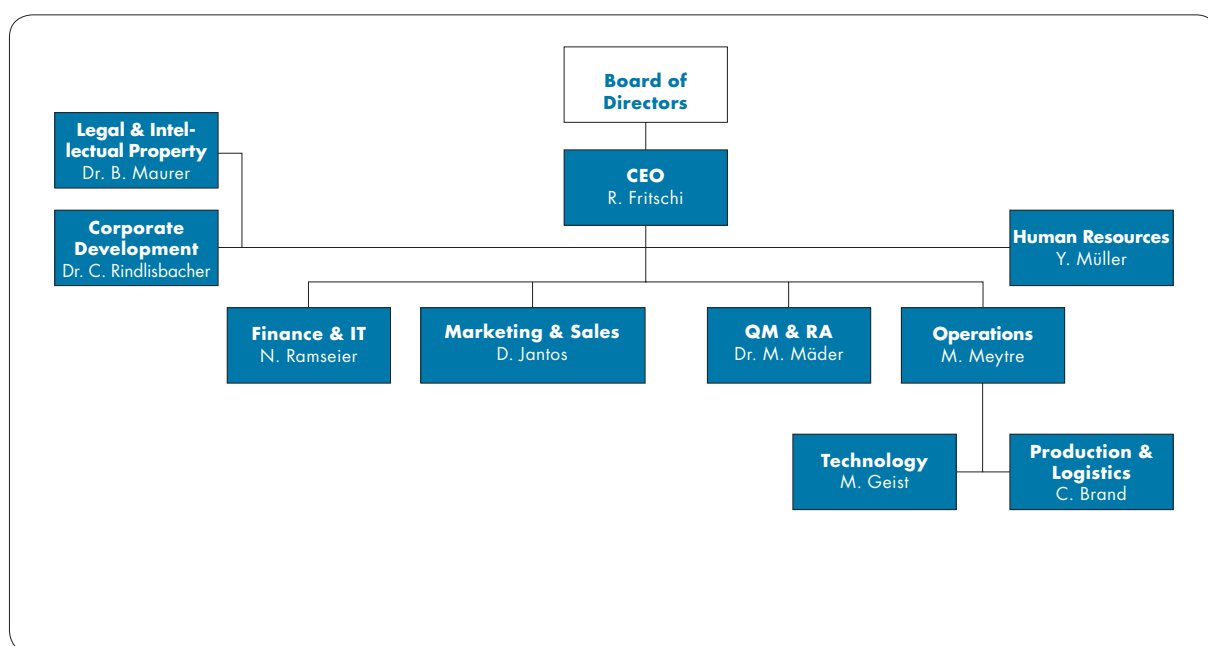
The Board of Directors has delegated responsibility for running the company to the CEO and the management. The Organization Policy for the Ypsomed Group describes their duties and areas of competence.

Instruments for information and control of management

The Ypsomed Group's information and control instruments, which are at the disposal of the Board of Directors, comprise a written management reporting, which is produced quarterly (management review, quarterly reports), and financial reporting, the latter of which is based on group accounting in accordance with IFRS, comprising comprehensive consolidated accounts (profit & loss account, balance sheet, cash-flow account) with a budget comparison, the individual accounts of all of the Group companies, as well as consolidated profit & loss accounts and selected management statistics. Furthermore, the Board of Directors and the management use strategic planning documents as management instruments for steering the company. Responsibility for risk management and monitoring rests with the management, which reports on these matters periodically to the Board of Directors. In addition to these documents, further selected financial figures are at the management's disposal on a monthly basis. Management protocols are also at the disposal of the Chairman of the Board of Directors. A documented, internal control system is being established.

Management

The management is responsible for the operative management of the Ypsomed Group within the scope of the guidelines laid down by the Board of Directors. Its duties are defined in the Organisation Policy.



