



CORPORATE GOVERNANCE

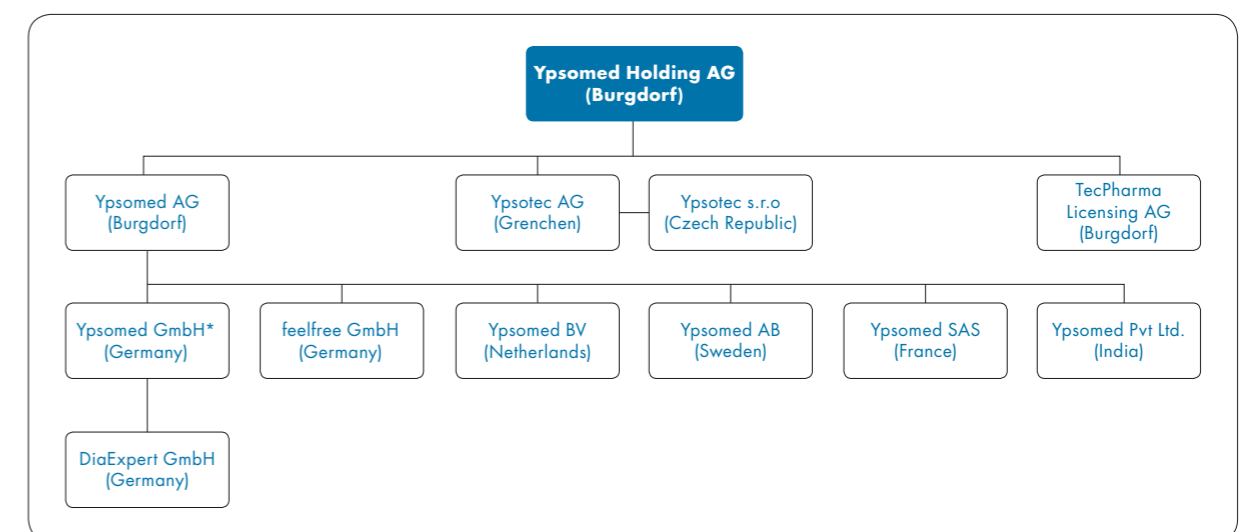
Ypsomed, which is headquartered in Burgdorf, Switzerland, is the world leader in the field of injection systems for self-administering pharmaceutical substances. Ypsomed develops and produces its products primarily in Switzerland. Ypsomed products are marketed by biotech and pharmaceutical partners around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

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.

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 and 1 January 2007 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 Company/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.



*In the year under review Ypsomed GmbH (Germany) acquired Florian Müller Holding GmbH with various holdings (Florian Müller Group), a company active in direct trade business. After several restructuring measures, all holdings of the Florian Müller Group were integrated into Ypsomed GmbH and/or DiaExpert GmbH. The restructurings were thus completed by 1 April 2008. The business activities previously managed by the Florian Müller Group have since been managed by Ypsomed GmbH and/or DiaExpert GmbH.

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 34% 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 Company/Investors/Financial Documents).

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 116 776 044.55, 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 and since 27 June 2007 on the BX Berne exchange, each under Security Number 1 939 699 and the symbol YPSN.

	as of 31 March 2008	as of 31 March 2007
Market capitalisation in CHF	1 034 467 956	1 160 402 781
In % of equity	247.7*	297.5*
Share price in CHF	92.0	103.2
Price-earnings ratio	38.8**	n/a**

* Equity on 31 March 2007: CHF 390 027 729

Equity on 31 March 2008: CHF 417 579 000

** Profit per share 31 March 2007: CHF 0.24

Profit per share 31 March 2008: CHF 2.37

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. In terms of operations, the Ypsomed Group is divided into two business segments: the segment "Delivery Devices" consists of business with the product groups pen systems, pen needles, precision revolving parts and other injection moulded parts. The segment "Diabetes Direct Business" consists of the direct trade business with various items for diabetic needs.

The corporate structure of Ypsomed Holding AG on 31 March 2008 is illustrated on page 89.

