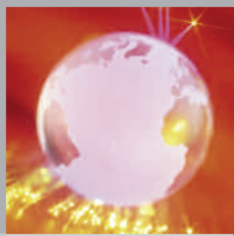
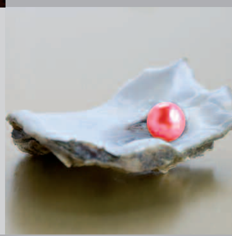




saes getters

# Consolidated Financial Statements 2008

**SAES Getters S.p.A.**

Capital Stock of 12,220,000 fully paid-in

Corporate Headquarters:
Viale Italia, 77 - 20020 Lainate (Milan), ITALY

Registered with the Milan Court
Companies Register no. 00774910152

## Structure of the Group as of December 31, 2008

saes getters

100%
**SAES Getters Export, Corp.**
Wilmington, DE (USA)

100%
**SAES Getters USA, Inc.**
Colorado Springs, CO (USA)

100%
**SAES Pure Gas, Inc.**
San Luis Obispo, CA (USA)

100%
**Spectra-Mat, Inc.**
Watsonville, CA (USA)

100%
**SAES Opto S.r.l.**
Lainate MI (Italy)

100%
**SAES Opto Materials S.r.l.**
Cagliari (Italy)

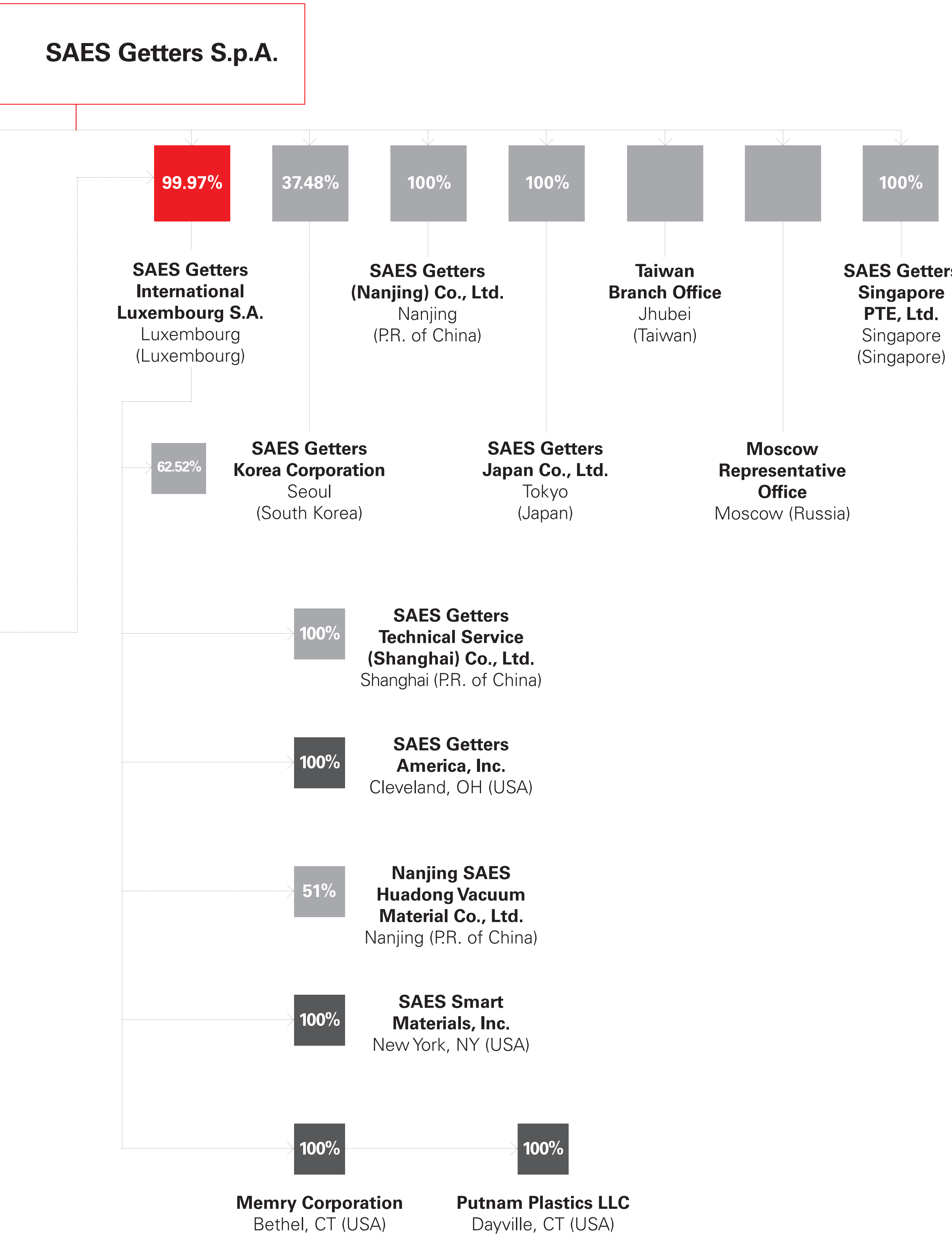
100%
**SAES Advanced Technologies S.p.A.**
Avezzano AQ (Italy)

0.03%

60%
**Memry GmbH**
Weil am Rhein (Germany)

100%
**SAES Getters (GB) Ltd.**
Daventry (Great Britain)

100%
**SAES Getters (Deutschland) GmbH**
Köln (Germany)


SAES Getters S.p.A.
99.97%
SAES Getters International Luxembourg S.A.
Luxembourg (Luxembourg)
37.48%
100%
SAES Getters (Nanjing) Co., Ltd.
Nanjing (P.R. of China)
100%
Taiwan Branch Office
Jhubei (Taiwan)
100%
SAES Getters Singapore PTE, Ltd.
Singapore (Singapore)
62.52%
SAES Getters Korea Corporation
Seoul (South Korea)
SAES Getters Japan Co., Ltd.
Tokyo (Japan)
Moscow Representative Office
Moscow (Russia)
100%
SAES Getters Technical Service (Shanghai) Co., Ltd.
Shanghai (P.R. of China)
100%
SAES Getters America, Inc.
Cleveland, OH (USA)
51%
Nanjing SAES Huadong Vacuum Material Co., Ltd.
Nanjing (P.R. of China)
100%
SAES Smart Materials, Inc.
New York, NY (USA)
100%
Memry Corporation
Bethel, CT (USA)
100%
Putnam Plastics LLC
Dayville, CT (USA)

## Board of Directors

| | |
|---|---|
| *Chairman and President* | Paolo della Porta |
| *Vice President and Managing Director* | Massimo della Porta |
| *Managing Director* | Giulio Canale |
| *Directors* | Stefano Baldi (1) (2)<br>Evelina Christillin (2)<br>Giuseppe della Porta (2)<br>Adriano De Maio (1) (3) (4)<br>Andrea Dogliotti (2)<br>Andrea Gilardoni (2)<br>Pietro Mazzola (2) (5)<br>Giuseppe Rolando (2) (3)<br>Andrea Sironi (1) (4)<br>Gianluca Spinola (2)<br>Renato Ugo (3) (4) (6) |

(1) Members of the Compensation Committee
(2) Non-executive directors
(3) Members of the Audit Committee
(4) Indipendent directors
(5) Pietro Mazzola in place of Roberto Berger starting from February 13, 2008 and confirmed by the Shareholders' Meeting as of April 23, 2008.
(6) Lead Independent Director

## Board of Statutory Auditors

| | |
|---|---|
| *Chairman* | Vincenzo Donnamaria |
| *Statutory Auditors* | Maurizio Civardi<br>Alessandro Martinelli |
| *Alternate Statutory Auditors* | Piero Angelo Bottino<br>Fabio Egidi |

## Audit firm

Reconta Ernst & Young S.p.A.

The term of office of the Board of Directors and of the Board of Statutory Auditors, elected on April 27, 2006, expires at the Shareholders' Meeting in which the financial statements for the year ended December 31, 2008 are approved.

**Powers**

Pursuant to Article 20 of the Articles of Association, the Chairman, Vice President and Managing Directors are jointly and each of them severally entrusted with the legal representation of the Company, for the execution of Board of Directors' resolutions, within the limits of and to exercise the powers attributed to them by the Board itself.
By mean of the resolution adopted on April 27, 2006, the Board of Directors granted the President, the Vice-President and Managing Director and the Managing Director the powers of ordinary and extraordinary administration, with the exception of the powers strictly reserved to the competence of the Board or of those powers reserved by law to the Shareholders' Meetings.
The Vice-President and Managing Director Massimo della Porta is also Chief Executive Officer of the Group. The Managing Director Giulio Canale is also Deputy Chief Executive Officer of the Group.

## Index

## Letter to Shareholders

Dear Shareholders,

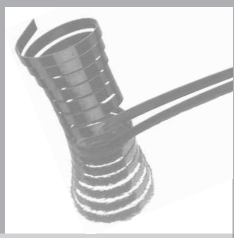
In 2008 we achieved the most important of the goals we had set for ourselves in our strategic plan: to use our financial resources to acquire a company operating in a high-technology industry, preferably one complementary to our business, in order to reduce our excessive dependence on sales on the historical Information Displays market, which is notoriously cyclical and subject to severe price pressure.

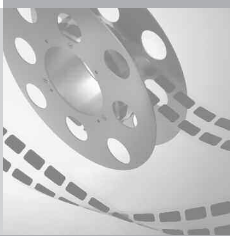
The acquisition of Memry Corporation, which produces new-generation medical devices from shape-memory alloys, was a perfect match for our objectives.
The biomedical market is acyclical and offers significant growth rates. Memry Corporation's products and technologies complement those we have developed in the various industrial segments in which we have been operating for many years through the Shape Memory Alloys project. The acquisition of Memry, along with the acquisition of the SMA division of Special Metals Corporation, which manufactures and markets a wide set of alloys and semi-finished products, has won our Company a position of international leadership in the shape-memory alloy segment for applications in the biomedical and industrial sectors-sectors which present low cyclicity and significant growth expectations. The technical and commercial synergies arising from the combination of these operations will permit rapid development of both markets.

Our strategy of expanding through acquisitions proved to be right when in the second half of the year the global economic crisis combined with excess inventory levels throughout the production chain to lead to a sharp decline in our sales on the Information Displays market. Consequently, although our earnings figures for the second half of the year were severely penalized, we may still state that we have closed another year of excellent results, as may be seen from our dividend proposal.

In the coming months, the Company will be strongly committed to maintaining net sales volumes by focusing internal resources on perfecting new products, some of which are already being tested by important customers. We also aim to recover profitability through the cost-cutting plans launched in late 2008, which will bring concrete benefits in the first few months of 2009, with the strictness, flexibility and agility that the uncertainties of the global economic scenario require, as well as to maximize the generation of *free cash flow* to return to a positive net financial position in sufficiently short lifespace.

Massimo della Porta
Vice President and Managing Director





saes getters

## Group financial highlights

## Group financial highlights

(thousands of euro)

| Income statement data | Year 2008 | Year 2007*** | Difference | Difference % |
|---|---|---|---|---|
| NET SALES | | | | |
| - Information Displays | 75,034 | 108,427 | (33,393) | -30.8% |
| - Industrial Applications | 61,491 | 55,487 | 6,004 | 10.8% |
| - Shape Memory Alloys | 17,624 | 890 | 16,734 | 1880.2% |
| - Advanced Materials | 2,958 | 2,385 | 573 | 24.0% |
| **Total** | **157,107** | **167,189** | **(10,082)** | **-6.0%** |
| EBITDA* | **42,484** | **65,714** | **(23,230)** | **-35.4%** |
| % on sales | 27.0% | 39.3% | | |
| OPERATING INCOME (LOSS) | | | | |
| - Information Displays | 35,100 | 52,844 | (17,744) | -33.6% |
| - Industrial Applications | 14,109 | 15,224 | (1,115) | -7.3% |
| - Shape Memory Alloys | (1,619) | (3,083) | 1,464 | 47.5% |
| - Advanced Materials & Corporate Costs | (17,142) | (15,682) | (1,460) | -9.3% |
| **Total** | **30,448** | **49,303** | **(18,855)** | **-38.2%** |
| % on sales | 19.4% | 29.5% | | |
| NET INCOME^ | **20,332** | **34,869** | **(14,537)** | **-41.7%** |
| % on sales | 12.9% | 20.9% | | |

| Balance sheet and financial data | December 31, 2008 | December 31, 2007 | Difference | Difference % |
|---|---|---|---|---|
| Property. plant and equipment, net | 71,691 | 60,317 | 11,374 | 18.9% |
| Shareholders' equity | 143,381 | 146,811 | (3,430) | -2.3% |
| Net financial position | (20,293) | 69,123 | (89,416) | -129.4% |

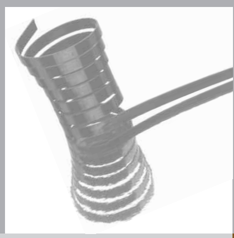
| Other information | Year 2008 | Year 2007 | Difference | Difference % |
|---|---|---|---|---|
| Cash flow from operating activities | 33,703 | 44,018 | (10,315) | -23.4% |
| Research & Development expenses | 17,657 | 17,752 | (95) | -0.5% |
| Number of employeees as at December 31** | 1,448 | 937 | 511 | 54.5% |
| Personnel cost | 50,668 | 42,846 | 7,822 | 18.3% |

* EBITDA is not deemed a measure of performance under International Financial Reporting Standards IFRS and must not be considered as an alternative indicator of the Group's operations, However, we believe that EBITDA is an important parameter for measuring the Group's performance, Since the calculation of EBITDA is not regulated by applicable accounting standards, the method applied by the Group may not be homogeneous with methods adopted by other groups, EBITDA is defined as operating income plus depreciation, amortization and write down of non-current assets and other non monetary and non recurring costs.

** This figure includes personnel employed by Italian Group companies with contract types other than salaried employment agreements, as of December 31, 2008 the number includes also no. 154 employees of polymer division of Memry Corporation

*** Comparative data have been restated in order to allow a homogeneous comparison with 2008, in particular:
- revenues and costs related to the getter business for flat panel displays other than LCD ones (called Other Flat Panels Business), previously included in the Information Displays Business Unit, have been allocated in the Advanced Materials Business Development Unit;
- following the acquisitions completed during 2008 (SMC's SMA Division and Memry Corporation) and for a clearer information, figures on shape memory alloys have been pulled out from the Advanced Materials Business Development Unit and have been reclassified in the Shape Memory Alloys Business Unit;
- the figures of the Chinese controlled company SAES Getters Technical Service (Shanghai) Co., Ltd., currently in liquidation, have been reclassified under "Income (loss) from assets held for sale and discontinued operations".

^ This figure includes net income deriving from assets held for sale and discontinuing operations equal to 581 thousand of euro



saes getters

# Report on Operations of the SAES Getters Group

## Report on Operations of the SAES Getters Group

A pioneer in the development of getter technology, the SAES® Getters Group leads the world in a wide range of scientific and industrial applications that require high vacuum conditions and ultra-pure gases.
In nearly 70 years of operation, the Group's getter solutions have powered technological innovation in sectors including information display and illumination, complex high-vacuum systems and thermal-vacuum isolation, drawing on technologies ranging from large vacuum power tubes to miniaturized devices such as microelectronic and micromechanical systems mounted on silicon wafers. The Group also leads the market in the ultra-pure gas purification systems for the semiconductor industry and other high-tech industries.
Since 2004, drawing on the skills it has acquired in special metallurgy and materials science, the SAES Getters Group has been expanding its sectors of operation addressing to the advanced materials market, in particular the optical crystals and shape memory alloys's markets.
With an overall production capacity spread out over fourteen facilities (included the facility of polymer division, sold on February 9, 2009) on three continents, a commercial and technical support network with worldwide coverage and nearly 1,500 employees (of which 148 of polymer division's), the Group brings together multicultural skills and experience, making it a global firm in the full sense of the term.
The executive offices of SAES Getters are situated in the outskirts of Milan.
SAES Getters has been listed on the STAR Segment of the Italian Electronic Stock Exchange ("Mercato Telematico Azionario") since 1986.
The Group's organizational structure consists of three Business Unit: Information Displays, Industrial Applications and Shape Memory Alloys and one Business Development Unit, Advanced Materials. Corporate costs and development costs, geared towards diversification in the area of advanced materials (Advanced Materials Business Development Unit), are disclosed separately from the three Business Units.