Name	Nationality	Year of birth	Position	Acting for Ypsomed (or pre-2003 for Disetronic)
Richard Fritschi	Swiss	1960	CEO	2006
Maurice Meytre	Swiss	1957	Chief Operating Officer (COO)	2006
Christoph Brand	Swiss	1959	Senior Vice President Production & Logistics	2004
Markus Geist	Swiss	1968	Senior Vice President Technology	2006
Detlef Jantos	German	1958	Senior Vice President Marketing & Sales	2000
Dr. Christoph Rindlisbacher	Swiss	1955	Senior Vice President Corporate Development	1992
Niklaus Ramseier	Swiss	1963	Chief Financial Officer (CFO)	2002
Yvonne Müller	Swiss	1969	Senior Vice President Human Resources	2003
Dr. Manfred Mäder	German	1962	Senior Vice President Quality Management & Regulatory Affairs	2007
Dr. Beat Maurer	Swiss	1958	Senior Vice President Legal & Intellectual Property, Secretary of the Board	1992

Richard Fritschi: CEO, at Ypsomed since September 2006, previously active in the field of medical technology for several years, for example as CEO Europe/Australasia of Zimmer GmbH, Winterthur (from 2003 until 2005), CEO Europe/Asia/South America at Sulzer Orthopädie/Sulzermedica, Winterthur (from 2001 until 2003), Sales Manager of Sulzer Orthopädie/Sulzermedica, Winterthur, (from 1999 until 2001). At the beginning of his professional life he worked in the field of finance (finally as CFO of Allo Pro/Sulzer Orthopädie, Baar/Winterthur from 1991 until 1999) and he worked in England and France for a long time. Member of the Board of Directors of Vetropack AG, Bülach (since 2005), and holder of several Board of Director mandates of unlisted companies. Education: degree in Business Science/Controller and Advanced Management Program „The General Manager“ at Harvard Business School.

Maurice Meytre: COO, at Ypsomed since November 2006, previously employed for several years in the field of medical technology, for example as Vice President Business Development Europe/Australasia Zimmer GmbH, Winterthur (from 2005 until 2006), as CEO of Zimmer France (previously Protek Synthes France) responsible for the successful implementation of numerous restructurings (from 1995 until 2004), Sales & Marketing Manager Far East Intermedics Orthopedics Inc., Austin/Tx (from 1992 until 1995), Corporate Planning Manager Sulzer AG, Winterthur (from 1989 until 1992). Education: Master of Business Administration at the university in Lausanne, degree in Electrical Engineering at ETH Zurich.

Markus Geist: Technology, at Ypsomed since 2006, previously responsible for research and development at RUAG Land Systems (from 2003 until 2006) and various projects and product responsibilities at MAN B&W Diesel, Augsburg (2002), and New Sulzer Diesel AG, Winterthur (now Wärtsilä Ltd, from 1991 until 2001). Education: degree in Mechanical and Process Engineering at ETH and Executive MBA HSG.

Manfred Mäder: Dr. rer. nat., pharmacist, Quality Management & Regulatory Affairs, at Ypsomed since 2007, previously quality assurance management at Sanofi-Aventis for Frankfurt Injectables (from 2005 until 2006). Before then, global responsibility in the quality and regulatory sphere for one of the Aventis Blockbuster products (from 2002 until 2004). Education: degree and doctorate in pharmacy at the University of Würzburg.

Christoph Rindlisbacher: Dr. med. vet., Corporate Development, with Ypsomed (or pre-2003 with Disetronic) since 1992 in various management positions, recently Head of Marketing & Sales (from 1999 until 2006), previously worked as a veterinary practitioner. Education: Degree and doctorate in veterinary medicine from the University of Berne.

Niklaus Ramseier: CFO, with Ypsomed (or pre-2003 with Disetronic) since 2002, prior to that head of finance and controlling for the industrial services product line of the Von Roll Group (from 1995 until 2002) and various advisory and accounting functions within a trust and auditing company. Education: Swiss certified expert for accounting and controlling.

Christoph Brand: Production and Logistics, with Ypsomed since 2004, prior to that he performed various managerial functions in the areas of planning, development, mold design and construction, equipment design and watch parts and was head of plastics technology at ETA SA (Swatch Group from 1983 until 2004). Education: technical college degree in mechanical engineering and post-graduate qualification in plastics technology.