Shareholder structure**Registered shareholders**

There were 6 820 shareholders registered in the Share Register on 31 March 2008 (prior year: 7 745 shareholders). 98% of the shareholders report Switzerland as their place of residence. The distribution of shareholdings is divided as follows:

Number of shares	Number of shareholders as of 31 March 2008	Number of shareholders as of 31 March 2007
1 to 100	4 243	4 882
101 to 1000	2 404	2 684
1001 to 10 000	156	156
10 001 to 100 000	15	20
more than 100 000	2	3

On 31 March 2008 the shareholder body was constituted as follows:

Shareholder structure according to investor category (number of shares)	31 March 2008	31 March 2007
Dr. h.c. Willy Michel incl. affiliated persons	70.6%	70.1%
Natural persons	10.9%	12.8%
Banks	0.9%	1.9%
Funds, foundations, pension funds, insurances, public corporations and other legal entities	4.4%	4.4%
Not registered in Share Register	13.2%	10.8%

Significant shareholder

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 2008 (prior year: 7 700 330 shares). Dr. h.c. Willy Michel and affiliated persons together hold total 7 941 251 (70.6%) shares (prior year: 7 881 984 shares, making up 70.1%) 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 acquisition of shares through the exercising of subscription or option rights is subject to the statutory recording limitation and the statutory voting right limitation (see below). The company has not issued any shares or option rights to date.

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Changes in capital

Since the founding of the company, the capital has changed as follows:

Changes in capital to 31 March 2008 pursuant to the accounts of Ypsomed Holding AG produced in accordance with company law

(in CHF)

Date	Issue	Number of shares	Nominal value	Share capital	Capital reserves	Retained earnings	Reserves for 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 shareholder loan	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
31.03.08	Reserves for own shares					873 759.26	-873 759.26	314 313 324.53
31.03.08	Net profit					6 099 149.38		320 412 473.91
31.03.08	Balance	11 244 213	10.35	116 377 604.55	177 488 993.50	25 195 649.91	1 350 225.95	320 412 473.91

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 were amortized as of 31 March 2008.

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. In the year under review, no applications for the entry of nominees were made.

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 $\frac{2}{3}$ 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 re-election. The members of the Board of Directors were individually elected on the occasion of the 2007 General Meeting of Shareholders. The Board of Directors is self-constituting. All four members are non-executive members. Dr. h.c. Willy Michel was a member of the executive management of Disetronic Holding AG until April 2003. Mr Peter Kappeler will be stepping down from the Board of Directors on the occasion of the General Meeting of Shareholders in June 2008 after being a member for 12 years.

The main task of the Board of Directors is the overall supervision of the company and the supervision and control of the executive management. No member of the Board of Directors holds an operative function with Ypsomed Holding AG or one of its subsidiaries or has held such a position in the past three years. With the exception of Dr. h.c. Willy Michel, no business relationships exist between the individual members of the Board of Directors and Ypsomed Holding AG or any of its subsidiaries. The following business relationships between Dr. h.c. Willy Michel and Ypsomed Holding AG and/or its subsidiaries existed in the year under review:

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 2008, an amount of CHF 160 million was still outstanding on this loan. Interest of CHF 812 778 was paid on the loan amount for the period from 1 April 2007 to 31 March 2008. 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 million was paid off. There are no further executive loans.

Rental Contract

Dr. h.c. Willy 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 954 731 + VAT. The rental contract can be terminated for the first time with 24 months notice to 31 December 2015. The tenant has unlimited first right of refusal for the whole rental period, for 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. The rental contract was discussed and approved at Board Level and to its opinion is regarded to be a rental contract at normal market conditions.

Service Contract

Dr. h.c. Willy 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. hotel and gastronomic services) as well as selected management support services (incl. temporary personnel) and, for its part, for the Ypsomed Group to offer occasional services to Techpharma Management AG (e.g. management and IT support, incl. temporary personnel). The services are to invoice at normal market conditions. The temporary personnel are to invoice at the personnel cost rate. The contract was discussed and approved at Board level and according to its opinion is regarded to be a cooperation at normal market conditions. In the year under review, temp personnel services were not significant.