The organization structure based on Business is grown in the following table:

| | |
|---|---|
| **Information Displays Business Unit** | |
| Liquid Crystal Displays | Getter and metal dispensers for liquid crystal displays |
| Cathode Ray Tubes | Barium getters for cathode ray tubes |
| **Industrial Applications Business Unit** | |
| Lamps | Getters and metal dispensers used in discharge lamps and fluorescent lamps |
| Electronic Devices | Getters and metal dispensers for electron vacuum devices |
| Vacuum Systems and Thermal Insulation | Pumps for vacuum systems and getters for thermal insulated devices |
| Semiconductors | Gas purifier systems for the semiconductor industry and other industries |
| **Shape Memory Alloys Business Unit** | |
| Shape Memory Alloys | Shape memory alloys |
| **Advanced Materials Business Development Unit** | |
| Advanced Materials | Dryer for OLED displays, getters for microelectronic and micromechanical systems, optycal crystals |

### Information Displays Business Unit

*Liquid Crystal Displays Business*
For the television set, monitor and liquid crystal display industry, SAES Getters develops innovative technologies that are considered strategic for maintaining the vacuum and for

absorbing harmful gases in the cold cathode fluorescent lamps for the LCD's displays back-ligthing, thereby allowing for improved efficiency and longer lifespan of displays.

*Cathode Ray Tubes Business*
SAES Getters is the world leader in the production and supply of getters used to maintain vacuum conditions in cathode ray tubes for colour televisions and monitors.

## Industrial Applications Business Unit

*Lamps Business*
SAES Getters is the world leader in the supply of getters and metal dispensers for lamps. Its innovative and high-quality products work by preserving the vacuum and the purity of the refill gases, thereby maintaining optimum lamp operation conditions over time. SAES Getters has also been involved for years in the development of mercury dispensers with a low environmental impact, in line with the stricter international legislation in force in this area.

*Electronic Devices Business*
The Electronic Devices Business provides advanced technological solutions to a wide range of markets, including the aeronautical, medical, industrial, security and defence sectors. The products developed are able to satisfy the most stringent application requirements in terms of the high quality of the guaranteed vacuum and are employed in various devices such as night vision devices, infrared seeking devices, X-ray tubes and laser gyroscopes. The Electronic Devices Business includes getter solutions for vacuum thermal insulation for solar collectors.

*Vacuum Systems & Vacuum Thermal Insulation Business*
The expertise that has been gained in vacuum technology, degassing, permeation and gettering properties of materials has served to boost the development of vacuum pumps based on non-evaporable getter materials (NEGs) and a proprietary technology for vacuum thermal insulation. NEG pumps are used in both industrial and scientific applications including analytical instruments, vacuum systems and particle accelerators. SAES Getters solutions for vacuum thermal insulation include NEG products for cryogenic applications and vacuum flasks, as well as vacuum insulating panels whose main use is for refrigerated transport containers.

*Semiconductors Business*
The mission of this Business is to develop and sell advanced gas purification systems for the semiconductor industry and for high-tech industries. Through the subsidiary SAES Pure Gas, the Group offers a full range of purifiers for bulk gases and special gases as well as vacuum pumps that can be used directly inside process rooms. The range of SAES Getters purifiers, which covers the full spectrum of flows required and all gases normally used in the processes involving the production of semiconductors, represents the market standard as regards the technology used, the totality of impurities removed and the lifespan of the purifiers.

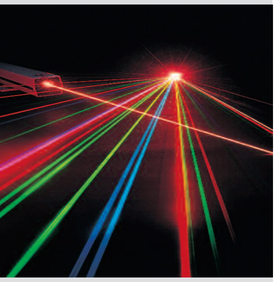
## Shape Memory Alloys Business Unit

*Shape Memory Alloys (SMA) Business*
From raw materials, SAES Getters produces shape memory alloy components, a family of advanced materials characterized by super elasticity and by the property of assuming predefined forms when subjected to heat treatment. The SAES Getters production process, integrated vertically, allows for complete flexibility in the supply of the products, together

with total quality control. These special alloys have their applications mainly in biomedical field and, more in general, in niche industrial field.

### Advanced Materials Business Development Unit

*Getters per MEMS*
In order to support adequately the growing trend for smaller microelectronic and microelectromechanic devices, SAES Getters has developed solutions that involve the use of thin film getters, measuring just a few microns thick, that can be deposited on various substrates in a wide variety of forms. By maintaining the vacuum or inert gas purity conditions present inside application devices, thin film getters ensure optimum functioning, improved performance and significantly increased lifespan.



*Optoelectronic Materials*
The product line includes advanced optical crystals for the electronic devices, industrial lasers, and scintillator markets. In this area, SAES Getters aims to offer its customers a competitive advantage by supplying high added-value photonic material, guaranteed by full control of the techniques for growing monocrystals and their manufacture and characterization processes.

*Other Flat Panels*
For the flat panel television industry, different from liquid crystal displays, SAES Getters offers highly sofisticated getters and dryers that can be used in most of the advanced developments in the flat panel industry, among which Field Emission Display (FED) and Organic Light Emitting Diodes (OLED).

## Main events for the year ended December 31, 2008

After a first half marked by a turnover and a net profit in line with those of the corresponding period of the previous year (despite the negative exchange rate effect that hit all sectors of the business), the second part of the year was affected by the world economic crisis.

In the second half of the year, financial markets became increasingly volatile, which led to severe repercussions for various financial institutions and, more generally, the overall performance of the economy. In greater detail, widespread difficulties in securing access to credit and the ensuing decreased availability of liquidity penalized the development of many industrial sectors, including some of the markets on which the SAES Getters Group operates.

The most heavily penalized of these markets was without a doubt the consumer electronics segment, driven by a decrease of end consumers to feel like doing purchases, which translated into a decline in demand for components by manufacturers.

Turning to the other traditional core segments of the SAES Getters Group's business, the military segment and most target markets for Industrial Applications showed substantial stability in terms of volumes and prices since they are less directly exposed to the consequences of the liquidity crisis.

Lastly, it bears repeating that the medical applications market, which is the natural destination of most of the output of the Shape Memory Alloys Business Unit, is acyclical in nature.

The recession, which caused a decrease in consumption, has particularly affected the Information Displays Business Unit: the LCD market, after a first half year of growth, starting from the third quarter of 2008 and even more in the fourth quarter of 2008 had a decrease in volumes that will continue also in 2009.

Some factors that penalize the LCD business (increasing price pressure, optimization of the use of SAES Getters dispensers, decrease in the number of lamps in each screen, shift of the sales mix towards products with lower value added) were balanced by the continuous growth in volumes in the first half of the year; in the second half of 2008, the effect of the sudden crisis in the television-set industry due to lower than expected sales in the Olympic period and, more generally, the international recession, led to a sudden reversal in the trend with a negative impact on revenues.

Financial year 2008, and the second half of the year in particular, was positively influenced by the growth of the Shape Memory Alloys (SMA) segment, largely driven by the consolidation of two acquisitions made in the United States during the year: the SMA division of Special Metals Corporation (SMC) and Memry Corporation.
These acquisitions are part of the Group's diversification strategy, which aims to maintain leadership in traditional markets, while at the same time expanding into the advanced materials business, and shape-memory alloys in particular.
The SMA division of SMC, the acquisition of which was closed on January 3 by SAES Smart Materials, Inc., with its considerable technological expertise and customer portfolio, is one of the leading suppliers of advanced shape-memory alloys for the biomedical industry and high technological content niche applications.
Memry Corporation, acquired on September 29, is a leading supplier engaged in the design, engineering, development and manufacturing of medical devices and other advanced industrial applications of Nitinol (nickel-titanium) alloys.
Thanks to SAES Smart Materials, Inc. and Memry Corporation, SAES Getters has achieved a position of leadership on the SMA medical applications market, which is highly resistant to general economic trends and shows significant, consistent growth rates in the USA and the rest of the world. In addition, the two companies engage in businesses that are complementary to and synergetic with the Group's in the area of shape-memory alloys for industrial applications and thereby foster and accelerate the Group's development.

On February 9, 2009 it was closed the sale of the activities belonging to Putnam Plastics, the polymer division of the indirectly controlled company Memry Corporation, for a compensation equal to 25 million of dollars (about 19,2 million of euro). The decision is part of the SAES Getters strategy to focus investments and resources on its core business of shape memory alloys (SMA) for medical and industrial applications, allowing both to generate cash and improve the net financial position.

The signature of an agreement with Matthias Mertmann, founder and owner of 50% of shares and current Managing Director of Dr. -Ing. Mertmann Memory-Metalle GmbH, for the acquisition of 10% shareholding and for the acquisition of the entire capital in two following tranches by June 30, 2014, falls into the strategy of SMA consolidation. SAES Getters S.p.A. acquired 50% shareholding on May 30, 2006.

The German company has changed its corporate name from Dr. -Ing. Mertmann Memory- Metalle GmbH into Memry GmbH and, following an agreement which states a strong operating and commercial integration with Memry Corporation, it will become an European centre of excellence for the development of shape memory alloys for medical applications market and for the distribution of Memry products in Europe.

In the United States, in addition to the two acquisitions already mentioned before, during 2008 the acquisition of Spectra-Mat, Inc.(located in California) was closed; this company mainly operates as manufacturer of components for the telecommunication, medical and military markets, devices for capital equipment for the semiconductors industry, together with advanced materials for the industrial laser market.

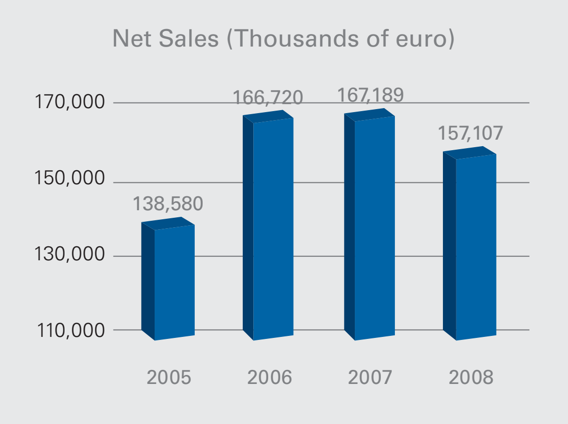
These acquisitions, which were advantageous from the standpoint of cash flow due to the favorable euro/dollar exchange rate in the first months of 2008, were partially funded through the contracting of medium/long-term loans in U.S. dollars by the operating companies, thereby leaving the Group's cash and cash equivalents substantially unchanged. Moreover, the US acquisitions also allowed the balancing of the Group's currency situation, particularly in terms of revenue denominated in U.S. dollars, nature hedging of which significantly increased being the costs denominated in the same currency.

The international economic crisis doesn't seem to have affected the sales of the Industrial Applications Business Unit (+10.8% in 2008).
All business segments had an increase in turnover, with the exception of the Semiconductors Business, strongly affected by the exchange rate effect.

To contend with the difficult economic situation, which is expected to continue also in 2009, a savings plan has been approved by the Board of Directors to cut operating costs for at least 5 millions of euro, to be realized within 2009.

During the year, finally, the research and innovation activity proceeded (around 11% of net sales has been invested in research and development activities) with the objective of promoting the diversification of the products portfolio.

## Net sales and economic performance for the period ended December 31, 2008



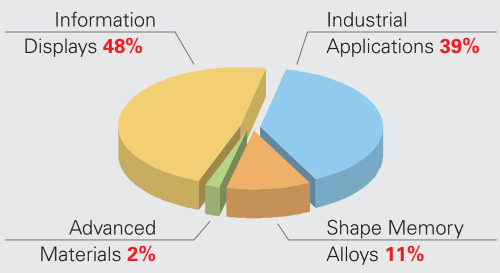

In 2008, SAES Getters Group achieved **consolidated turnover** equal to 157,107 thousand of euro, down 6% compared to 167,189 thousand of euro achieved in 2007. Consolidated turnover does not include the sales of the polymer division of Memry Corporation, whose results were reclassified under "Income (loss) from assets held for sale and discontinued operations". By adding such revenues, the Group's consolidated turnover would have been 160,198 thousand of euro.

[1] The change in the scope of consolidation include:
- the acquisition of the SMC's SMA Division (January 3, 2008) by SAES Smart Materials, Inc.;
- the acquisition of Spectra-Mat, Inc. (February 22, 2008);
- the acquisition of Memry Corporation (September 29, 2008);
- the full consolidation of the results of Memry GmbH (former Dr.-Ing. Mertmann Memory-Metalle GmbH, previously 50% consolidated with the proportional method).

The **change in the scope of consolidation**[1] led to an increase in revenues equal to 12.3%. At the same scope of consolidation, consolidated turnover would have been 136,596 thousand of euro.

The negative **exchange rate effect**, equal to -5%, affected 2008 revenues and was mainly caused by the devaluation of the U.S. dollar and of the Korean won against the euro and only partially corrected by the revaluation of the Japanese yen. Net of the exchange rate effect, consolidated turnover decreased only by 1%, following the acquisitions closed in the year.

% composition of Net Sales by Business Unit




The negative exchange rate effect affected net sales mainly in the first half of the year (-9% the exchange rate effect on consolidated net sales in the first half of 2008); in the second half of the year the revaluation of U.S.dollar and Japanese yen reduced the overall negative effect of currencies.

When evaluating net sales performance, it must be considered that the effects of the global economic crisis had a greater impact on sales in the fourth quarter, which, for Information Displays in particular, were significantly lower than in previous periods. However, during the same period, the SAES Getters Group benefited from the positive effect of the consolidation of Memry Corporation's revenues.

The table below gives a breakdown of 2008 and 2007 net sales according to Business:

(thousands of euro)

| Business | 2008 | 2007 * | Difference | Difference % | Consolidation area effect % | Price/ quantity effect % | Exchange rate effect % |
|---|---|---|---|---|---|---|---|
| Liquid Cristal Displays | 64,634 | 90,004 | (25,370) | -28.2% | 0.0% | -21.6% | -6.6% |
| Cathode Ray Tubes | 10,400 | 18,423 | (8,023) | -43.5% | 0.0% | -42.2% | -1.3% |
| **Subtotal Information Displays** | **75,034** | **108,427** | **(33,393)** | **-30.8%** | **0.0%** | **-25.1%** | **-5.7%** |
| Lamps | 11,508 | 11,177 | 331 | 3.0% | 0.0% | 4.0% | -1.0% |
| Electronic Devices | 23,863 | 17,143 | 6,720 | 39.2% | 18.1% | 24.0% | -2.9% |
| Vacuum Systems and Thermal Insulation | 5,556 | 4,311 | 1,245 | 28.9% | 0.0% | 32.3% | -3.4% |
| Semiconductors | 20,564 | 22,856 | (2,292) | -10.0% | 0.0% | -4.3% | -5.7% |
| **Subtotal Industrial Applications** | **61,491** | **55,487** | **6.004** | **10.8%** | **5.6%** | **8.9%** | **-3,7%** |
| **Subtotal Shape Memory Alloys** | **17,624** | **890** | **16,734** | **1880.2%** | **1879.2%** | **1.3%** | **-0.3%** |
| **Subtotal Advanced Materials** | **2,958** | **2,385** | **573** | **24.0%** | **28.6%** | **-3.1%** | **-1.5%** |
| **Total net sales** | **157,107** | **167,189** | **(10,082)** | **-6.0%** | **12.3%** | **-13.3%** | **-5.0%** |

* Comparative data have been restated in order to allow a homogeneous comparison with 2008, in particular:
- revenues and costs related to the getter business for flat panel displays other than LCD ones (called Other Flat Panels Business), previously included in the Information Displays Business Unit, have been allocated in the Advanced Materials Business Development Unit;
- following the acquisitions completed during 2008 (SMC's SMA Division and Memry Corporation) and for a clearer information, figures on shape memory alloys have been discorporated from the Advanced Materials Business Development Unit and have been reclassified in the Shape Memory Alloys Business Unit;
- the figures of the Chinese controlled company SAES Getters Technical Service (Shanghai) Co., Ltd., currently in liquidation, have been reclassified under "Income (loss) from assets held for sale and discontinued operations".