Yvonne Müller: Human Resources, with Ypsomed since 2003, prior to that responsibility for training at BEKB (from 2002 until 2003), and for human resources at X-Media and Scout24 (from 2000 until 2002) and at IKEA (from 1996 until 2000). Education: graduate human resources specialist.

Detlef Jantos: Marketing & Sales (since 2006), acting for Ypsomed since 2003 (or pre-2003 with Disetronic from 2000), prior to that manager of the European distribution network (since 2003), general manager at Disetronic with responsibility for the distribution of inter alia infusion pumps and blood glucose monitoring systems (from 2000 until 2003), various positions of responsibility in the diabetes sector at Hoechst (today Sanofi-Aventis from 1979 until 1989) and setting up distribution organizations for blood glucose monitoring systems in various European countries for Inverness Medical (formerly SelfCare, from 1994 until 2000) and Abbott (formerly MediSense, from 1989 until 1994). Education: graduated as a laboratory assistant, a proven expert in the pharmaceutical business.

Beat Maurer: Dr. iur., attorney-at-law, Legal & Intellectual Property, Secretary to the Board of Directors, with Ypsomed (or pre-2003 with Disetronic) since 1992, prior to that tax and legal consultant with a trust and auditing company. Education: Degree in law from the University of Freiburg i.Ue., doctorate in law from the University of Berne and admitted to the bar in the Canton of Berne.

Management contracts

A management contract has been entered into with Jantos Consulting GmbH which is headquartered in Herrsching, Germany. Under this contract, Mr Detlef Jantos, as an employee of Jantos Consulting GmbH, manages respectively oversees Ypsomed Group's European distribution network. The contract term is to 30 June 2008 and will be automatically renewed every two years thereafter unless it is terminated. The company is paid a daily fee in line with industry standards and an additional performance-related fee based on the business results of the distribution companies as well as expenses. A total of CHF 637 215 has been paid in the year under review. There are no other management contracts in place.

Board of Directors' Remuneration

The members of the Board of Directors draw a remuneration which is established by the whole of the Board of Directors.

The Board of Directors' remuneration (consisting of a fixed amount and an attendance fee) is reviewed annually by the Board. In the year under review, the fixed sum amounted to CHF 80 000 for the Chairman of the Board of Directors and CHF 40 000 per member of the Board of Directors. The attendance fee amounted to CHF 1 500 per meeting. For services rendered by the President of the Board of Directors, a remuneration fee of CHF 140 000 + VAT has been paid.

Dr. h.c. Michel respectively his company Techpharma Management AG rents to Ypsomed AG the building at the Buchmattstrasse in Burgdorf (Ypsomed Nord) since 1 January 2006. The parties signed a rental contract that provides for an indexed normal market rent in the amount of CHF 953 000 + VAT. The rental contract can be terminated for the first time with 24 months notice from 31 December 2015. The tenant has unlimited first right of refusal for the whole rental period, to a maximum of 25 years. The rental contract arranges for small and normal maintenance work on the building to be paid by the tenant up to a maximum amount of 2% of the annual rent per calendar year. Major maintenance work and repairs necessary for safeguarding the asset value of the building is at the lessor's expense. On the termination of the contract, the tenant will be reimbursed for the alterations carried out to the lease property with the lessor's consent, in application of IFRS depreciation rates at the residual book value. Ypsomed AG was also able to rent additional premises from Techpharma Management AG at normal market conditions. In the year under review, rent amounting to a total of CHF 1 006 867 + VAT was credited to Techpharma Management AG.

Dr. h.c. Michel respectively his company Techpharma Management AG and Ypsomed have concluded a service contract which can be terminated by both sides at any time. The contract allows for Techpharma Management AG to provide occasional services to the Ypsomed Group (e.g. management support, hotel and gastronomic services and the like) at normal market conditions, and, for its part, for the Ypsomed Group to offer occasional services to Techpharma Management AG (e.g. management and IT support). In the year under review, Ypsomed has given remunerations for services purchased amounting to a total of CHF 155 099 + VAT, and Techpharma Management AG has given remunerations for services purchased amounting to a total of CHF 30 870 + VAT.