Cooperation Contract Finox

A cooperation contract exists between Ypsomed Holding AG and two of its subsidiaries, on the one hand, and the Techpharma Management AG and its subsidiary Finox AG, which belong to Dr. h.c. Willy Michel, on the other hand. The business objective of Finox AG is the development, manufacturing and sales of pharmaceuticals. The cooperation agreement regulates the cooperation between Ypsomed AG and Finox AG in the area of research and development in the field of devices for administering drugs and their exchange and compensation. Ypsomed AG provides know-how and in return receives a right of first refusal to purchase the shares of Finox AG. The cooperation contract was discussed and approved by the Board of Directors and in its opinion is consistent with customary cooperation on the market.

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	2010
Peter Kappeler	Swiss	1947	Member of the Board of Directors	1996	2010
Prof. Dr. rer. pol. Dr. h.c.mult. Norbert Thom	German	1946	Member of the Board of Directors	2005	2010
Anton Kräuliger	Swiss	1946	Vice-Chairman of the Board of Directors	2007	2010

*including Member of the Board of Directors of Disetronic



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

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. Willy 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. Willy 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. Willy 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, as well as Finox AG, which is active in the development, manufacturing and sales of pharmaceuticals. 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.).



Peter Kappeler, Member of the Board of Directors

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) Jungfraubahn Holding AG (member of the Board since 2003). Furthermore he is a member of the foundation Board of the Sommerakademie at the Zentrum Paul Klee (since 2004). Mr Kappeler is an engineering graduate of the ETH Zurich (dip. Ing. ETH) and a graduate of INSEAD in Fontainebleau (MBA). Mr Kappeler will be stepping down from the Board of Directors on the occasion of the General Meeting of Shareholders in June 2008 after being a member for 12 years.



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

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 fulltime Professor at the University of Freiburg, Switzerland, 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 Federal Council 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 WIFAG Polytype Holding AG, Berne. Extensive involvement in the further training of managers, lecturer on several Executive Master Courses. Vice-Chairman of the Volkswirtschaftliche Gesellschaft des Kantons Bern.



Anton Kräuliger, Vice-Chairman of the Board of Directors

Anton Kräuliger, Member of the Board of Directors of Ypsomed Holding AG since 2007. Vice-Chairman since 2008. After completing his studies at ETH Zurich with a degree in mechanical engineering, Anton Kräuliger joined the family business in 1971 and in 1978 took over the majority of shares in the metal foundry and fittings factory Lyss AG (today Metalyss AG). He developed this company into the leading fittings group on the Swiss market, the Similor Group. Within the scope of the sale of its fitting division to Madison Private Equity Holding AG in 2002 and 2005, Mr Kräuliger bought back the industrial division, which today is again combined in Metalyss AG. Between 1993 and 2004, Mr Kräuliger was a member of the Board of Directors of the listed Berner Kantonalbank BEKB | BCBE and continues to be an active member of several Board of Directors, including as Chairman of the Board of Directors of Metalyss AG (since 1978), as Chairman of the Board of Directors of Sécheron SA (since 2005), as well as a member of the Board of Directors of the parent company Sécheron-Hasler Holding AG (since 2005). As a member of the district council, Mr Kräuliger is also director of the finances department for the district of Kappelen and is president of the Swiss Horse Racing Association.

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 2008, BV Holding AG held a total of 20 000 shares in Ypsomed Holding AG (previous year: 40 000 shares), representing a shareholding of 0.18% (previous year: 0.35%). 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.

Dr. h.c. Willy Michel, Chairman of the Board of Directors of Ypsomed Holding AG, is also a member of the Board of Directors of Adval Tech Holding AG, a company listed on the SWX Swiss Exchange, with headquarters in Niederwangen. In June 2007, Ypsomed AG and Adval Tech Holding AG signed an agreement on strategic cooperation in tool construction with a fixed contract term of 5 years. The objective of this cooperation is to bring together the respective strengths and core competencies of both companies and to use them for the efficient manufacturing of high-quality products.