**Information Displays Business Unit's** consolidated revenues were 75,034 thousand of euro in 2008, with a decrease of 33,393 thousand of euro (-30.8%) compared to 2007. The exchange rate trend caused a negative exchange rate effect equal to 5.7%. The decrease, excluding the exchange rate effect, equal to 25.1%, was due both to the continued slowdown in the cathode ray tubes (CRT) market and to the decrease in volumes in the LCD business (begun in the third quarter of the year and continued also in the last quarter), caused by the international recession that has led to a decrease in consumption.
The current recession scenario has hit the TV-set market and particularly the wide screen segment, determining the extension of the rundown of the inventories generated by sales lower than expected during the Olympic games, with a negative impact on revenues. The negative economic situation has also accelerated the already ongoing process of cost reduction by the final customers, with the subsequent reduction in the number of fluorescent lamps used in each display and the optimization of the use of SAES Getters dispensers. The continuing price reduction in the end-user TV market generates a constant price pressure on each step of the supply chain, thus orienting the whole demand towards lower cost components and subsequently shifting the sales mix of SAES Getters towards less added-value products.

Revenues of the *Liquid Crystal Displays Business* were 64,634 thousand of euro compared to 90,004 thousand of euro in 2007 (-28.2%). The currency trend caused a negative exchange rate effect equal to 6.6%.

Net sales of the *Cathode Ray Tubes Business* amounted to 10,400 thousand of euro, with a decrease of 43.5% compared to 18,423 thousand of euro in 2007. The negative exchange rate effect was equal to 1.3%.

Consolidated revenues of the **Industrial Applications Business Unit** were 61,491 thousand of euro in 2008, growing by 6,004 thousand of euro (+10.8%) compared to 2007. Sales increased in all business activities, except the one of semiconductors, affected by the devaluation of the U.S. dollar against the euro and by lower investments in new factories, especially in China and United States.
The recession hit only slightly the Industrial Applications business, subject to the economical cycles less than the Information Displays business.
It is to be pointed out an increase in sales especially of porous getters and hydrogen-absorption getters for military applications, of pumps for vacuum systems and getters for solar collectors (the sales of which have more than doubled from 2,870 thousand of euro in 2007 to 5,033 thousand of euro in 2008, thanks to the attention paid to renewable energy).
The currency trend caused a negative exchange rate effect equal to 3.7%; net of the exchange rate effect, the increase was equal to 14.5%.

Revenues of the *Lamps Business* were 11,508 thousand of euro, increased by 3% compared to 11,177 thousand of euro in 2007. The exchange rate effect was negative by 1%.
Revenues of the *Electronic Devices Business* amounted to 23,863 thousand of euro, increased by 39.2% compared to the previous year. Net of a negative exchange rate effect equal to 2.9%, revenues increased by 42.1%. Net sales on the same consolidation area, were 20,761 thousand of euro, considering the acquisition of Spectra-Mat, Inc. closed on February 22, 2008.
Net sales of the *Vacuum Systems and Thermal Insulation Business* were equal to 5,556 thousand of euro, increased by 28.9% compared to 4,311 thousand of euro in 2007. The negative exchange rate effect was equal to 3.4%.

Net sales of the *Semiconductors Business* were 20,564 thousand of euro in 2008, with a decrease of 10% compared to 22,856 thousand of euro in 2007, strongly penalized by the negative exchange rate effect (-5.7%).

2008 consolidated turnover of the new Business Unit dedicated to the shape memory alloys business (**Shape Memory Alloys - SMA**) was 17,624 thousand of euro.
The increase of revenues compared with 2007 (+16,734 thousand of euro) is due to the acquisitions completed during the year: in particular SMC's SMA division; Memry Corporation and, in addition to the total revenues of the company Dr. -Ing. Mertmann Memory-Metalle GmbH (previously 50% owned by SAES Getters S.p.A.) following the acquisition of an additional 10% on December 15, 2008 and the Agreement on the acquisition of the entire capital stock in two subsequent tranches within 2014.
On a comparable consolidation basis sales were 898 thousands of euro, broadly unchanged compared with 2007.

2008 consolidated revenues of the **Advanced Materials Business Development Unit** were 2,958 thousand of euro, with an increase if compared to 2,385 thousand of euro in 2007, thanks to the change in consolidation area (Spectra-Mat, Inc contributed to consolidated turnover for 683 thousand of euro). On a comparable consolidation basis, the increased sales of getter films for MEMS applications were offset by a reduction in revenues in optoelectronic business.

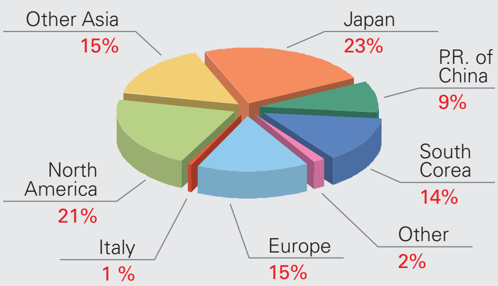
A breakdown of **net sales by geograpichal location of customers** is given below:

(thousands of euro)

| | 2008 | % | 2007 | % | Difference | Difference % |
|---|---|---|---|---|---|---|
| Italy | 1,187 | 0.8% | 1,069 | 0,6% | 118 | 11.0% |
| Other EU and Europe | 23,815 | 15.2% | 19,343 | 11,6% | 4,472 | 23.1% |
| North America | 32,625 | 20.8% | 16,773 | 10,0% | 15,852 | 94.5% |
| Japan | 37,303 | 23.7% | 39,726 | 23,8% | (2,423) | -6.1% |
| South Korea | 21,314 | 13.6% | 34,584 | 20,7% | (13,270) | -38.4% |
| P.R. of China | 14,133 | 9.0% | 22,685 | 13,6% | (8,552) | -37.7% |
| Other Asian | 24,264 | 15.4% | 31,835 | 19,0% | (7,571) | -23.8% |
| Others | 2,466 | 1.6% | 1,174 | 0,7% | 1,292 | 110.1% |
| **Net sales** | **157,107** | **100%** | **167,189** | **100%** | **(10,082)** | **-6,0%** |

During 2008 there was a strong increase of consolidated turnover in North America, mainly attributable to the acquisitions concluded during the year in the U.S. On the contrary, the sales in the Far East decreased (mainly in South Korea and Japan) due to the reduction of sales of mercury dispensers following the decrease of the volumes in the LCD business, starting from the second half of 2008.
The reduction of sales in China is mainly related to the continuous slowdown of CRT business.

% composition of Net Sales by Geographical Area



In China also the sales of purifiers for the semiconductors industry decreased because of investment slowdown in 2008 compared to 2007; on the contrary, the sales in the Semiconductors business increased in Taiwan and Singapore.
As already highlighted before, the consolidated net sales were affected by the negative exchange rate effect, which involved the sales both in North America and in the Far East, and particularly in South Korea, because of the devaluation of the U.S. dollar (mainly in the first half of the year) and of the Korean won against euro.

**Consolidated gross profit** was 90,133 thousand of euro in 2008 compared to 102,471 thousand of euro in 2007. Consolidated gross profit in terms of sales was 57.4% compared to 61.3% in 2007.
Despite the decline in sales in the Information Displays Business Unit, the Group managed to maintain a good level of gross profit thanks to the acquisitions completed during the year in the Shape Memory Alloys Business Unit; the decrease of consolidated gross profit in terms of sales is due to the unfavorable trend of exchange rates, as well as to a different composition of the mix of sales (for futher details please see the comments by Business Unit).

The following table shows gross profit for 2008 and 2007 according to Business Unit:

(thousands of euro)

| | 2008 | 2007 | Difference | % |
|---|---|---|---|---|
| Information Displays | 54,592 | 76,774 | (22,182) | -28.9% |
| Industrial Applications | 30,441 | 27,946 | 2,495 | 8.9% |
| Shape Memory Alloys | 5,693 | (720) | 6,413 | 890.7% |
| Advanced Materials & Corporate Costs | (593) | (1,529) | 936 | 61.2% |
| **Gross profit** | **90,133** | **102,471** | **(12,338)** | **-12.0%** |

Gross profit of the **Information Displays Business Unit** was 54,592 thousand of euro in 2008, with a decrease compared to 76,774 thousand of euro in 2007 (-28.9%). The decrease was mainly due to the drop of sales of barium getters for CRT and of mercury dispensers for LCD, in addition to the unfavorable currency trend and to an increasing price pressure. Consolidated gross profit in terms of sales was 72.8% compared with 70.8% in 2007. 2007 gross profit was penalized by non recurring expenses equal to 3,448 thousand of euro (1,977 thousand of euro for the write down of the remaining goodwill arising from the acquisition of 35% of SAES Getters (Nanjing) Co., Ltd. and of the customer list related to the same transaction; 1,471 thousand of euro for restructuring costs related to the CRT business); by deducting such non recurring expenses, pro-forma gross profit in terms of sales would have been 74% in 2007. Despite the decline in sales, the gross profit reduction, compared to the pro forma 2007 one, is very low (-1.2%), reflecting the greater relative weight of sales in the LCD business.

Gross profit of the **Industrial Applications Business Unit** was 30,441 thousand of euro in 2008 with an increase of 8.9% compared to 27,946 thousand of euro in 2007. Consolidated gross profit in terms of sales was 49.5% compared to 50.4% in 2007; the reduction was mainly due to a different sales mix. It is to be noted that gross profit in 2008 includes non recurring expenses and higher depreciation and amortization (251 thousand of euro) resulting from a valuation at fair value of the assets and liabilities of the newly acquired company Spectra-Mat, Inc. Excluding these non recurring costs, gross profit in terms of sales would have been equal to 49.9%, more by less in line with the one of the previous year.

Gross profit of the **Shape Memory Alloys Business Unit** was positive and equal to 5,693 thousand of euro in 2008, a percentage corresponding to 32.3% of turnover. In 2007, gross profit was negative by 720 thousand of euro. The increase is solely due to the change in the consolidation area.
While in 2008 gross profit includes non recurring expenses and a higher depreciation (867 thousand of euro) arising from a valuation at fair value of the assets and liabilities of the new acquisition of SAES Smart Materials, Inc., in 2007 it was affected by non recurring expenses for 457 thousand of euro (related to the write down of production facilities of the SAES Advanced Technologies S.p.A. factory).

Gross profit of **Advanced Materials Business Development Unit & Corporate Costs** was negative for 593 thousand of euro, with an improvement compared to a loss equal to 1,529 thousand of euro in the previous year. While in 2007 non-recurring expenses included in the cost of goods sold amounted to 1,370 thousand of euro (write down of production lines no longer strategic in OLED), in 2008 these extraordinary costs were equal to 671 thousand of euro (write down by SAES Opto Materials S.r.l. of intangible assets - goodwill included - arising from the acquisition of the business segment "Opto" from Scientific Materials Europe S.r.l. and of obsolete materials in inventories). Net of these non-recurring expenses, 2008 gross profit would have been positive and equal to 78 thousand of euro (compared to a loss of 159 thousand of euro in 2007).

**Consolidated EBITDA** was 42,484 thousand of euro in 2008 compared to 65,714 thousand of euro in 2007. Consolidated EBITDA in terms of sales was 27% compared to 39.3% in the previous year.

**Consolidated operating income** was equal to 30,448 thousand of euro in 2008, against 49,303 thousand of euro in 2007.
The decline is due to the decrease in consolidated gross profit and the increase in operating expenses mainly subsequent to the variation in the scope of consolidation; in the same consolidation area, the operating costs are substantially in line with the previous year (54,457 thousand of euro in 2008 against 54,164 thousand of euro in 2007).

The following table shows operating income for 2008 and 2007 according to Business Unit:

(thousands of euro)

| | 2008 | 2007 | Difference | % |
|---|---|---|---|---|
| Information Displays | 35,100 | 52,844 | (17,744) | -33.6% |
| Industrial Applications | 14,109 | 15,224 | (1,115) | -7.3% |
| Shape Memory Alloys | (1,619) | (3,083) | 1,464 | 47.5% |
| Advanced Materials & Corporate Costs | (17,142) | (15,682) | (1,460) | -9.3% |
| **Operating income** | **30,448** | **49,303** | **(18,855)** | **-38.2%** |

Operating income for the **Information Displays Business Unit** was 35,100 thousand of euro in 2008, compared with 52,844 thousand of euro in 2007. The drop of the operating income in terms of sales is due to the reduction of the gross profit as described above; the operating expenses significantly decreased from 24,729 thousand of euro to 19,535 thousand of euro (-5,194 thousand of euro). In percentage on sales, the operating income decreased from 48.7% to 46.8% compared to the previous year.

Operating income of the **Industrial Applications Business Unit** was 14,109 thousand of euro in 2008, compared to 15,224 thousand of euro in 2007. The decrease of the operating income in terms of sales, despite the increase in gross profit, is due to increased operating costs (especially in selling costs and general and administrative expenses), partly motivated by the consolidation of the newly acquired company Spectra-Mat, Inc. In percentage on sales, the operating income decreased from 27.4% to 22.9% compared with the previous year.

Operating income of the **Shape Memory Alloys Business Unit** was negative for 1,619 thousand of euro, compared to a loss of 3,083 thousand of euro in 2007. The increase in operating costs was solely due to the increased scope of consolidation; it includes higher depreciation for 288 thousand of euro, related to the customer list on which it has been allocated the goodwill arising from the acquisition of SMC's SMA division (in 2007 non recurring expenses amounted to 184 thousand of euro and they were related to the depreciation of licenses no longer in use).

The operating loss related to **Advanced Materials & Corporate Costs** included both the result of Advanced Materials Business Development Unit and corporate costs.
While in 2007 non-recurring expenses were equal to 1,764 thousand of euro (1,177 thousand of euro for legal and advisory costs related to the acquisitions and 587 thousand of euro of write downs related to equipment no longer in use and a research project in an area no more strategic), in 2008 these costs were equal to 1,770 thousand of euro (advisory costs related to the implementation of the new Group ERP for 1,235 thousand of euro and write down of a research project for 535 thousand of euro).
On a comparable consolidation basis and excluding non-recurring expenses, operating costs increased from 12,441 thousand of euro to 14,127 thousand of euro, mainly due to higher costs for research and development.

On the whole, the item "Personnel cost" came to 50,668 thousand of euro, up from 42,846 thousand of euro in 2007, primarily due to increased average personnel number following the expansion of the Group's consolidation area. On the same consolidation basis, the personnel cost was 42,290 thousand of euro.

Other income (expenses), net was positive and equal to 314 thousand of euro, compared to a positive 996 thousand of euro in 2007. The operating income of the first half of 2007 benefited from a non-recurring financial gain related to the change in the accounting method for hedging derivatives (492 thousand of euro).

Net financial income (expenses) was negative for 477 thousand of euro, compared to a positive value equal to 2,496 thousand of euro in 2007. In particular, the financial income was 1,917 thousand of euro, down from 3,217 thousand of euro in 2007, primarily for the reduction of bank interest income because of the lower average interest rate recognized by the banks and of the lower available liquidity on the current accounts of the Group.