Dr. Dieter Schäfer was paid a total of CHF 82 543 for marketing and consultancy services received.

The total of all remunerations paid directly and indirectly to members of the Board of Directors for the 12-month period ending on 31 March 2007 amounts in this way to:

	Amount in CHF	Highest remuneration for Board of Directors activities
W. Michel, remuneration for board of directors activities and meetings	90 500	90 500
Techpharma Management AG for consultancy services W. Michel	140 000	
Techpharma Management AG for rent	1 006 867	
Techpharma Management AG for additional services	155 099	
D. Schäfer, remuneration for board of directors activities and meetings	50 500	
D. Schäfer, for consultancy services	82 543	
P. Kappeler, remuneration for board of directors activities and meetings	50 500	
Prof. N. Thom, remunera- tion for board of directors activities and meetings	50 000	

The highest Board of Directors fee remuneration amounts to CHF 90 500. Willy Michel respectively his company Techpharma Management AG has been paid CHF 90 500 as Board of Directors fees, CHF 140 000 remuneration fees for services rendered by the President of the Board of Directors, CHF 1 006 867 + VAT for premises rented from Techpharma Management AG and CHF 155 099 for other services rendered.

Management Remuneration

Remuneration for members of the management consists of the basic salary and a variable fee depending on the success of the business and the achievement of individual goals, which for the CEO can reach a maximum of 96% of the annual salary, and for the rest of the members of the management can reach a maximum of 31,25% of the annual salary. The total sum of the remuneration is adjusted annually by the Board of Directors; the individual adjustment is made on the CEO's request by the Chairman of the Board of Directors.

Yvonne Müller, or Bimo Unternehmungen which are affiliated to her, regularly finds temporary personnel for Ypsomed on a mandate basis in line with industry standards. In the year under review, Ypsomed has paid remunerations for services purchased amounting to a total of CHF 1 732 442 + VAT.

The total of all remunerations credited directly and indirectly to the members of the management for the 12-month period ending on 31 March 2007 amounts in this way to:

	Remuneration in CHF	Highest remuneration in CHF
Basic salary and variable fees	2 680 275	564 933
Management-remuneration Jantos Consulting GmbH	637 215	
Salaries and management remunerations total	3 317 490	637 215
Remunerations to Bimo Unternehmungen as affiliated person, Yvonne Müller	1 732 442	

The highest remuneration for basic salaries and variable fees amounts to CHF 564 933. The highest remuneration for salary and remuneration for members of the management amounts to CHF 637 215 and the highest total remuneration for a member of the management incl. remuneration for affiliated persons amounts to CHF 1 903 309.

No severance payments were made to former directors. In the year under review a total of three people resigned from the management, two of whom continue to work for one of the Group companies. During the year under review, a total of CHF 935 961 was paid to those former members of the management. During the year under review, no settlements were paid to former members of the management who had retired from the management in the previous two years if they were no longer employed by one of the company's belonging to the Group. The salaries of

institution members who resigned from the management during the year under review and in the previous years but who are still employed by one of the companies belonging to the Group are in line with the usual market price.

Allocation of shares in the year under review

No shares were allocated in the year under review. In the course of the IPO in autumn 2004, shares were offered to members of the Board of Directors, the management and to other persons within the scope of a "Friends and Family Programme" at preferential terms with a discount of 25% on the issue price. Under this programme, a total of 76 688 shares were sold on preferential terms. Half of these shares had a 12 month lock-up until 21 September 2005, the other half had a 24 month lock-up until 21 September 2006. For further details reference is made to the offering circular (only available in English). It can be viewed on the company's website at www.ypsomed.com (under Media/Investor/Corporate Governance).