How the Board of Directors operates

The Board of Directors holds regular meetings four times per year 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, COO 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 an employee (100%) of Ypsomed and is responsible for the development of the continuous injection device, also takes part in the Board of Directors' meetings with an advisory vote. Simon Michel is not member of the Board.

Given the size and composition 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. In the year under review, the Board of Directors met a total of five times and passed several circular resolutions. On the occasion of the Board of Directors meeting in May 2008, the leading auditor participated in the Board of Directors meeting. The Board of Directors additionally came together in January 2008 for 2.5 days as part of the strategy meeting with executive management. All members of the Board of Directors participated in all Board of Directors meetings, in the General Meeting of Shareholders in June 2007 and in the strategy meeting in January 2008.

Competences

The Board of Directors has certain non-transferable and inalienable duties according to Swiss company law. It has the highest decision-making power in the company, under restriction of the matters on which shareholders must decide in accordance with the law. In particular, it defines company policy, the mission statement – consisting of a mission and a vision - 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, controls the finance and accounting divisions and is responsible for appointments and dismissals as well as the supervision of the individuals entrusted with management duties. It is responsible for the annual report, approves the budget and the mid-term planning for executive management and also monitors the business activities of the Group companies. The Board of Directors approves individual business affairs that are reserved for it according to applicable competence organisation. This includes, in particular, decisions on the purchase or sale of companies and properties as well as contracts regarding strategic cooperation as well as contracts with other financial significance. For the rest, the Board of Directors has delegated responsibility for running the company to the CEO and the management.

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 uses 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, at least once a year. 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.

The function "Internal Auditing", for which the Board of Directors is directly responsible, is commissioned with the development and constant expansion of a documented, internal control system. The auditing plans are based on a risk-oriented procedure that relates to business processes and are geared towards the following goals and tasks: reviewing the fulfilment of business goals and objectives, assessment of the effectiveness of risk management, control and governance processes, optimisation of business processes, improvement of control and processes with regard to the information systems, verification of accounting system controls and processes, confirmation and guarantee of authorised business transactions, safeguarding of assets, support with regard to complying with legal and regulatory requirements, reviewing significant or particular business cases and transactions. The Board of Directors can determine additional auditing areas.

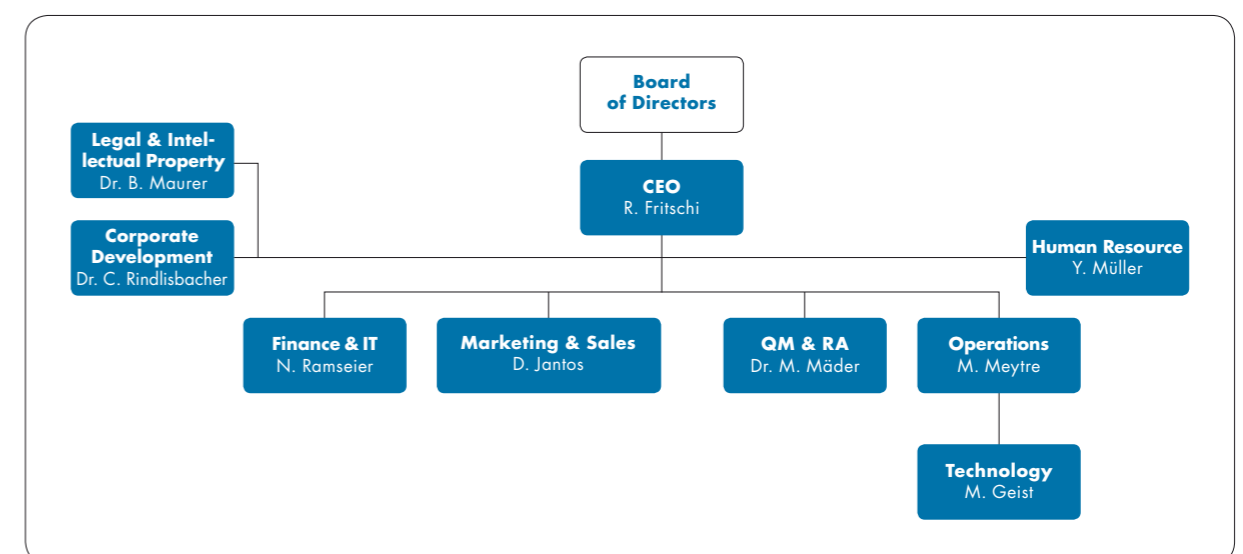


“A dedicated team with common goals.”