Financial charges were equal to 2,394 thousand of euro, compared to 721 thousand of euro in the previous year. The increase is primarily due to interest expenses on loans received from U.S. companies to finance the acquisitions and to the negative impact of the evaluation at fair value of Interest Rate Swaps executed to cover the loans.
This item included expenses/income due to contractual agreements entered into at the time of acquisition of the joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd., according to which minority-interest shareholders in the company are

entitled to a fixed annual dividend. To account for this clause, which entails that the Group's share of the company's earnings differs from its share of equity, 87 thousand in consolidated financial income were charged to the accounts in 2008, compared to 308 thousand of financial expenses in the previous year.

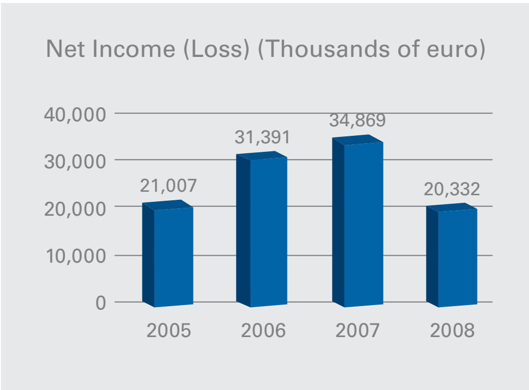
Net foreign exchange profit, equal to 486 thousand of euro in 2008, is compared with a net profit of 5,428 thousand of euro in 2007. The decrease in the net foreign exchange profit is due to lower gains realized from the closure of the forward contracts on currency transactions and to the adverse economic impacts arising from the evaluation at fair value of derivative contracts still outstanding, partly offset by currency gains realized on receipts in yen (following the strengthening of the yen against the euro in the second half of 2008) and by the positive effect of the conversion of cash and cash pooling financial receivables denominated in euro of the subsidiary SAES Getters Korea Corporation (following the strengthening of the euro against the Korean won).

Income taxes were 10,706 thousand of euro against 22,509 thousand of euro in 2007. The tax rate has fallen from 39.3% in 2007 to 35.2% in the period ended 31 December 2008; the reduction is mainly related to tax receivables for research & development activities introduced in 2007 by the Italian legislation and to the decrease in the tax rate in Italy (from 37.25% to 31.4%).

Profit from assets on sale include the net income of the controlled company SAES Getters Technical Service (Shanghai) Co., Ltd currently in liquidation (23 thousand of euro) and the net result of Putnam Plastics (558 thousand of euro), polymer division of Memry Corporation, sold in February 9, 2009. This disposal is part of the SAES Getters strategy to focus investments and resources on the strategic core business of shape memory alloys (SMA) for medical and industrial applications.
In 2007 this item included only the net result of the Chinese subsidiary in liquidation (which included the positive effect of the gains on discontinued assets equal to 453 thousand of euro).

**Consolidated net income** was 20,332 thousand of euro in 2008, compared to 34,869 thousand of euro in the previous year and it was equal to 12.9% of consolidated turnover (20.9% of consolidated turnover in 2007).

Consolidated net income included amortization and depreciation equal to 10.791 thousand of euro (11,616 thousand of euro in 2007).



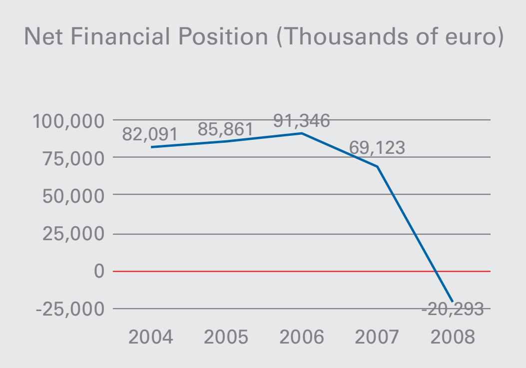

The research and development costs, charged to the income statement, were 17,657 thousand of euro (11.2% on consolidated net sales); in absolute value these costs were in line with the previous year (17,752 thousand of euro), but increased in term of sales if compared with 2007 (10.6% on consolidated net sales).

## Financial position - Investments - Other information

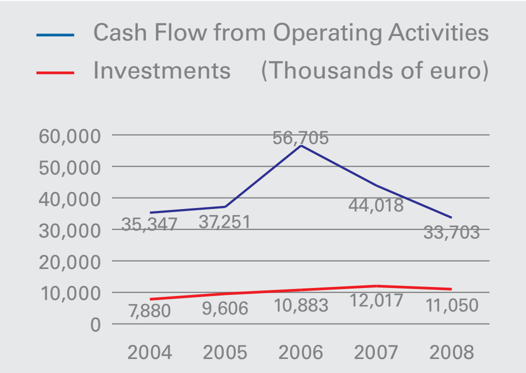
A breakdown is given below of the items making up the consolidated net financial position:

(thousands of euro)

| | 2008 | 2007 |
|---|---|---|
| Cash on hand | 29 | 10 |
| Cash equivalents | 37,289 | 70,655 |
| **Cash and cash equivalents** | **37,318** | **70,665** |
| **Current financial assets** | **0** | **1,769** |
| Bank overdradft | 35,928 | 184 |
| Current portion of long term debt | 2,795 | 857 |
| Other current financial liabilities | 1,433 | 0 |
| **Current financial liabilities** | **40,156** | **1,041** |
| **Current net financial position** | **(2,838)** | **71,393** |
| Long term debt, net of current portion | 16,815 | 2,270 |
| Other financial debt, non current | 640 | 0 |
| **Non current financial liabilities** | **17,455** | **2,270** |
| **Net financial position** | **(20,293)** | **69,123** |




**Consolidated net financial position** was negative by 20,293 thousand of euro (represented by cash and cash equivalents for 37,318 thousand of euro and financial debt for 57,611 thousand of euro) compared to a positive net financial position of 69,123 thousand of euro as of December 31, 2007. The decrease compared to December 31, 2007 is mainly due to the disbursements for the acquisitions equal to 76,751 thousand of euro (of which: 21,128 thousand of euro for the acquisition of SMA division of SMC, 4,011 thousand of euro for Spectra-Mat, Inc., 51,424 thousand of euro for Memry Corporation and 188 thousand of euro for the acquisition of law control of Dr. -Ing. Mertmann Memory-Metalle GmbH)[2], to the payment of dividends (21,950 thousand of euro), to the purchase of treasury shares (3,335 thousand of euro), to the payment of interests on loans obtained to finance acquisitions (1,104 thousand of euro) and to investments (11,050 thousand of euro), partially offset by funds generated from the operational activities.

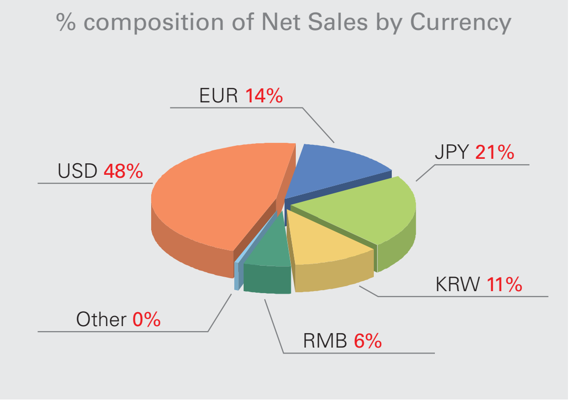


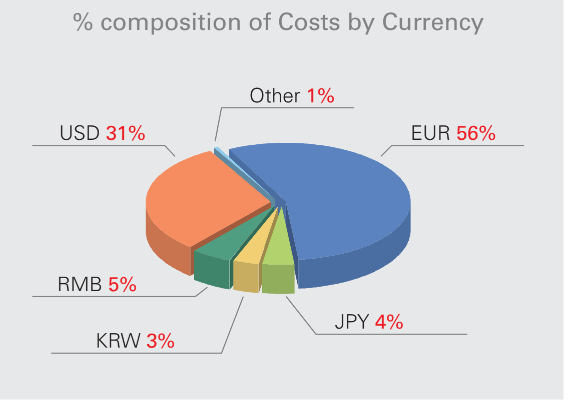

The *cash flow* generated by operating activities in 2008 were equal to 33,703 thousand of euro, equal to 21.5% of turnover, against 44,018 thousand of euro in 2007, equal to 26.3% of turnover. The decrease is mainly due to the contraction in sales caused by the recession, partly offset by lower tax payments and by the fact that 2007 was marked by

[2] Net of cash and cash equivalents acquired

extraordinary expenses of the Parent company related to the process of rationalization of CRT activities.
In 2008, investments in property, plant and equipment amounted to 11,050 thousand of euro (12,017 thousand of euro in 2007) and were primarily related to the acquisition of special machinery and equipment in the optoelectronic business, to the completion of the new industrial building of the subsidiary SAES Advanced Technologies S.p.A. and to the acquisition by the Parent Company of labs' equipment and machinery for the pilot lines in the advanced materials sector.
The investments in intangible assets amounted to 2,870 thousand of euro (3,165 thousand of euro in 2008) and were mainly related to the implementation of the new integrated information technology system (ERP).

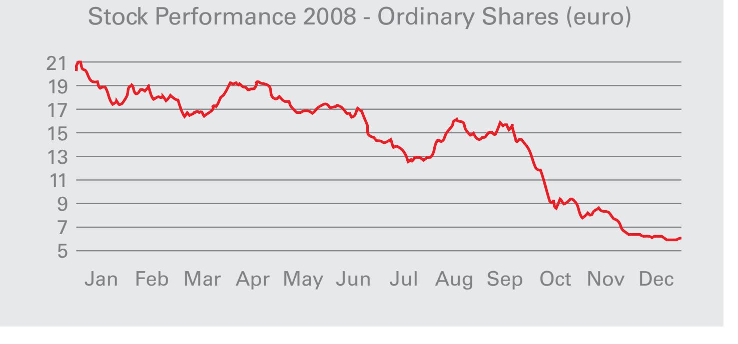
The composition of net sales and costs (cost of sales and operating expenses) by currency is given below:




The official price trends for ordinary and savings shares during 2008 are given below:

Ordinary and saving shares listed on the STAR segment Mercato Telematico Azionario of Borsa Italiana decreased their values by 70% and 71% respectively in 2008, compared with 48% and 40% decreases, recorded respectively on the Mibtel and AllSTAR indices.




The following table shows the main ratios:

| Ratios | | 2008 | 2007 | 2006 |
|---|---|---|---|---|
| Operating income/Net sales | % | 19.4 | 29.5 | 32.5 |
| Income before taxes/Net sales | % | 19.4 | 34.2 | 32.5 |
| Net income from continuing operations/Net sales | % | 12.6 | 20.8 | 18.8 |
| Net income from continuinig operations/Average shareholders' equity (ROAE) | % | 15.8 | 26.6 | 22.5 |
| Research expenses/Net sales | % | 11.2 | 10.6 | 9.4 |
| Depreciation tangibile assets/Net sales | % | 6.2 | 6.2 | 6.0 |
| Cash flow from operating activities/Net sales | % | 21.5 | 26.3 | 34.0 |
| Taxes/income before taxes | % | 35.2 | 39.3 | 42.2 |
| Net sales/Average number of personnel* | thousand of euro | 148 | 187 | 185 |
| Accumulated depreciation/Tangibile assets | % | 63.0 | 63.1 | 61.0 |

* The data has been calculated in 2008 without considering the employees of polymer division of Memry Corporation.

## Performance of subsidiaries

*SAES ADVANCED TECHNOLOGIES S.p.A., Avezzano, AQ (Italy)*
During the year, the company reported net sales of 65,624 thousand of euro, down from 75,420 thousand of euro in the previous year. Exports represented 82% of net sales, compared to 74% in the previous year. The decline in net sales was primarily due not only to the negative exchange-rate effect, but also to the decline in the sales of mercury dispensers for LCDs, partially offset by the increased sales of getters for solar collectors and vacuum pumps for special projects. The company ended the year with net income of 19,397 thousand of euro, compared to 25,027 thousand of euro in 2007. The decline in net income was primarily due to the decrease in net sales, partially offset by exchange gains realized on the collection of invoices in Japanese yen (following the appreciation of the yen against the euro in the fourth quarter of 2008) and the reduction in the effective tax rate (in connection with tax credits for research and development activities and the decrease in the tax rate in Italy).
In addition, the company had benefited from non-recurring income in 2007 related to the change in the accounting treatment of exchange-rate derivatives.


*SAES GETTERS USA, INC., Colorado Springs, CO (USA)*
The company reported consolidated net sales of $ 45,382 thousand during the year (30,856 thousand of euro at the average exchange rate for 2008), compared with $ 38,619 thousand (28,179 thousand of euro at the average exchange rate for the previous year) and a consolidated net income of $ 5,242 thousand (3,564 thousand of euro), compared with a consolidated net income of $ 9,011 thousand (6,575 thousand of euro) in 2007.

Further comments are given below.

The U.S. parent company, SAES Getters USA, Inc., (which operates primarily in the Industrial Applications Business Unit) reported sales of $ 10,679 thousand, compared to $ 8,499 thousand in the previous year. The increase in net sales is primarily due to greater sales of getters for military applications by the Electronic Devices business. The company ended the year with net income of $ 2,507 thousand, compared to a net income of 3,083 thousand of euro in 2007. The decline in net income, despite the increase in net sales, is due to the increase in operating expenses (in particular, greater selling expenses due to the increase in revenues and greater intra-Group commission expenses owed to the newly incorporated SAES Getters Export Corp. – for further details, please refer to the related paragraph) and negative exchange-rate differences arising from the conversion of cash-pooling financial receivables denominated in euro following the depreciation of the euro against the U.S. dollar in the second half of the year.

The subsidiary *SAES Pure Gas, Inc.*, based in San Luis Obispo, CA (USA) (operating in the Semiconductors business), reported sales of $ 29,137 thousand ($ 30,119 thousand in the previous year) and a net income of $ 3,192 thousand (compared to net income of $5,928 thousand in 2007). The decrease in net sales (primarily due to the lesser sales of Large Purifiers) and infra-Group sales commissions owed to the newly incorporated SAES Getters Export Corp were the cause of the decline in net income (for further details, please refer to the paragraph on the associate SAES Getters Export Corp.).

On February 22, 2008 SAES Getters USA, Inc. closed the acquisition of Spectra-Mat, Inc., based in Watsonville, CA (USA), and engaged primarily in the manufacturing and

marketing of components for the telecommunications, medical and military markets, devices for capital assets in the semiconductor industry, and advanced materials for the industrial laser market (Electronic Devices and Advanced Materials businesses).
During the period between the date of acquisition and December 31, 2008 (ten months), Spectra-Mat, Inc. reported net sales of $ 5,567 thousand and a net loss of $ 457 thousand, primarily due to the decline in sales in the second half of the year caused by the recession that had a severe impact on the United States. The company's income statement also includes non-recurring expenses and increased depreciation and amortization ($280 thousand, net of the tax effect) arising from the measurement of the assets and liabilities acquired at their fair value.

*SAES GETTERS JAPAN CO., LTD., Tokyo (Japan)*
The company posted sales of JPY 5,399 million (35,416 thousand of euro at the average exchange rate for 2008), down on 2007 (JPY 6,742 million, equivalent to 41,811 thousand of euro at the average exchange rate for 2007), and a net income of around JPY 230 million (1,507 thousand of euro), compared with JPY 365 million in 2007 (2,262 thousand of euro). The decrease in net sales and net income was due to the decline in sales of mercury dispensers for LCDs (after growing in the first half of the year, the LCD market began to contract significantly in the third quarter of 2008) and the drop in sales of purifiers for the semiconductor industry.
The negative exchange-rate effect, which had penalized the company in the first half of the year, was offset by the appreciation of the Japanese yen in the second half of the year.