Share ownership

Non-executive members of the Board of Directors and affiliated persons held 7 898 650 shares (70.25%) on 31 March 2007. Executive members of the Board of Directors as well as members of the management and affiliated persons held 9 583 shares (0.08%). There were no options held on Ypsomed shares. The company issued no options on participation rights in Ypsomed Holding AG or Group companies.

Executive loans

Dr. h.c. Willy Michel made a loan to the company that since then has been assigned to his company Techpharma Management AG. On 31 March 2007, an amount of CHF 180 000 000 was still outstanding on this loan. Interest of CHF 907 778 was paid on the loan amount for the period from 1 April 2006 to 31 March 2007. The key terms of the loan agreement are: the loan bears interest at a rate of 0.5% p.a., it is repayable by 31 March 2010, the loan cannot be cancelled by Techpharma Management AG, but Ypsomed Holding may repay the loan early at any time. In the year under review an amount of CHF 20.0 million was paid off. There are no further executive loans.

Shareholders' rights of participation

Voting right restrictions and representation

All shareholders who are entered in the Share Register with voting rights are entitled to vote at the General Meeting of Shareholders. Shareholders may arrange to be represented at the General Meeting of Shareholders by proxy. In exercising its voting right, no shareholder may directly or indirectly amalgamate more than 5% of all the voting rights in the form of its own shares and those it is representing. Legal entities and partnerships which are related to one another through capital ownership or voting rights or by virtue of a common management or otherwise, as well as natural persons, legal entities or partnerships that adopt a coordinated approach in order to circumvent the restrictions on voting rights will be considered as one person. However, the restriction on voting rights will not apply to the exercise of voting rights by the company representative, a depositary representative or the specially designated independent shareholder representative, nor to Dr. h.c. Willy Michel, as more than 5% of all voting rights were registered to him in the Share Register at the time the Articles of Association were drawn up (Art. 16 of the Articles of Association).

Quorums according to the Articles of Association

Unless otherwise stipulated by law or by the Articles of Association, the General Meeting of Shareholders will adopt resolutions and conduct votes on the basis of an absolute majority of the votes cast, excluding blank and invalid votes. The Chairman will also vote and, if the vote is tied, he will have the casting vote. The quorums laid down in the Articles of Association reflect statutory quorums.

Convening the General Meeting of Shareholders

The General Meeting of Shareholders will be convened by way of a letter to the shareholders who are entered in the Share Register at least 20 days prior to the meeting, as well as by publishing a notice in the Swiss Official Gazette of Commerce (SHAB).

Agenda items

Shareholders holding shares with a nominal value of at least CHF 1 million have the right to request that a specific matter is put on the agenda, by specifying the items of the agenda and the proposals. Such requests must be submitted in writing to the Chairman of the Board of Directors at least 45 days before the meeting.

Entries in the Share Register

Entries in the Share Register will be made until six days prior to the General Meeting of Shareholders.

Change of control and blocking mechanisms

In the event of a public takeover bid, the bidder is required pursuant to Art. 32 of the Swiss Stock Exchange Act to make an offer for all of the company's listed shares as soon as it acquires shares directly, indirectly or in concert with third parties, which along with the shares already held, exceed the threshold of 49% of the voting rights of the company, whether exercisable or not (Art. 10 Articles of Association). There are no change of control clauses with members of the Board of Directors, management and/or other personnel.

Auditors

Term of the mandate and term of office of the chief auditors of PricewaterhouseCoopers AG in Berne, and its legal predecessors, have acted as auditors and group accountants for the Disetronic Group and its individual sub-sidiaries since their formation. They have also acted as the auditors since the founding of Ypsomed Holding AG (December 2003) and as group accountants for the Ypsomed Group and its individual subsidiaries since the reorganisation that took place prior to the IPO of shares in Ypsomed Holding AG on the SWX Swiss Exchange in autumn 2004. The current chief auditor has been in office at Ypsomed Holding AG since December 2003. The auditors and group accountants are each appointed for a term of one year by the General Meeting of Shareholders.