Management

The CEO and management are responsible for the operative management of the Ypsomed Group within the scope of the guidelines laid down by the Board of Directors.

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
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



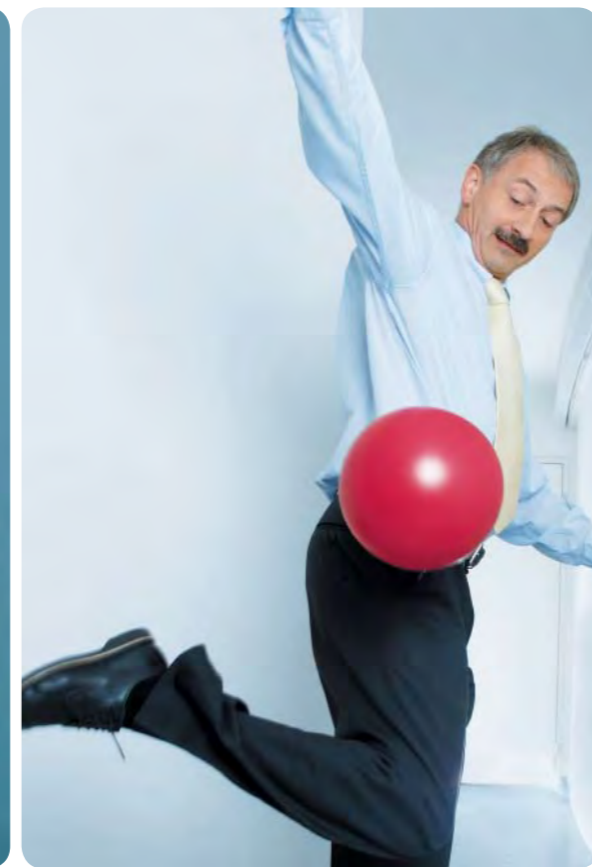
Maurice Meytre, Chief Operating Officer (COO)



Markus Geist,
Senior Vice President Technology



Dr. Manfred Mäder, Senior Vice President
Quality Management & Regulatory Affairs



Dr. Christoph Rindlisbacher,
Senior Vice President Corporate Development

Richard Fritschi: CEO, at Ypsomed since September 2006, previously active in the field of medical technology for several years, for example as President Europe/Australasia of Zimmer GmbH, Winterthur (from 2003 until 2005), President 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 SIB 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



Dr. Beat Maurer,
Senior Vice President Legal and Intellectual Property



Detlef Jantos, Senior Vice President
Marketing & Sales



Yvonne Müller, Senior Vice President
Human Resources

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.

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.

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.

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.

CORPORATE GOVERNANCE

Board of Directors' Remuneration

The members of the Board of Directors draw a remuneration which is established by the complete Board of Directors. All remunerations are paid in cash. Share- or option plans do not exist. The Board of Directors' remuneration (consisting of a fixed amount, a variable amount and an attendance fee) is reviewed annually by the Board of Directors. The variable amount depends on achieved vs. budgeted targets, based on 2/3 of the consolidated EBIT margin and 1/3 of the consolidated sales. The fixed sum amounts to CHF 100 000 (prior year: CHF 80 000) for the Chairman of the Board of Directors and CHF 60 000 (prior year: 40 000) per member of the Board of Directors and the variable sum amounts to max. CHF 100 000 for the Chairman of the Board of Directors and CHF 60 000 per member of the Board of Directors. The attendance fee amounts to CHF 1 500 per meeting (prior year: CHF 1 500). For services rendered by the President of the Board of Directors, a remuneration fee of CHF 140 000 + VAT (prior year: CHF 140 000) has been paid.