*SAES GETTERS SINGAPORE PTE, LTD., Singapore (Singapore)*
In 2008 the company reported net sales of $ 1,260 thousand (856 thousand of euro at the average exchange rate for the year), down on 2007 ($ 3,234 thousand, or 2,360 thousand of euro at the average exchange rate for 2007). The fall in net sales was due to the decrease in sales in the Cathode Ray Tubes business following the decline in the traditional cathode-ray tubes market. The company ended the year with a net loss of $ 26 thousand (17 thousand of euro), compared to a net income of $194 thousand (142 thousand of euro) in 2007. The decline was primarily due to the decrease in net sales.

*SAES GETTERS (DEUTSCHLAND) GmbH, Köln (Germany)*
In 2008 the company achieved net sales of 889 thousand of euro, down slightly on the previous year (896 thousand of euro). Net income for the period was 296 thousand of euro, up slightly from 280 thousand of euro the previous year. It should be noted that the company operates exclusively as a distribution agent for the Group's products, for which it collects commissions.

*SAES GETTERS (GB), LTD., Daventry (Great Britain)*
The company posted net sales of £ 123 thousand (154 thousand of euro at the average exchange rate for 2008), compared with £63 thousand the previous year (92 thousand of euro at the average exchange rate for 2007). The company ended the year with a net loss of £ 101 thousand (-127 thousand of euro), a result substantially similar to that of the previous year (-£ 105 thousand, or -153 thousand of euro). It should be noted that the company operates exclusively as a distribution agent for the Group's products, for which it collects commissions.

*SAES GETTERS (NANJING) CO., LTD., Nanjing (P.R. of China)*
The company reported net sales of RMB 86,550 thousand in 2008 (8,466 thousand of euro at the average exchange rate for the period), down from the previous year (RMB

114,930 thousand, equivalent to 11,032 thousand of euro at the average exchange rate for the period) due both to the decline in the traditional Cathode Ray Tube getter market and decreased commissions collected from the associate SAES Pure Gas, Inc. on the latter's sales of purifiers for the semiconductors industry in Chinese territory (investments in new factories in China were lower in 2008 than in 2007, resulting in a decline in net sales in the semiconductors business). The company ended 2008 with a net income of RMB 12,880 thousand (equivalent to 1,260 thousand of euro), down on the previous year (RMB 24,007 thousand, equivalent to 2,304 thousand of euro). The decrease in net income was caused by the drop in sales and the rise in certain operating expenses compared to the same period of the previous year (particularly general and administrative expenses).

*MEMRY GmbH, Weil am Rhein (Germany) (former Dr. -Ing. Mertmann Memory-Metalle GmbH)*

The company, which markets semi-finished articles and shape-memory alloy components for medical and industrial applications, reported sales of 1,298 thousand of euro, down on the previous year (1,692 thousand of euro) and a net loss of 199 thousand of euro, compared with a net income of 67 thousand of euro in 2007. The decline in the net result is primarily due to the decrease in net sales and the slight increase in operating expenses.

On December 15, 2008 SAES Getters S.p.A. entered into an agreement to acquire an additional 10% of the German firm's capital stock (in which it had previously held a 50% interest) and to acquire the entirety of the firm's capital stock, in two subsequent installments, by June 30, 2014.

Following the performance of this agreement, the German firm changed its trade name from Dr. -Ing. Mertmann Memory-Metalle GmbH to Memry GmbH.

*SAES OPTO S.r.l., Lainate, MI (Italy)*

The company was incorporated in the first half of 2007 and operates in the optoelectronics industry, primarily marketing the products of the subsidiary SAES Opto Materials S.r.l.

It reported sales of 393 thousand of euro in 2008, up on the previous year (179 thousand of euro), and a net loss of 1,636 thousand of euro (compared with a net loss of 107 thousand of euro in 2007). Said loss includes the write-down of the equity investment in SAES Opto Materials S.r.l. for 1,236 thousand of euro.

The subsidiary *SAES Opto Materials S.r.l.*, based in Cagliari (Italy), was incorporated on April 3, 2007. On May 10, 2007 it acquired the "Opto" business unit from Scientific Materials Europe S.r.l. (Scimex), which manufacturers, processes and markets synthetic crystals for laser applications for use in industry and research, as well as laser-source components.

In 2008 SAES Opto S.r.l. acquired 100% of the shares of SAES Opto Materials S.r.l., in which it had previously held a 90% interest.

In 2008 SAES Opto Materials S.r.l. reported sales of 713 thousand of euro (312 thousand of euro in the previous year) and a net loss of 1,131 thousand of euro (115 thousand of euro in 2007). The net result for the year was penalized by 656 thousand of euro in non-recurring expenses related to the impairment of intangible assets acquired from Scimex and stocks of materials that became obsolete.

The subsidiary *SAES Opto Components S.r.l.*, based in Lainate (MI), Italy, and 100% owned by SAES Opto S.r.l. following the latter's acquisition of a 48% minority interest, was dissolved on May 9, 2008 due to its merger by absorption into SAES Opto S.r.l.

*SAES GETTERS EXPORT CORP., Wilmington, DE (USA)*
SAES Getters Export Corp., a U.S. corporation fully owned and directly controlled by SAES Getters S.p.A., based in Delaware (USA), with the object of managing the exports of U.S. companies, was incorporated on March 31, 2008.
In 2008 the company reported a net income of $ 3,843 thousand (2,613 thousand of euro at the average exchange rate for 2008), which resulted exclusively from commission income collected from the Group's other U.S. companies.

*SAES GETTERS INTERNATIONAL LUXEMBOURG S.A., Luxembourg (Luxembourg)*
The company's main objects are the management of acquisitions and investments, optimal cash management, the issue of infra-group loans and the coordination of Group services. In 2008 the company reported a net income of 10,305 thousand of euro, compared with a net income of 6,973 thousand of euro in 2007. The considerable improvement in the net income is due to the greater dividends collected from the subsidiary SAES Getters Korea Corporation and the joint venture SAES Huadong Vacuum Material Co., Ltd.

Comments on the performances of the subsidiaries of SAES Getters International Luxembourg S.A. are provided below.

*SAES Getters Korea Corporation*, Seoul (South Korea), 62.52% owned by SAES Getters International Luxembourg S.A. (whereas the remainder of capital stock is directly held by the Parent Company, SAES Getters S.p.A.), primarily engages in the manufacturing of liquid crystal display components (Liquid Crystal Displays business) and the marketing of the Group's other products, particularly getters for the Cathode Ray Tube market (it should be noted that production for the Cathode Ray Tubes business was discontinued in late 2006).
In 2008 the company reported net sales of KRW 31,081 million (19,352 thousand of euro at the average exchange rate for the period), compared with net sales of KRW 42,324 million (33,248 thousand of euro at the average exchange rate for 2007) in 2007. The decline, which was sharpest in the fourth quarter of 2008, was due to both the contraction of the Cathode Ray Tubes market and the combined effect of the crisis that struck the LCD segment and the higher discounts granted on mercury dispensers in response to increasing price pressure. The year closed with a net income of KRW 16,260 million (10,124 thousand of euro), compared to KRW 22,046 million (17,318 thousand of euro) in 2007, down due to the decline in net sales, despite the positive exchange differences arising from the conversion of cash and equivalents and cash-pooling financial receivables denominated in euro, following the appreciation of the euro against the Korean won.

The subsidiary *SAES Getters America, Inc.*, based in Cleveland, OH (USA), reported net sales of $ 8,453 thousand in 2008 (5,747 thousand of euro at the average exchange rate for the year), up on 2007 ($ 8,053 thousand, equivalent to 5,876 thousand of euro at the average exchange rate for 2007). The increase in net sales is due to greater sales by the Industrial Applications Business Unit, partially offset by lesser sales by the Cathode Ray Tubes business due to the contraction of the market.
The company ended the year with a net income of $ 1,393 thousand (947 thousand of euro), compared with a net income of $ 749 thousand (547 thousand of euro) in 2007. This improved result was chiefly caused by the increase in net sales, a more favorable sales mix, and the recognition of deferred tax assets related to the carrying forward of prior-year tax losses.

The subsidiary *SAES Getters Technical Service (Shanghai) Co., Ltd.*, based in Shanghai (People's Republic of China), whose object was the provision of technical support services to semiconductor companies, suspended production in the first half of 2006 and is currently in liquidation. The company closed 2008 with a net income of RMB 229 thousand (23 thousand of euro at the average exchange rate for the year), compared with a net income of RMB 6,690 thousand (642 thousand of euro) in 2007. The income statement for the previous year included the positive effect of capital gains realized on the disposal of assets.

The company *Nanjing SAES Huadong Vacuum Material Co., Ltd.*, based in Nanjing (People's Republic of China), is considered a joint venture (and consequently consolidated on a proportional basis) since SAES Getters International Luxembourg S.A., despite owning 51% of capital stock, does not exercise control as defined by International Accounting Standards.
The company, which manufactures and markets components for displays and other industrial applications, reported sales of RMB 82,057 thousand in 2008 (8,026 thousand of euro at the average exchange rate for the year) and a net income of RMB 29,582 thousand (2,894 thousand of euro at the average exchange rate for the year), compared with net sales of RMB 60,775 thousand (5,834 thousand of euro) and a net income of RMB 18,626 thousand (1,788 thousand of euro) in 2007.
Please note that, as a result of contractual agreements entered into at the time of purchase, third-party shareholders in the joint venture are entitled to a fixed annual dividend until 2013, with the consequence that the Group's share of the company's profits differs from its share of equity.

On January 3, 2008 *SAES Smart Materials, Inc.*, 100% owned by SAES Getters International Luxembourg S.A. and based in New York, NY (USA), closed the acquisition of the near entirety of the assets of the Shape Memory Alloys (SMA) division of Special Metals Corporation (SMC), which develops, manufactures and sells made-to-order shape-memory alloys and special high-purity alloys (Advanced Materials Business Unit).
In 2008 the company reported sales of $ 9,921 thousand (6,745 thousand of euro at the average exchange rate for 2008) and a net loss of $ 2,650 thousand (1,802 thousand of euro).


It should be noted that the company's net income includes non-monetary and non-recurring expenses ($ 930 thousand) and increased depreciation and amortization ($ 716 thousand) arising from the measurement of the assets and liabilities acquired from SMC at their fair value. We also report that the net loss was influenced by the failure to achieve full margins on the sales of products acquired as SMC's inventory, inasmuch as said inventory was not measured at market prices upon acquisition.

On June 20, 2008 *SAES Devices Corp.*, based in Wilmington, DE (USA), was incorporated as a special-purpose vehicle for the acquisition of Memry Corporation, fully and indirectly owned by SAES Getters S.p.A., through SAES Getters International S.A. Following the merger plan announced on June 24, 2008 and approved by an extraordinary general meeting of the shareholders of Memry Corporation, Saes Devices Corp. was merged into Memry Corporation on September 29, 2008. Due to the merger, Memry Corporation became the new operating company and Memry shares ceased to be listed on the American Stock Exchange.
*Memry Corporation*, based in Bethel, CT (USA), is a technology leader in the segment of new-generation medical devices with high engineering value made from Nitinol-based shape memory alloys.

Between the date of acquisition and December 31, 2008 the company reported sales of $ 14,764 thousand (10,038 thousand of euro at the average exchange rate for 2008) and a net income of $ 2,950 thousand (2,006 thousand of euro).
This result also includes the net income of Putnam Plastics ($ 669 thousand), the polymer division the sale of which was closed on February 9, 2009 (for further details, please refer to the section "Subsequent events").

## Research, Development and Innovation activities

Research, development and innovation activities were very intense in 2008, as witnessed by the expenditure in absolute terms, which came to 17,657 thousand of euro, or 11.2% of consolidated net sales.

A project aimed at focusing research and development activities and the ensuing reorganization of laboratories was implemented in the first few months of 2008. This reorganization, in addition to the rationalization of activities, permitted a more precise allocation of research and innovation expenses.

Innovation activities focused on large-scale diversification projects continued. Activity in the OLED field was focused in several areas: firstly, there was renewed interest in DryFlex® from several European and Asian manufacturers, to which samples of our getters were sent. Secondly, development activity for organic getters and gettering pastes continued and samples were sent to important Korean and Japanese customers. DryFlex is employed in small OLEDs, such as those typically used in mobile telephones and palm-top devices, whereas organic getters and pastes (DryPaste®) are employed as getters spread over the entire surface in large displays.
The use of getters is now considered essential to solving screen contamination issues involving water that penetrates the interior of devices due to inadequate sealing of the external edges and surface permeation phenomena. The display industry has long been working to develop a perfect "encapsulation" system, but the use of getters is more expedient from an economic standpoint and safer in terms of the capacity to replicate traits.
SAES Getters views OLED technology as extremely important. It is now commonly believed at the scientific and industrial level that in the coming years this technology will take its place alongside LCDs on the display market and will also be used in lamps for the home lighting segment. The results of research in this area may also be applied to the technologically related field of next-generation thin-film solar cells. During 2008, a significant improvement was made in this area to the characteristics of a product, B-Dry®, which is used in traditional solar cells, and samples of which were provided to the market near the end of the year.

Activity in the area of lamps for home and industrial use was also highly intensive. A technological revolution began in the home segment that in coming years will lead to the elimination of traditional incandescent lamps from the market and their replacement by mini-HIDs (High Intensity Discharge) and CFLs (Compact Fluorescent Lamps) in which our products may be used. The company continues to decrease the amount of mercury employed in its civil and industrial applications, particularly in the field of fluorescent lamps. This will lead to the development of products complementing the currently available TQS® with the aim of constantly improving the amounts and accuracy of mercury discharge.

Energy storage for automotive applications is another segment of great interest to SAES Getters. New hybrid cars, which will hit the market in coming years, require highly efficient energy storage systems, such as batteries or supercondensers. In order to achieve this goal, issues involving the generation and subsequent removal of several gases must be resolved. One of the solutions being studied to solve these problems is a particular type of getter.

Activity in the SMAs field was particularly intense in both the area of alloys for medical applications and the area of components for industrial applications. The subsidiary SAES Smart Materials, Inc., already a market leading manufacturer for medical applications, devoted itself to the development of alloys with a low number of inclusions (defects) and the development of alloys with high transition temperatures that may also be used in industrial applications. The SMA laboratory in Lainate strove to secure the approval of important customers for components used in the automotive and consumer electronics industries. During this same period, the pilot facility, owing to the high level of production efficiency achieved, was also capable of satisfying orders received for products approved by customers in 2007.

Another development in the advanced materials field was represented by the intensive transfer of know-how following the acquisition of Nanoscape technology for the manufacturing of functionalized nanozeolites. The program is scheduled to last for three years. This technology will be applied to a larger project that aims to develop next-generation impermeable barriers for applications in plastic electronics products and solar cells.

Also worthy of note is the constant, intensive support provided for gradual development and ongoing improvement, which represented approximately 30% of total costs.

In 2008 the patent office continued its intensive efforts to file new patent applications.

## Subsequent events

On February 9, 2009 it was closed the sale of the activities belonging to Putnam Plastics, the polymer division of the indirectly controlled company Memry Corporation, acquired by SAES Getters Group on September 29, 2008. This disposal is part of the SAES Getters strategy to focus investments and resources on the strategic core business of shape memory alloys (SMA) for medical and industrial applications. The buyers, Foster Corporation, Foster West Corporation and PPC LLC Acquisition Corporation, acquired almost all the assets and liabilities of Putnam Plastics for a consideration of $ 25 million.
Putnam Plastics, based in Dayville, Connecticut, is active in the business of tubes and innovative polymeric delivery systems in the medical devices market; the company was acquired by Memry Corporation in 2004 and produces extruded polymeric multilumen systems and multilayers for wire-guide, catheters and other delivery devices for applications in minimally invasive medical fields.