Auditing fees

The total auditing fees charged by the auditing company for Ypsomed Holding AG and its Group companies in the course of the year under review amount to CHF 180 000. Ypsomed Holding and its Group companies were invoiced CHF 37 150 for additional services.

Instruments for supervision and control of auditing

The complete Board of Directors undertakes the supervision and control of the external audit. The group accountant is in attendance during the discussion and acceptance of the consolidated and annual accounts by the Board of Directors. The group accountant compiles an explanatory report annually for the attention of the Board of Directors which report is discussed by the Board of Directors in attendance of the group accountant. Furthermore, the group accountant writes a management letter which includes comments from the management and which is presented to and discussed by the Board of Directors in attendance of the group accountant.

Information policy

Ypsomed Holding AG maintains an open and transparent communication policy towards shareholders, potential investors, financial analysts, the media, and customers, based on the principle of equality. The company uses the following instruments: annual report, half-year report, presentation of the annual results to the media and financial analysts ahead of the shareholders' meeting, as well as briefing the media on important events. Responsibility for communication with investors rests with the Chairman of the Board of Directors, who may delegate this duty to the CEO.

The following banks monitor the development of the Ypsomed Group:

Bank am Bellevue, Zürich (www.bellevue.ch)
[Karin Bendler](#)

Bank Sarasin & Co. Ltd., Zürich (www.sarasin.ch)
[Samuel Stursberg](#)

BZ Bank, Zürich (www.bzbank.ch)
[Patrik Jäger](#)

CAI Cheuvreux, Zürich (www.cheuvreux.ch)
[Thomas Bernhardsgrütter](#)

Credit Suisse, Zürich (www.csfb.com)
[Christoph Gretler](#)

Kepler Equities, Zürich (www.kepler-equities.com)
[Florian Gaiser](#)

Neue Zürcher Bank, Zürich (www.nzb.ch)
[Zubin Dastoor](#)

UBS Investment Bank, Zürich (www.ubs.ch)
[Maja Stephanie Pataki](#)

Vontobel, Zürich (www.vontobel.com)
[Christoph Gubler](#)

Zürich Kantonal Bank, Zürich (www.zkb.ch)
[Sibylle Bischofberger Frick](#)

Other company publications are available to download or on order from our website (www.ypsomed.com). Official announcements are published in the Swiss Official Gazette of Commerce (SHAB). Interested shareholders, financial analysts and media representatives can receive regular company publications, on request.

Key forthcoming dates

27 June 2007
General Meeting of Shareholders, Solothurn

8 November 2007
Press conference and presentation of the half-year figures 2007/08 to analysts

27 May 2008
Press conference and presentation of the annual results 2007/08 to analysts

25 June 2008
General Meeting of Shareholders

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Amylin

Hormone produced together with insulin in the pancreas. According to latest research, amylin complements the effect of insulin in the treatment of diabetes and allows the blood sugar level to be controlled more effectively.

Anaemia (deficiency of blood)

Anaemia occurs for different reasons, but essentially means that blood does not carry enough oxygen; classic symptoms are pallor, tiredness, breathlessness and palpitations (heart is beating irregularly or faster or more forcefully than it should, given the level of activity demanded of it).

Auto-injectors

In auto-injectors, the needle insertion and injection of drug is automatic. Auto-injectors therefore offer the advantage of a lowered injection barrier and higher safety features because the needle is hidden at all times. Auto-injectors are the device of choice for drugs in mono-dose formulation which are less frequently injected and/or do not require variable dosing. The immediate injection through application of the device on the skin also makes auto-injectors particularly appropriate for emergency drugs (migraine; anaphylactic shock).

Biomolecule injectables

Biomolecule injectables is a term covering biological therapeutic drugs which are developed and manufactured using biotechnology. Such biomolecules cannot be delivered using traditional methods (e.g. orally) as they would be destroyed by the digestive tract and must use the injectable route of administration.