The remunerations paid directly and indirectly to members of the Board of Directors for the 12-month period ending on 31 March 2008 thus amounts to in CHF:

(Gross, in thousand CHF, exclusive VAT)													
Remuneration Board of Directors	Dr. h.c. Willy Michel		Peter Kappeler		Anton Kräuliger		Prof. Dr. Dr. h.c. mult. Norbert Thom		Dr. phil. nat. Dieter Schäfer		Total		
	(Chairman)		(Member)		(Vice-Chairman)		(Member)						
	07/08	06/07	07/08	06/07	07/08	06/07	07/08	06/07	07/08	06/07	07/08	06/07	
Fixed Amount	100.0	80.0	60.0	40.0	60.0		60.0	40.0		40.0			
Variable Amount	85.0	0.0	51.0	0.0	51.0		51.0	0.0		0.0			
Attendance Fee	10.5	10.5	10.5	10.5	10.5		10.5	10.5		10.5			
Total remuneration & attendance fee	195.5	90.5	121.5	50.5	121.5		121.5	50.5		50.5	560.0	242.0	
Techpharma Management AG: for consultancy services													
Dr. h.c. Willy Michel	140.0	140.0											
D. Schäfer, for marketing and consultancy services													
										82.5			
Total remuneration Board of Directors	335.5	230.5	121.5	50.5	121.5		121.5	50.5		133.0	700.0	464.5	
Highest fee remuneration to Dr. h.c. Willy Michel													
	335.5	230.5											
Further transactions to affiliated persons of Dr. h.c. Willy Michel													
Techpharma Management AG: for loan (interest)													
	812.8	907.8											

No compensation was paid to former members of the Board of Directors.

Management Remuneration

Remuneration for members of the management consists of the fair market established basic salary, which corresponds to the qualifications, professional experience and performance of the respective person, and a variable amount depending on the success of the company and the achievement of individual goals.

The variable salary amount for the CEO is maximal CHF 500 000 (net) and maximal 31.25% of the annual salary (gross) for the rest of the members of management. The variable salary amount depends on achieved vs. budgeted targets, based on 50% of the consolidated EBIT margin and 25% each of the consolidated sales and the achievement of individual targets. The basic salary sum is approved as a whole by the board of Directors. The individual adjustment is made at the CEO's request by the Chairman of Board of Directors. The gradation of the variable salary is adjusted annually at the CEO's request through the President of the Board of Directors and based on the budget that has been approved by the complete Board of Directors. All remunerations are paid cash. Share- or option plans do not exist.

Bimo Unternehmungen, which are affiliated to Yvonne Müller, regularly find temporary personnel for Ypsomed on a mandate basis in line with industry standards.

The remunerations paid directly and indirectly to members of the management for the 12-month period ending on 31 March 2008 thus amounts to in CHF:

(Gross, in thousand CHF, exclusive VAT)													
Highest remuneration to:	Basic Salary		Variable Salary		Additional Payments		Employer contributions to Social-Insurance		Management-Remuneration		Total		
	07/08	06/07	07/08	06/07	07/08	06/07	07/08	06/07	07/08	06/07	07/08	06/07	
Richard Fritschi, CEO	585.0		443.8				120.1					1 148.8	
Detlef Jantos & Jantos Consulting GmbH	260.9		57.1						415.8	637.2	733.8	637.2	
Additional members of management including those who left the company in the year under review	1 725.2	2 228.9	333.8	311.1	3.1		233.5	140.2			2 295.7	2 680.3	
Total management remuneration											4 178.3	3 317.5	

Management contracts

A management contract for a 50% workload 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 and oversees Ypsomed Group's European distribution network. The contract can be terminated at 6 months notice. The company is paid a daily fee in line with industry standards. The performance fee is calculated based on 3/4 of the consolidated sales and consolidated profit of the European distribution companies and 1/4 of the achieving of individually agreed upon targets. The amount does not exceed an annual total of EUR 36 000. In addition, an individual work contract with a 50% workload exists between Ypsomed AG and Mr Jantos. A total of CHF 415 813 has been paid to Jantos Consulting GmbH in the year under review. The remuneration for Mr Jantos and Jantos Consulting GmbH adds up to CHF 733 798. There are no other management contracts in place.