On February 12, 2009, SAES Getters S.p.A., in order to provide SAES Opto S.r.l. with greater equity aimed at supplying an adequate capitalization, authorized a payment towards a capital increase of 2 million euro, of which 1,427 thousand of euro consisted of a financial receivable claimed from SAES Opto Materials S.r.l. (100% controlled directly by SAES Opto S.r.l.), and 573 thousand consisted of the waiver of

a financial receivable claimed by SAES Getters S.p.A. from SAES Opto S.r.l.
On the same date, the Board of Directors of SAES Opto S.r.l. approved a payment towards a capital increase to the subsidiary SAES Opto Materials S.r.l. of 1.5 million euro, of which 1,427 thousand of euro consists of the waiver of the financial receivable previously assigned to it by SAES Getters S.p.A.

The Group is currently evaluating different alternatives to reorganize the business in Europe and Asia, including the possibility of winding down the subsidiaries SAES Getters (GB) Ltd., SAES Getters Deutschland GmbH and SAES Getters Singapore PTE, Ltd. A formal decision has yet to be made.
The organizations of other subsidiaries are currently being rationalized in order to bring their production capacities into line with changes in the market's needs.
This strategy also involved the entering into of Ordinary Redundancy Fund (C.I.G.O.) agreements with labor unions by the Parent Company and the subsidiary SAES Advanced Technologies S.p.A. into first months of 2009.

The Group's economic result will be influenced by the exchange rate trends of the euro against the main foreign currencies. In order to protect the Group's margins against fluctuations in exchange rates, additional hedging transactions were undertaken on the U.S. dollar (increased to the total amount of 15.3 million of U.S. dollar).

On January 16, 2009, the bridge loan of the American company Memry Corporation was converted into a medium long term loan with a defined repayment schedule. On February 19, 2009, following the sale of Memry Corporation's polymer division, this loan was partially reimbursed for an amount equal to $ 19.5 million, with the effect of significantly reducing the total debt exposure of the Group.

## Business outlook

The uncertainty in the present world economy makes it difficult to forecast, with the same level of reliability as in past years, the trends of the 2009 fiscal year.

The Information Displays market will remain weak, at least in the first half of 2009, as shown by the figures of the first two months of 2009, because of the well known reasons connected with slowdown of demand in the end user market, price pressure affecting our products and purchasing policies of our customers.

The Industrial Applications market would show a trend of higher stability, if compared to the last fiscal year, mainly thanks to the growth in the businesses connected with the military applications and with the solar collectors. Slowdown is forecasted within the Lamps Business and the Semiconductors Business, more linked with the economic cycle.

The SMA Business Unit should significantly contribute to sustain Group's sales and margins, thanks to the introduction of new products, both in the medical and in the industrial sector, and to the medical and healthcare industry's lesser dependence on the economic cycle.

Efforts will continue to correctly balance the Group's structure with the final product demand, as well as to subsequently reduce our fixed costs.

In the first two months of 2009, **consolidated net turnover** was equal to 23,996

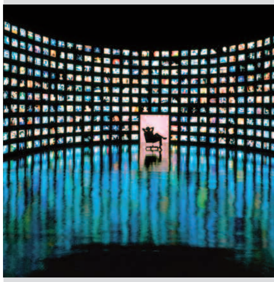
thousand of euro, compared to 28,219 thousand of euro in the same period of the previous year (-15%). The exchange rate effect was positive and equal to 10.7%.
Consolidated sales on a **comparable consolidation basis** were 15,511 thousand of euro, taking into account the acquisition of Spectra-Mat, Inc. concluded at the end of February 2008, the acquisition of Memry Corporation (end of September 2008) and the full consolidation of Memry GmbH.
Consolidated sales do not include the turnover of the polymer division of Memry Corporation, being it an asset held for sale.

It is also worth to mention that the sales related to the business of getters for microelectronic and micromechanical systems (MEMS) and to the products of the new acquired Spectra-Mat, Inc., used in the semiconductor laser devices to manage the heat dissipation (Thermal Management) in high power applications, previously included in the Advanced Materials Business Development Unit, have been allocated in the Electronic Devices Business (inside the Industrial Applications Business Unit); as a consequence, figures related to the first two months of 2008 have been reclassified to ensure a consistent comparison.

Consolidated turnover of the **Information Displays Business Unit** of the first two months of 2009 was equal to 4,438 thousand of euro, compared to 16,389 thousand of euro in the same period of 2008. The exchange rate effect was positive and equal to 10.4%.

Consolidated turnover of the **Industrial Applications Business Unit** was equal to 10,684 thousand of euro in the first two months of 2009, in line with the sales of the same period of 2008, equal to 10,735 thousand of euro. The increase of sales in the Electronic Devices Business and in the Vacuum Systems & Thermal Insulation Business was offset by the decrease of the turnover in the Lamps and Semiconductors Businesses. The exchange rate effect was positive and equal to 11.1%.

Consolidated turnover of the **Shape Memory Alloys Business Unit** was equal to 8,787 thousand of euro in the first two months of 2009, compared to 1,027 thousand of euro in the same period of 2008. Growth is mainly due to the extension of the perimeter of the Group.



Consolidated turnover of the **Advanced Materials Business Development Unit** in the first two months of 2009 was equal to 87 thousand of euro, compared with 68 thousand of euro of the same period of 2008.

## Transactions with related parties

The Group reports that its dealings with related parties fall within ordinary operations and are settled at market conditions.
Complete disclosure of related-party transactions during the year is provided in Note 36 to the Consolidated Financial Statements.

## Management of financial risks

The Group's main financial instruments, other than derivative instruments, include sight and short-term bank deposits and bank loans. The Group's policy concerning these instruments is the short-term investment of cash on hand and the financing

of operating activities.
Due to the above, the Group does not engage in the trading of financial instruments.
The Group also has financial assets and liabilities, such as trade payables and receivables, arising from operating activities.

The financial risks hedged through derivatives (primarily forward contracts on foreign currencies and interest-rate swaps) as of the balance sheet date are exchange-rate and interest-rate risk. The goal is to manage exchange-rate risk and interest-rate risk arising from the Group's commercial and financing activities.

Please refer to Note 4 to the Consolidated Financial Statements for information on the management of financial risks.

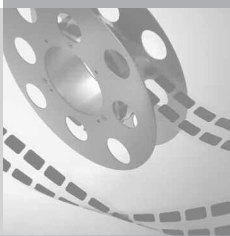
The Group's estimates and projections, although they account for possible further changes to the macroeconomic scenario, lead the management to believe that the development of the Company's results will permit it to continue to operate with its current level of financing. However, after having conducted the required assessments, the management does not believe that there are foreseeable difficulties in securing the satisfaction of any financial needs under acceptable conditions in the short term.

## Investments held by Directors, Statutory Auditors, General Managers and Executives with strategic responsibilities

**(pursuant to Artiche 79 of CONSOB resolution No. 11971 of May 14, 1999)**

| Surname and first name | Company | Number of shares held at the end of last year | Number of shares bought in the current year | Number of shares sold in the current year | Number of shares held at the end of the current year | Notes (*) |
|---|---|---|---|---|---|---|
| Baldi Stefano | SAES Getters S.p.A. | 2,070 | 2,530 | - | 4,600 | Ordinary shares(4) |
| | | 6,008 | - | - | 6,008 | Savings shares |
| della Porta Giuseppe | SAES Getters S.p.A. | 10,000 | - | - | 10,000 | Ordinary shares |
| | | - | - | - | - | Savings shares |
| della Porta Massimo | SAES Getters S.p.A. | 5,000 | - | - | 5,000 | Ordinary shares |
| | | - | - | - | - | Savings shares |
| della Porta Paolo | SAES Getters S.p.A. | 24,048 | - | - | 24,048 | Ordinary shares |
| | | 12,008 | - | - | 12,008 | Savings shares(1) |
| Dogliotti Andrea | SAES Getters S.p.A. | 96,641 | - | - | 96,641 | Ordinary shares(3) |
| | | - | - | - | - | Savings shares |
| Gilardoni Andrea | SAES Getters S.p.A. | 8,100 | 4,300 | - | 12,400 | Ordinary shares |
| | | 3,500 | 6,500 | - | 10,000 | Savings shares |
| Rolando Giuseppe | SAES Getters S.p.A. | 22,400 | 3,000 | - | 25,400 | Ordinary shares(2) |
| | | 9,676 | - | - | 9,676 | Savings shares(1) |
| Di Bartolomeo Nicola | SAES Getters S.p.A. | 500 | - | - | 500 | Ordinary shares |
| | | - | - | - | - | Savings shares |

(*) Unless specifically mentioned, the shares held are understood to be fully owned.
(1) Registered to a spouse who is not legally separated
(2) of which No. 6.400 registered to a spouse who is not legally separated
(3) of which No. 95.641 charged with usufruct
(4) of which No. 290 acquired during 2008 by the spouse who in not legally separated



saes getters

# Consolidated Financial Statements 2008

## Consolidated Income Statement

(thousands of euro)

| | Notes | 2008 | 2007 |
|---|---|---|---|
| **Total net sales** | 6 | **157,107** | **167,189** |
| Cost of sales | 7 | (66,974) | (64,718) |
| **Gross profit** | | **90,133** | **102,471** |
| Research & development expenses | 8 | (17,657) | (17,752) |
| Selling expenses | 8 | (14,103) | (12,701) |
| General & administrative expenses | 8 | (28,239) | (23,711) |
| Total operating expenses | | (59,999) | (54,164) |
| Other income (expenses), net | 9 | 314 | 996 |
| **Operating income** | | **30,448** | **49,303** |
| Interest and other financial income | 10 | 1,917 | 3,217 |
| Interest and other financial expenses | 10 | (2,394) | (721) |
| Foreign exchange gains (losses), net | 11 | 486 | 5,428 |
| **Income before taxes** | | **30,457** | **57,227** |
| Income taxes | 12 | (10,706) | (22,509) |
| **Net income (loss) on continuing operations** | | **19,751** | **34,718** |
| Net income (loss) on discontinuing operations | 13 | 581 | 125 |
| **Net income (loss)** | | **20,332** | **34,843** |
| Minority interest in consolidated subsidiaries | | - | (26) |
| **Group net income (loss)** | | **20,332** | **34,869** |
| Net income per ordinary share | 14 | 0.9261 | 1.5463 |
| Net income per savings share | 14 | 0.9261 | 1.5801 |

## Consolidated Balance Sheet

(thousands of euro)

| | Notes | December 31, 2008 | December 31, 2007 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non current assets** | | | |
| Property, plant and equipment, net | 15 | 71,691 | 60,317 |
| Intangible assets, net | 16 | 54,962 | 6,150 |
| Deferred tax assets | 17 | 8,536 | 6,697 |
| Tax consolidation receivables from Controlling Company | 20 | 1,160 | 0 |
| Other long term assets | | 495 | 362 |
| **Total non current assets** | | **136,844** | **73,526** |
| **Current assets** | | | |
| Inventory | 18 | 26,759 | 16,189 |
| Trade receivables | 19 | 19,698 | 27,148 |
| Tax consolidation receivables from Controlling Company | 20 | 0 | 835 |
| Prepaid expenses, accrued income and other | 21 | 7,439 | 5,410 |
| Derivative financial instruments evaluated at fair value | 22 | 0 | 1,769 |
| Cash and cash equivalents | 23 | 37,318 | 70,665 |
| Assets held for sale | 13 | 17,440 | 0 |
| **Total current assets** | | **108,654** | **122,016** |
| **Total assets** | | **245,498** | **195,542** |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | |
| Capital stock | | 12,220 | 12,220 |
| Share issue premium | | 39,659 | 42,994 |
| Treasury shares | | (11,638) | (8,303) |
| Legal reserve | | 2,444 | 2,444 |
| Sundry reserves, retained earnings and accumulated losses | | 80,364 | 74,901 |
| Net income (loss) | | 20,332 | 34,869 |
| Interim dividend | | 0 | (12,314) |
| **Group shareholders' equity** | 24 | **143,381** | **146,811** |
| Capital stock and sundry reserves of third parties | | 0 | 20 |
| Net income (loss) of third parties | | 0 | (26) |
| **Minority interest in consolidated subsidiaries** | | **0** | **(6)** |
| **Total shareholders' equity** | | **143,381** | **146,805** |
| **Non current liabilities** | | | |
| Non current financial liabilities | 25 | 16,815 | 2,270 |
| Other non current financial liabilities | 26 | 640 | 0 |
| Deferred tax liabilities | 17 | 4,538 | 4,564 |
| Staff leaving indemnities and other employee benefits | 27 | 8,032 | 8,807 |
| Non current provisions | 28 | 1,888 | 1,058 |
| Other payables | | 20 | 19 |
| **Total non current liabilities** | | **31,933** | **16,718** |
| **Current liabilities** | | | |
| Trade payables | 29 | 10,952 | 10,049 |
| Liabilities held for sale | 13 | 177 | 0 |
| Tax consolidation payables to Controlling Company | 20 | 141 | 0 |
| Other payables | 30 | 13,284 | 13,311 |
| Accrued income taxes | 31 | 1,636 | 4,312 |
| Current provisions | 28 | 2,844 | 2,408 |
| Derivative financial instruments evaluated at fair value | 22 | 1,433 | 0 |
| Bank overdraft | 32 | 35,928 | 184 |
| Current portion of long term debt | 25 | 2,795 | 857 |
| Accrued liabilities | 33 | 994 | 898 |
| **Total current liabilities** | | **70,184** | **32,019** |
| **Total liabilities and shareholders' equity** | | **245,498** | **195,542** |

## Consolidated Cash Flow Statements

(thousands of euro)

| | Year 2008 | Year 2007 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net income (loss) on continuing operations | 19,751 | 34,718 |
| Net income (loss) on discontinuing operations | 581 | 125 |
| Current income taxes | 11,340 | 21,112 |
| Changes in deferred taxes | (634) | 1,397 |
| Depreciation | 9,720 | 10,306 |
| Write down (revaluation) of property, plant and equipment | 26 | 1,958 |
| Amortization | 1,071 | 1,310 |
| Write down (revaluation) of intangible assets | 532 | 2,637 |
| Net loss (gain) on disposal of property, plant and equipment | (319) | (608) |
| Interest and other financial income, net | 476 | (2,572) |
| Accrual for termination indemnities and similar obligations | 563 | 2,225 |
| Accrual (utilization) for risks and contingencies | 227 | (3,771) |
| | **43,334** | **68,837** |
| **Change in operating assets and liabilities** | | |
| Cash increase (decrease) in: | | |
| Account receivables and other receivables | 8,157 | (1,337) |
| Inventory | (318) | 1,110 |
| Trade account payables | (793) | 224 |
| Other payables | (1,849) | 1,373 |
| | **5,197** | **1,370** |
| Payments of termination indemnities and similar obligations | (1,921) | (3,491) |
| Interest and other financial payments | (701) | (414) |
| Interest and other financial receipts | 1,830 | 3,293 |
| Income taxes paid | (14,036) | (25,577) |
| **Cash flow from operating activities** | **33,703** | **44,018** |
| **Cash flow from investing activities** | | |
| Purchase of property, plant and equipment | (11,050) | (12,017) |
| Proceeds from sales of property, plant and equipment | 633 | 2,263 |
| Purchase of intangible assets | (2,870) | (3,165) |
| Price paid for acquisition of shareholding in subsidiaries and divisions, net of cash acquired | (76,751) | 0 |
| Price paid for minority interests | (10) | 0 |
| Proceeds from sales of shareholding in subsidiaries, net of cash disposed of | 0 | 191 |
| Increase (decrease) in assets and liabilities held for sale | (138) | 0 |
| **Cash flow from investing activities** | **(90,186)** | **(12,728)** |
| **Cash flow used by financing activities** | | |
| Proceeds from long term debts, including current portion | 17,344 | 0 |
| Proceeds from short term debts | 35,744 | 184 |
| Dividends paid | (21,950) | (43,821) |
| Purchase of treasury shares | (3,335) | (5,685) |
| Repayment of long term debts | (1,008) | (759) |
| Interest paid on long term debts | (1,104) | 0 |
| Change in minority interest in consolidated subsidiaries | 0 | 20 |
| **Cash flow from financing activities** | **25,691** | **(50,061)** |
| Effect of exchange rate differences | (2,555) | (5,408) |
| Incrase (decrease) in cash and cash equivalents | (33,347) | (24,179) |
| **Cash and cash equivalents at beginning of the year** | **70,665** | **94,844** |
| **Cash and cash equivalents at the end of the year** | **37,318** | **70,665** |