Blood sugar/blood glucose

In intensified insulin therapy, the blood sugar or blood glucose value should be measured at least four times a day in order to adjust the amount of insulin administered to actual requirements. A person's insulin requirements change over the course of the day due to the varying levels of hormones which increase blood sugar, the consumption of food, physical activity or febrile infections. Diabetics normally measure their blood sugar levels themselves using a portable blood sugar monitor. To carry out the measurement, a small blood sample must first be obtained and placed on a test strip. An enzymatic reaction within the test strip converts the blood sugar into a measurable product which is then measured on the basis of a photometric or electrochemical process and displayed by the monitoring device.

Blood sugar monitoring/blood glucose monitoring

Blood glucose monitoring refers to home monitoring of blood glucose levels, for example by using a portable glucose monitor. Monitoring is done by the individual or a caregiver on a regular basis.

Cannula

See pen needle.

Cartridge

A drug reservoir containing the drug to be administered which is used with, for example, reusable pens. Some substances need pens with two-chamber cartridges, which contain lyophilised drug and diluent that are mixed before use automatically in the pen.

Compliance

In medicine we talk about the compliance of the patient. This means that, in many illnesses, for healing to occur the patient needs to have a cooperative attitude. In the medical sense, compliance can therefore be described as sticking to one's therapy, taking one's medicine as prescribed; in short, following the doctor's orders. Compliance is particularly important for diabetics with regard to taking their medicine, following a diet or making lifestyle changes.

Diabetes mellitus

Diabetes mellitus is a chronic metabolic disorder involving increased blood sugar levels. In people with diabetes mellitus, the blood sugar is no longer absorbed from the blood cells in the requisite quantity. As a result, there is too much glucose in the blood (hyperglycaemia/excess sugar), which is then secreted in part via the kidneys. In type-1 diabetes mellitus (also known as insulin-dependent or juvenile diabetes) the body produces insufficient insulin, if any, because most or

all of the insulin-producing cells in the pancreas have become damaged by a viral infection. It generally develops during a person's youth and has to be treated by regular administration of insulin. Type-1 diabetes mellitus accounts for about 10% of all cases of diabetes and, given its clear symptoms, is generally correctly diagnosed and treated. In type-2 diabetes mellitus (also known as non-insulin-dependent or maturity-onset diabetes), which is much more common, the pancreas produces insulin, however it does so in insufficient quantities or with insufficient effect. It is triggered, among other things, by over-eating or lack of exercise and is, therefore, commonly referred to as an illness of affluence. Type-2 diabetes mellitus is generally diagnosed in people who are over the age of 40 and who carry excess weight. It is initially treated by following a healthy diet and by taking more physical exercise. Tablets and insulin injections may be considered in later phases. According to estimates, about half of all people who currently have type-2 diabetes mellitus are unaware that they have it. If diabetes is undiagnosed or inadequately treated, this can lead to serious secondary diseases affecting the kidneys, nerves, eyes or blood vessels.

EPO (Erythropoietin)

Natural hormone mainly produced by the kidney which regulates the formation of red blood cells (erythrocytes) in the bone marrow.

FDA (Food and Drug Administration)

US health authority.

Growth hormone

One of the body's natural hormones used today primarily to treat growth disorders in young people.

Heparin

Medication with anti-coagulant properties. Anti-coagulant indicates that a substance delays or stops blood clotting.

Hyperglycaemia

Too much glucose in the blood. Hyperglycaemia (high blood sugar) can occur, for example, as a result of too high an intake of carbohydrates and is usually due to insufficient insulin production or administration and/or to reduced sensitivity to the body's own insulin. It represents a metabolic disorder where the unused glucose passes into the urine. If the insulin deficiency is complete, ketone bodies (e.g. acetone) are formed, subsequently causing overacidity of the blood. Symptoms of hyperglycaemia include increased thirst, frequent urination, fatigue, slow-healing wounds and impaired vision. In severe cases, the disease may lead to nausea, vomiting, a smell of acetone on the breath, the occurrence of glucose and acetone in the urine and finally to a life-threatening condition (diabetic coma). To combat hyperglycaemia, insulin is administered and the intake of liquids increased.