The payment of lump sum expenses is based on the expense regulation approved by the canton of Berne; according to this, lump sum expenses only cover effective expenses and are thus not reported separately. No additional payments (such as discounts for receiving Reka checks etc.) are listed either, as long as they do not exceed a total amount of CHF 2 000 per person and year.

Neither have any severance payments been agreed with directors, nor have any long-term contracts of more than 12 months duration been signed with members of the management. In the year under review, no severance payments were made to former directors.

In the year under review a total of one person resigned from 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 (ending on 31 March 2006 and 31 March 2007) if they were no longer employed by one of the company's belonging to the Group. The salaries of directors 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 not related to their previous activities as members of management.

Allocation of shares in the year under review

No shares were allocated in the year under review.

Share ownership

Non-executive members of the Board of Directors and affiliated persons held 7 941 951 shares (70.63%) on 31 March 2008. There were no options held on Ypsomed shares.

Board of Directors	Shares as of 31.3.2008	Shares as of 31.3.2007
Dr. h.c. Willy Michel, Chairman	7 700 330	7 700 330
Techpharma Management AG, as affiliated person of Dr. h.c. Willy Michel	240 921	181 654
Prof. Dr. rer. pol. Dr. h.c. mult. Norbert Thom, Member	0	0
Peter Kappeler, Member	500	500
Anton Kräuliger, Vice-Chairman	200	0
Total	7 941 951	7 882 484

As of 31 March 2008 executive members of the Board of Directors and members of management and persons affiliated with them held a total of 11 584 shares (0.1%). There were no options held on Ypsomed shares.

Management	Shares as of 31.3.2008	Shares as of 31.3.2007
Richard Fritschi, CEO	1 001	0
Markus Geist, Senior Vice President Technology	0	0
Detlef Jantos, Senior Vice President Marketing & Sales	4 333	4 333
Dr. Manfred Mäder, Senior Vice President Quality Management & Regulatory Affairs	0	0
Dr. Beat Maurer, Senior Vice President Legal and Intellectual Property, Secretary of Board	3 000	3 000
Maurice Meytre, Chief Operating Officer (COO)	1 000	0
Yvonne Müller, Senior Vice President Human Resources	1 300	1 300
Niklaus Ramseier, Chief Financial Officer (CFO)	950	950
Dr. Christoph Rindlisbacher, Senior Vice President Corporate Development	0	0
Total	11 584	9 583

The company issued no options on participation rights in Ypsomed Holding AG or Group companies.

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 mandate of auditors and term of leading auditor

On 27 June 2007 the General Meeting of Shareholders of Ypsomed Holding AG selected a new auditor and group accountant, Ernst & Young AG, Berne; thus replacing PricewaterhouseCoopers AG in Berne or rather their legal predecessors, who had served as the auditor and financial controller since the founding of Ypsomed Holding AG (and previously of Disetronic Holding AG). The leading auditor has been in office at Ypsomed Holding AG since June 2007. 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 256 000. Ypsomed Holding and its Group companies were invoiced CHF 280 354 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 FOR INVESTORS

Stock listing

The registered shares of Ypsomed Holding AG are traded at the SWX Swiss Exchange and at the BX Berne eXchange.

Ticker symbols:

YPSN (Telekurs)

YPSN.S (Reuters)

YPSN SW (Bloomberg)

Securities number 1939 699

ISIN CH 001 939 699 0

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](#)

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

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

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

Helvea SA, Zürich (www.helvea.com)
[Daniel Jelovcan](#)

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

NZB 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](#)

Zürcher Kantonalbank, 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

25 June 2008

General Meeting of Shareholders, Grenchen

6 November 2008

Press conference and presentation of the half-year figures 2008/09 to analysts

26 May 2009

Press conference and presentation of the annual results 2008/09 to analysts

1st July 2009

General Meeting of Shareholders

Contact

Ypsomed Holding AG

Daniel Kusio, Head of Investor & Public Relations

Barbara Mischler, Assistant Investor & Public Relations

Phone +41 34 424 41 43

Telefax +41 34 424 41 55

www.ypsomed.com

investor@ypsomed.com