# Statements of changes in the Consolidated Shareholders' Equity during the period ended December 31, 2008

| (thousands of euro) | Capital stock | Share issue premium reserves | Treasury shares | Legal reserve | Sundry reserves and retained earnings | | Net income (loss) | Group shareholders' equity | Minority interest in consolidated subsidiaries | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Currency translation reserve | Sundry reserves, retained earnings and accumulated losses | | | | |
| **Balance at December 31, 2007** | **12,220** | **42,994** | **(8,303)** | **2,444** | **(7,131)** | **82,032** | **22,555** | **146,811** | **(6)** | **146,805** |
| Appropriation of 2007 income | | | | | | 22,555 | (22,555) | 0 | | 0 |
| Dividends paid: | | | | | | | | | | |
| - euro 1,000 for each of the 7.460.619 savings shares (of which treasury shares 82,000) | | | | | | (7,379) | | (7,379) | | (7,379) |
| - euro 1,000 for each of the 15.271.350 ordinary shares (of which treasury shares 700,000) | | | | | | (14,571) | | (14,571) | | (14,571) |
| Exchange rate differences | | | | | 1,523 | | | 1,523 | | 1,523 |
| Purchase of treasury shares | | (3,335) | (3,335) | | | 3,335 | | (3,335) | | (3,335) |
| Change in minority interest in consolidated subsidiaries | | | | | | | | 0 | 6 | 6 |
| Net income (loss) | | | | | | | 20,332 | 20,332 | | 20,332 |
| **Balance at December 31, 2008** | **12,220** | **39,659** | **(11,638)** | **2,444** | **(5,608)** | **85,972** | **20,332** | **143,381** | **0** | **143,381** |

## Statements of changes in the Consolidated Shareholders' Equity during the period ended December 31, 2007

| (thousands of euro) | Capital stock | Share issue premium reserves | Treasury shares | Legal reserve | Sundry reserves and retained earnings | | Net income (loss) | Group shareholders' equity | Minority interest in consolidated subsidiaries | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Currency translation reserve | Sundry reserves, retained earnings and accumulated losses | | | | |
| **Balance at December 31, 2006** | **12,220** | **48,679** | **(2,618)** | **2,444** | **219** | **76,720** | **31,391** | **169,055** | **0** | **169,055** |
| Appropriation of 2006 income | | | | | | 31,391 | (31,391) | 0 | | 0 |
| Dividends paid: | | | | | | | | | | |
| - euro 1,400 for each of the 15.271.350 ordinary shares (of which treasury shares 302.028) | | | | | | (20,957) | | (20,957) | | (20,957) |
| - euro 1,416 for each of the 7.460.619 savings shares (of which treasury shares 10.013) | | | | | | (10,550) | | (10,550) | | (10,550) |
| 2007 interim dividend: | | | | | | | | | | |
| - euro 0,550 for each of the 15.271.350 ordinary shares (of which treasury shares 499.595) | | | | | | | (8,125) | (8,125) | | (8,125) |
| - euro 0,566 for each of the 7,460.619 savings shares (of which treasury shares 58.895) | | | | | | | (4,189) | (4,189) | | (4,189) |
| Purchase of treasury shares | | (5,685) | (5,685) | | | 5,685 | | (5,685) | | (5,685) |
| Cash flow hedge reserve (IAS 39) | | | | | | (257) | | (257) | | (257) |
| Exchange rate differences | | | | | (7,350) | | | (7,350) | | (7,350) |
| Change in minority interest in consolidated subsidiaries | | | | | | | | 0 | 20 | 20 |
| Net income (loss) | | | | | | | 34,869 | 34,869 | (26) | 34,843 |
| **Balance at December 31, 2007** | **12,220** | **42,994** | **(8,303)** | **2,444** | **(7,131)** | **82,032** | **22,555** | **146,811** | **(6)** | **146,805** |

## 1. Basis of preparation and accounting policies

### Basis of preparation

SAES Getters S.p.A., the Parent Company, and its subsidiaries operate both in Italy and abroad in the development, manufacturing and marketing of getters and other components for displays and other industrial applications, as well as in the gas purification industry. The Group also operates in the field of advanced materials, particularly in the development of shape memory alloys, getters for microelectronic and micromechanical systems and optical crystals.

The Parent Company, SAES Getters S.p.A., based in Lainate (Italy), is controlled by S.G.G. Holding S.p.A.[1], which does not exercise management and coordination activity. The Board of Directors approved and authorized the publication of the 2008 Annual Consolidated Financial Statements in a resolution passed on March 13, 2009.

The Consolidated Financial Statements of the SAES Getters Group are presented in euro (rounded to the nearest thousand).
Foreign subsidiaries are included in the Consolidated Financial Statements according to the standards described in Note 2, "Main accounting principles".

The Consolidated Financial Statements for the year ended December 31, 2008 have been prepared in accordance with the IFRSs issued by the International Accounting Standards Board ("IASB") and approved by the European Union ("IFRSs"), CONSOB resolutions no. 15519 and no. 15520 of July 27, 2006, CONSOB communication no. DEM/6064293 of July 28, 2006, and article 149-*duodecies* of the Issuers Regulations.
The abbreviation "IFRSs" includes all revised international accounting standards ("IASs") and all interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), included those previously issued by the Standing Interpretations Committee ("SIC").
In the interest of comparability, the comparative figures for 2007 have also been presented in application of the requirements of IAS 1 – *Presentation of Financial Statements*.

### Accounting schemes

The presentation adopted is compliant with the provisions of IAS 1. In further detail:
- the consolidated Balance Sheet has been prepared by classifying assets and liabilities as current or non-current and by stating "Non-current assets held for sale" and "Non-current liabilities held for sale" in two separate items, as required by IFRS 5;
- the consolidated Income Statement has been prepared by classifying operating expenses by allocation, inasmuch as this form of disclosure has been deemed best suited to representing by Group's specific business, is compliant with internal reporting procedures, and in line with standard industry practice;
- the consolidated Cash Flow Statement has been prepared by stating cash flows provided by operating activities according to the "indirect method" as permitted by IAS 7.

[1] based in Milan (Italy) at Via Vittor Pisani 27.

In addition, as required by CONSOB resolution no. 15519 of July 27, 2006, in the context of the allocation basis for the preparation of the income statement, income and expenses arising from non-recurring transactions or events that do not recur frequently during the normal conduct of operations have been specifically identified and the effects thereof have been stated separately at the main interim result levels.
Non-recurring events and transactions have been identified primarily on the basis of the nature of the transactions. In particular, non-recurring expenses/income include cases that by their nature do not occur consistently in the course of normal operating activities. In further detail:

- income/expenses arising from the sale of real property;
- income/expenses arising from the sale of business divisions and equity investments included among non-current assets;
- expenses/any income arising from reorganization processes associated with extraordinary corporate actions (mergers, de-mergers, acquisitions and other corporate actions).

On the basis of the aforementioned CONSOB resolution, the amounts of positions or transactions with related parties, broken down according to the line item in question, are also reported in the Notes.

In the interest of improving the comprehension of the Financial Statements, some balance sheet and income statement items as of December 31, 2007, presented in these Financial Statements for comparative purposes have been reclassified with respect to the Consolidated Financial Statements for the year ended December 31, 2007. These reclassifications have not had any impact on the net income and shareholders' equity for the previous year. In further detail, the reclassifications affected:

- the offsetting of receivables from and payables to the Controlling Company under the tax consolidation agreement;
- the offsetting of long-term assets with long-term liabilities of like amount and nature;
- the presentation in a single line item, "Net income (loss) on assets held for sale and discontinued operations", of income statement items pertaining to the discontinued operations disclosed as of December 31, 2007.

### Segment informations

The Company's financial reporting is broken down into the following business segments:

- Information Displays;
- Industrial Applications;
- Shape Memory Alloys.

### Seasonality of operations

Based on historical trend, the revenues of different businesses are not characterized by cyclical or seasonal circumstances.

### Scope of consolidation

The following table shows the companies included in the scope of consolidation according to the full consolidation method as of December 31, 2008:

| Company | Currency | Capital stock | % Ownership | |
|---|---|---|---|---|
| | | | Direct | Indirect |
| **Directly-Controlled subsidiaries:** | | | | |
| SAES Advanced Technologies S.p.A., Avezzano, AQ (Italy) | EUR | 2,600,000 | 100.00 | - |
| SAES Getters USA, Inc., Colorado Springs, CO (USA) | USD | 9,250,000 | 100.00 | - |
| SAES Getters Japan Co., Ltd., Tokyo (Japan) | JPY | 20,000,000 | 100.00 | - |
| SAES Getters (GB), Ltd., Daventry (Great Britain) | GBP | 20,000 | 100.00 | - |
| SAES Getters (Deutschland) GmbH, Köln (Germany) | EUR | 52,000 | 100.00 | - |
| SAES Getters Singapore Pte, Ltd., Singapore (Singapore) | SGD | 300,000 | 100.00 | - |
| SAES Getters (Nanjing) Co., Ltd., Nanjing (P.R. of China) | USD | 13,570,000 | 100.00 | - |
| SAES Getters International Luxembourg S.A., Luxembourg (Luxembourg) | EUR | 31,312,813 | 99.97 | 0.03* |
| SAES Opto S.r.l., Lainate, MI (Italy) | EUR | 100,000** | 100.00 | - |
| SAES Getters Export Corp., Wilmington, DE (USA) | USD | 2,500 | 100.00 | - |
| Memry GmbH, Weil am Rhein (Germany) | EUR | 330,000 | 60.00 | - |
| **Indirectly-Controlled subsidiaries:** | | | | |
| *Through SAES Getters USA, Inc.:* | | | | |
| SAES Pure Gas, Inc., San Luis Obispo, CA (USA) | USD | 7,612,661 | - | 100.00 |
| Spectra-Mat, Inc., Watsonville, CA (USA) | USD | 204,308 | - | 100.00 |
| *Through SAES Opto S.r.l.:* | | | | |
| SAES Opto Materials S.r.l., Cagliari (Italy) | EUR | 100,000*** | - | 100.00 |
| *Through SAES Getters International Luxembourg S.A.:* | | | | |
| SAES Getters Korea Corporation, Seoul (South Korea) | KRW | 10,497,900,000 | 37.48 | 62.52 |
| SAES Getters Technical Service (Shanghai) Co., Ltd., Shanghai (P.R. of China) | USD | 4,100,000 | - | 100.00 |
| SAES Getters America, Inc., Cleveland, OH (USA) | USD | 23,500,000 | - | 100.00 |
| SAES Smart Materials, Inc., New York, NY (USA) | USD | 15,000,000 | - | 100.00 |
| Memry Corporation, Bethel, CT (USA) | USD | 30,000,000 | - | 100.00 |
| *Through Memry Corporation:* | | | | |
| Memry Dayville LLC (ex Putnam Plastics LLC)****, Dayville, CT (USA) | USD | 0 | - | 100.00 |

* % held by SAES Advanced Technologies S.p.A.
** We report that the shareholders of SAES Opto S.r.l. have made payments towards a capital increase (€ 1,500,000 in 2007 and € 1,000,000 in 2008), part of which has already been used to cover the Company's past losses. The residual balance of the capital increase account is € 2,392,790.
*** We report that the shareholders of SAES Opto Materials S.r.l. have made a payment of € 2,450,000 towards a capital increase part of which has already been used to cover the company's past losses. The residual balance of the capital increase account is € 1,368,000.
**** Renamed Memry Dayville LLC on February 9, 2009.

The following table shows the companies included in the scope of consolidation according to the proportionate consolidation method as of December 31, 2008:

| Company | Currency | Capital stock | % Ownership | |
|---|---|---|---|---|
| | | | Direct | Indirect |
| Nanjing SAES Huadong Vacuum Material Co., Ltd. Nanjing (P.R. of China) | RMB | 31,450,000 | - | 51.00 |

The Group's share of the assets, liabilities, revenues and costs of the joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd. included in the consolidated financial statements (51%) is shown below:

(thousands of euro)

| | Nanjing Saes Huadong Vacuum Material Co., Ltd. (51%) |
|---|---|
| Non current assets | 785 |
| Current assets | 3.261 |
| **Total assets** | **4.046** |
| Total shareholders' equity | 3.584 |
| Non current liabilities | 0 |
| Current liabilities | 462 |
| **Total liabilities and shareholders' equity** | **4.046** |
| Total net sales | 4.093 |
| Cost of sales | (2.293) |
| Total operating expenses | (176) |
| Other income (expenses), net | (14) |
| Financial income (expenses), net | 96 |
| **Income before taxes** | **1.706** |
| Income taxes | (231) |
| **Net income (loss)** | **1.475** |

Excluding "Discontinued operations/non current assets held for sale" (described afterwards) the changes occurred in consolidation area as of December 31, 2008 compared with December 31, 2007, are as follows:

- on February 22, 2008 it has been finalized the acquisition of Spectra-Mat, Inc., located in Watsonville, California (USA) and mainly operating as manufacturer of vacuum components for the telecommunication, medical and military markets, devices for capital equipment for the semiconductors industry, together with advanced materials for the industrial laser market. The acquisition was made through the controlled company SAES Getters USA, Inc;
- on January 23, 2008 SAES Opto S.r.l. purchased the minority shareholding, equals to 48% in SAES Opto Components S.r.l. As a consequence, SAES Opto S.r.l. became the sole shareholder of SAES Opto Components S.r.l.
- on March 6 and 7, 2008, Boards of Director of SAES Opto Components S.r.l. and SAES Opto S.r.l., approved the merger through incorporation of SAES Opto Components S.r.l. into the SAES Opto S.r.l., as provided by art. 2501-*ter* and art. 2505 of Italian Civil Code.
  Shareholders meeting of both companies, convened in extraordinary session on March 26, 2008, approved the merger project, subsequently registered at the Register of Businesses on March 31, 2008. The Merger act has become effective on May 9, 2008, with retrospective effect to January 1, 2008.
- on March 31, 2008 has been set up SAES Getters Export Corp., an American Company solely shareholded by SAES Getters S.p.A. and having its registered office in the Delaware. The aim of the Company is to centralize the sales abroad of the other North-American companies.
- on June 20, 2008 has been formed the company Saes Devices Corp, having its registered office in Wilmington, Delaware, as vehicle for the acquisition of Memry Corporation. The Company is entirely and indirectly owned by SAES Getters S.p.A., through SAES Getters International S.A.
  Following the signature of the agreement and plan of merger, announced on June 24, 2008 and approved at the special Shareholder Meeting of Memry Corporation held on September 29, 2008, Saes Devices, Corp., has been merged with and into Memry Corporation with the latter as the surviving company. Memry Corporation shares are no longer listed at the American Stock Exchange and Memry

Corporation is now a 100% owned U.S. subsidiary of SAES Getters International Luxembourg S.A. The company is a technical leader in the fields of shape memory alloys and sophisticated polymer extrusion.