Hypoglycaemia

Too little glucose in the blood. Hypoglycaemia (low blood sugar) occurs primarily as a result of eating too little, administering too much insulin, extreme physical activity or too much alcohol. The symptoms include among other things increased appetite, headaches, weakness, a loss of concentration and blurred vision. It can be treated by the immediate administration of glucose or drinking fruit juice. Severe hypoglycaemia can lead to unconsciousness and then requires immediate medical attention.

Infertility (Follicles Stimulating Hormone (r-hFSH))

FSH is a gonadotropic hormone (a hormone secreted by the anterior pituitary gland and placenta), which stimulates growth of specific follicles in females, and activates sperm-forming cells in males. Used for treating infertility.

Infusion systems, infusion pumps

Infusion systems or infusion pumps are small, battery-operated devices (about the size of a pager or cell phone) that can replace regular insulin injections for patients managing diabetes. An infusion pump more closely mimics a healthy pancreas by continuously delivering small, pre-programmed doses of insulin around the clock, even while a patient sleeps. Patients can also deliver insulin at the touch of a few buttons, enabling them to control their blood sugar (glucose).

Injection

Administration of liquid medication with a syringe.

Injection systems/injection devices

Injection systems or injection devices comprise self-injection devices, such as pens and auto-injectors, and pen needles.

Insulin

Vital hormone produced in the pancreas which is required by the body's cells in order to absorb the energy source glucose. Insulin was first discovered in 1921 by two Canadians, Frederick Banting and Charles Best, and has since been used to treat diabetes. Today, it is mostly obtained by means of biotechnological processes and must be either injected or infused. It cannot be administered orally because the protein hormone insulin would be destroyed by gastric acid.

Interferon alpha

Substance produced by the body's own immune system which is effective against certain viruses and inhibits the growth of tumours. Alpha interferon is a key drug for the treatment of hepatitis C.

Lantus®

Lantus® is a long-acting basal insulin analogue used once a day at the same time each day which lowers glucose levels for about 24 hours. Basal insulin is a term used to describe the slow, steady release of insulin needed to control blood glucose and to keep cells supplied with energy when no food is being digested.

Needle-free injector/needle-free technology

These terms refer to technology that allows a medicinal product to be injected without a needle by imparting kinetic energy to the medicinal product, thereby expelling it through a fine nozzle, creating a jet stream which penetrates the skin.

Oncology

The branch of medicine concerned with the study and treatment of cancer/tumours.

Pen

Injection device which externally looks like a fountain or ballpoint pen. The prescribed dose of medication is set by adjusting a dosage knob and is injected from a cartridge through a cannula into the body.

Pen needle (cannula)

A pen needle is the disposable cannula attached to the tip of the injection pen, in order to inject the drug into the body. Ypsomed's pen needles feature a click-on mechanism, which makes the pen needle easy to attach to the pen.

Psoriasis

Psoriasis is an autoimmune disorder that affects the skin, resulting in the presence of lesions over various areas of the body. The most common form (accounting for 80% of cases) is plaque psoriasis, characterized by red, raised skin covered with scales.

®/TM

The ®/TM sign, when used in this document, indicates that the relevant name is a registered trademark of the relevant pharma partner of Ypsomed or Ypsomed itself.

Rheumatoid arthritis (RA)

Rheumatoid arthritis is a form of arthritis that leads to inflammation in the lining of the joints. It is thought to result from an autoimmune condition.

Self-injection devices

When used in this document, self-injection devices include pens (disposable, reusable and semi-disposable pens), auto-injectors, motor-driven injection systems, safety products, and needle-free technology.

Subcutaneous

Means "under the skin". Subcutaneous injections are injected into the fatty tissue under the skin. By use of pens or other injection systems, drugs can, for example, be administered intramuscularly, subcutaneously or intravenously.

Thrombosis

Blood clot inside a blood vessel or cavity of the heart, which can result in myocardial infarction, stroke, deep vein thrombosis (DVT) or pulmonary embolus (a blockage of the pulmonary artery by foreign matter or by a blood clot).