- on October 20, 2008 the special Shareholders' Meeting of the controlled company SAES Opto Materials S.r.l. approved the capital write off and the simultaneous settlement of the operating losses as of August 31, 2008; during the same meeting a subsequent capital increase was approved, fully paid by the shareholder SAES Opto S.r.l., thus acquiring 100% of the share capital of SAES Opto Materials S.r.l. (previously 90% controlled).
- on December 15, 2008 SAES Getters S.p.A. signed an agreement with Matthias Mertmann, founder and owner of 50% of shares and current Managing Director of Dr. -Ing. Mertmann Memory-Metalle GmbH, for the acquisition of 10% shareholding (SAES Getters S.p.A. acquired 50% shareholding on May 30, 2006) and for the acquisition of the entire capital in two following tranches by June 30, 2014.
  At the same time, the agreement states the right for Mattias Mertmann to exercise a put option for the entire 40% residual company's share capital, which can be exercised from April 1 until April 30, 2012.
  The German company changed its corporate name from Dr. -Ing. Mertmann Memory- Metalle GmbH into Memry GmbH.

It is to be noted that on January 3, 2008 the acquisition of substantially all the assets of the Shape Memory Alloys (SMA) division of Special Metals Corporation (SMC) was closed. The purchase was closed through SAES Smart Materials, Inc., 100% owned by SAES Getters International Luxembourg S.A. The SMA Division, situated in New Hartford, New York, USA, develops manufactures and sell custom Nitinol alloys and special high purity alloys.

## 2. Main accounting principles

### Consolidation principles

The Consolidated Financial Statements include the financial statements of all subsidiaries, effective from the date on which control is assumed and until such time as control ceases to exist.
Control exists where the Parent Company, SAES Getters S.p.A. holds, directly or indirectly, the majority of voting rights, or has the power, directly or indirectly, to determine, including through contractual agreements, the financial and operating policies of a company in order to secure the benefits of its operations.
In preparing the Consolidated Financial Statements, the assets, liabilities, costs and revenues of consolidated companies are added up line by line, attributing minority-interest shareholders their portion of net equity and the net income or loss for the period in specific items in the Balance Sheet and Income Statement.
The carrying value of the equity investment in each of the subsidiaries is eliminated to account for the corresponding share of net equity, including any adjustments to fair value on the date of acquisition. Any resulting positive difference is recognized among intangible assets as goodwill, as illustrated below, whereas any negative difference is charged to the income statement.
In preparing the Consolidated Financial Statements, all balance sheet, income statement and cash flow balances between Group companies have been eliminated, as have unrealized gains and losses on infra-group transactions.

All of the assets and liabilities of foreign companies in currencies other than the euro that fall within the scope of consolidation are converted by using the exchange rates in force as of the balance sheet date (current exchange rate method), whereas the associated revenues and costs are converted at the average exchange rates for the year. Translation differences resulting from the application of this method are classified as a shareholders' equity item until the equity investment is sold. In preparing the Consolidated Cash Flow Statement, the cash flows of consolidated foreign companies expressed in currencies other than the euro are converted by using the average exchange rates for the year.

Goodwill and adjustments to fair value generated during the purchase price allocation of a foreign company are recognized in the applicable currency and are converted using the exchange rate at year-end.

During the first-time adoption of IFRSs, the cumulative translation differences generated by the consolidation of foreign companies operating outside of the euro area were reduced to zero, as permitted by IFRS 1 (*First-time Adoption of International Financial Reporting Standards*). Consequently, only translation differences accumulated and recognized after January 1, 2004 are considered in determining any capital gains or losses arising from the sale thereof.

Equity investments in joint ventures are included in the Consolidated Financial Statements according to the proportional consolidation method, as allowed by IAS 31 – *Equity Investments in Joint Ventures*.

**Business combinations and goodwill**

Business combinations are recognized according to the purchase method. According to this method, the identifiable assets (including previously unrecognized intangible assets) and liabilities and contingent liabilities (excluding future restructuring) acquired are recognized at their current values (fair values) as of the date of acquisition. The positive difference between the purchase cost of, and the Group's interest in the fair value of such assets and liabilities is classified as goodwill and recognized among intangible assets. Any negative difference ("badwill") is charged to the Income Statement upon acquisition.

If the purchase cost and/or the value of the assets and liabilities acquired may only be determined on a provisional basis, the Group recognizes the business combination using the provisional values. These values will then be definitively determined within 12 months of the date of acquisition. Any use of this accounting method, if used, is discussed in the Notes.

Goodwill is not amortized, but rather tested for impairment on an annual basis, or more frequently if specific events or particular circumstances indicate that impairment may have occurred, according to IAS 36 – *Impairment of Assets*. After initial recognition, goodwill is measured at cost, less any impairment recognized. Goodwill, once impaired, may not be recovered.

For the purposes of congruity analysis, the goodwill acquired in a business combination is allocated at the date of acquisition to the Group's individual cash-generating units or groups of cash-generating units (CGUs) that have to benefit from the synergies of the combination, regardless of whether other Group's assets and liabilities have been allocated to such units or groups of units. Each CGU or group of CGUs to which goodwill is allocated:

- represents the lowest Group's level at which goodwill is monitored for internal management purposes;
- is no larger than the segments identified on the basis of either the primary or secondary scheme for presentation of the Group's segment reporting disclosures, as determined according to the provisions of IAS 14 – *Segment Reporting*.

Where goodwill represents a part of a CGU and a part of the assets internal to the unit is sold, the goodwill associated with the assets sold is included in the carrying value of the assets in order to determine the gain or loss on the sale. The goodwill transferred in such circumstances is measured on the basis of the figures for the transferred assets and the portion of the unit retained.

When all or part of a previously acquired company, the acquisition of which had generated goodwill, is disposed of, the residual share of goodwill is considered when calculating the effects of the sale. The difference between the price of sale and net assets, plus accumulated translation differences, and goodwill is recognized on the income statement. Retained earnings or losses taken directly to shareholders' equity are transferred to the income statement at the time of the sale.

Where options are granted that do not confer effective access to the economic benefits associated with the ownership of minority interests, the shares or units referred to by the options are recognized as of the date of acquisition of control as "minority interests"; the share of the net income and losses (and other changes in shareholders' equity) of the entity acquired are attributed to minority interests after the business combination is completed. The minority-interest share is eliminated as of each balance sheet date and classified as a financial liability at its fair value (equal to the current value of the strike price of the option), as if the acquisition had occurred on said date. In the absence of a specific applicable standard or interpretation, on the basis of the provisions of IAS 8, the Group has opted to recognize the difference between the financial liability at fair value and the minority-interest share eliminated as of the balance sheet date as goodwill (the Parent Entity Extension Method).

**Intangible assets**

*Research and development expenses*
Internally incurred costs for the development of new products and services constitute, depending on the circumstances, internally produced intangible assets or property, plant and equipment and are recognized as assets solely where all of the following conditions have been satisfied: the Group has the technical capacity and intention to complete the assets so as to render them available for use or sale, the Group has the capacity to use or sell the assets, there is a market for the products or services resulting from the assets or they are useful for internal purposes, the Group has sufficient technical and financial resources to complete the development and sale or internal use of the resulting products or services, and the costs attributable to the assets during development may be determined reliably.
Capitalized development costs consist solely of effectively incurred expenses that may be directly allocated to the development process.

Capitalized development costs are systematically amortized beginning with the year of production throughout the estimated useful life of the product/service.

*Other intangible assets with finite useful life*
Other purchased or internally produced intangible assets with finite useful lives are recognized as assets, in accordance with the provisions of IAS 38 – *Intangible Assets*, where it is likely that the use of the assets will generate future economic benefits and the cost of the assets may be determined reliably.
Such assets are recognized at the cost of purchasing or producing them and are amortized on a straight-line basis over their estimated useful lives. Intangible assets with finite useful lives are also tested for impairment annually, or whenever there is an indication that the assets may have become impaired.
Amortization is calculated on a straight-line basis over the estimated useful lives of the assets. Amortization rates are revised annually and are amended if the current estimated useful life differs from the previous estimate. The effects of such changes are recognized prospectively on the Income Statement.
Intangible assets are amortized according to their estimated useful lives, where finite, as follows:

| | |
|---|---|
| - Industrial and other patent rights | 3/5 years/duration of the contract |
| - Concessions, licenses, trademarks and similar rights | 3/50years/duration of the contract |
| - Other | 3/8 years/duration of the contract |

**Property, plant and equipment**

Owned property, plant and equipment is recognized at the cost of purchase or production, or, where such assets were carried as of January 1, 2004, at deemed cost, which, for some assets, is represented by revalued cost. Costs incurred subsequent to purchase are capitalized only if they result in an increase in the future economic benefits inherent in the asset to which they refer. All other costs (including financial expenses directly attributable to the purchase, construction or production of the asset in question) are charged to the income statement when they are incurred.
The cost of the assets also includes the projected costs of dismantling the asset and restoring the site, where there is a legal or implicit obligation to do so. The corresponding liability is recognized during the period in which the obligation arises to a provision carried among liabilities in the context of provisions for contingencies and obligations at its current value. The capitalized expense is recognized on the income statement over the useful life of the associated property, plant and equipment through the depreciation process.
Depreciation is calculated at constant rates over the estimated useful life of the assets.

Land, including that annexed to buildings, is not depreciated.

Depreciation rates are revised annually and are amended if the current estimated useful life differs from the previous estimate. The effects of such changes are recognized prospectively on the Income Statement.

The minimum and maximum depreciation rates are listed below:

| | |
|---|---|
| Buildings | 2.5%-3% |
| Plant and machinery | 10%-25% |
| Industrial and commercial equipment | 20%-25% |
| Other assets | 7%-25% |

### Impairment

*Goodwill*

Goodwill is tested for impairment at least once a year.
The test is normally conducted to coincide with the Group's budgeting process near the end of each year. Consequently, the date of reference for impairment testing is the balance sheet date. The goodwill acquired and allocated during the year is tested for impairment before the end of the year in which it was acquired and allocated.
For the purposes of impairment testing, goodwill is allocated, as of the date of acquisition, to each cash-generating unit or group of cash-generating units that benefit from the acquisition. Allocation is made at the minimum level at which goodwill is monitored for management control purposes and said minimum level may never be higher than the segment identified according to IAS 14 – *Segment Reporting*.
If the carrying value of the cash-generating unit (or group of units) exceeds its recoverable value, an impairment loss is recognized on the income statement.
The impairment loss is charged to the income statement, initially by decreasing the carrying value of the goodwill allocated to the unit (or group of units), and only then is charged to the unit's other assets in proportion to their carrying value, up to a maximum of the recoverable value of assets with finite useful lives. The recoverable value of a cash-generating unit or group of cash-generating units to which goodwill is allocated is the greater of the fair value, less selling costs, and the value in use of the unit in question.
The value in use of an asset consists of the current value of expected cash flows, calculated by applying a discount rate that reflects current market valuations of the value of money over time and the specific risks of the activity. Future cash flows normally cover a period of three years, except where projections require longer periods, such as in the case of initiatives in the start-up phase. The long-term growth rate used to estimate the terminal value of the unit (or group of units) may not exceed the average long-term growth rate for the industry, country or market in which the unit (or group of units) operates.
The value in use of cash-generating units in foreign currencies is estimated in the local currency discounting such cash flows at a rate appropriate to the currency in question. The current value obtained through this process is translated into euro at the spot exchange rate as of the date of the impairment test (which, in our case, is the balance sheet date).
Future cash flows are estimated by referring to the cash-generating unit's current conditions and consequently do not contemplate either the benefits of future restructuring operations to which the entity is not yet committed or future investments to improve or optimize the unit.
For impairment testing purposes, the carrying value of a cash-generating unit is determined in accordance with the criteria according to which the cash-generating unit's recoverable value is determined, excluding surplus assets (i.e. financial assets, deferred tax assets, and net non-current assets held for sale).
After having conducted an impairment test on the cash-generating unit (or group of units) to which goodwill is allocated, a second level impairment test is conducted that

also includes centralized assets with auxiliary functions (corporate assets) that do not generate positive cash flows and may not be allocated to the individual units according to a reasonable, consistent criterion. At this second level, the recoverable value of all units (or groups of units) is compared with the carrying value of all units (or groups of units), including those units to which no goodwill has been allocated and corporate assets.
Where the conditions that had previously required the recognition impairment cease to apply, the original value of the goodwill is not restored, according to IAS 36 – *Impairment of Assets*.

*Tangible and intangible assets with finite useful life*
During the year, the Group verifies whether there are indications that tangible and intangible assets with finite useful lives may have become impaired. Both internal and external sources of information are considered in this process. These internal sources include: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset and the economic performance of the asset with respect to projections. The external sources include: the trend in the market prices of assets, any discontinuities of technology, the market, or legislation, the trend in market interest rates and the cost of capital used to assess investments, and, lastly, whether the carrying value of the Group's net assets exceeds its market capitalization.
If there are indications that tangible or intangible assets with finite useful lives have become impaired, the carrying value of the assets is reduced to their recoverable value. The recoverable value of an asset is defined as the greater of its fair value, net of selling costs, and its value in use. The value in use of an asset consists of the current value of expected cash flows, calculated by applying a discount rate that reflects current market valuations of the value of money over time and the specific risks of the activity. Where it is not possible to determine the recoverable amount of an individual asset, the Group estimates the recoverable value of the asset's cash-generating unit.
Impairment is charged to the income statement.
If the reasons that led to impairment subsequently cease to apply, the carrying value of the asset or cash-generating unit is increased up to the new estimate of the recoverable value, which, however, may not exceed the value that would have resulted if no impairment had been recognized. Reversals are recognized on the Income Statement.

**Receivables**

Receivables generated by the company are initially recognized at their nominal value and subsequently measured at their estimated realizable value.

Receivables with maturities beyond one year and receivables that do not bear interest or bear interest at below-market rates are discounted using market rates.

**Cash and cash equivalents**

Cash and cash equivalents are recognized, according to their nature, at their nominal value.
Cash equivalents consist of highly liquid short-term investments that are readily

convertible into known amounts of cash and are subject to an insignificant risk of change in value, the original maturity or maturity upon acquisition of which does not exceed three months.

**Financial liabilities**

Financial liabilities include financial payables and other financial liabilities, including derivative instruments. Under IAS 39, they also include trade and sundry payables.
Non-derivative financial liabilities are initially recognized at fair value, less transaction costs, and are subsequently measured at amortized cost, i.e. the amount initially recognized less any repayments of principal, plus or minus the cumulative amortization, calculated using the effective interest method, of any difference between the initial value and the value at maturity.

Financial liabilities hedged by derivative instruments aimed at covering the risk of changes in the value of the liability (fair value hedge derivatives) are measured at their fair value according to the hedge accounting methods set out in IAS 39: gains and losses arising from subsequent adjustments to fair value, limited to the hedged component, are recognized on the income statement and offset by the effective portion of the loss or gain arising from subsequent measurements of the hedging instrument at fair value.

**Derivative financial instruments**

The derivative financial instruments undertaken by the SAES Getters Group are aimed at hedging its exposure to exchange-rate and interest-rate risk and diversifying debt parameters in order to reduce the cost and volatility of debt to within pre-determined management limits.

In keeping with the requirements of IAS 39, hedging instruments are accounted for as hedging instruments only when:

a) at inception, they are formally designated as a hedge and the hedge relationship is documented;
b) the hedge is expected to be highly effective;
c) the effectiveness of the hedge can be reliably measured;
d) the hedge is highly effective in each accounting period designated.

All derivative instruments are measured at their fair value according to IAS 39.

Where derivatives satisfy the requirements for treatment under hedge accounting rules, the following accounting standards are applied:

- *Fair value hedges* – If a derivative instrument is designated as a hedge of the exposure to the changes in the fair value of an asset or liability attributable to a particular risk, the gain or loss resulting from subsequent changes in the fair value of the hedging instrument is recognized on the Income Statement. The portion of the gain or loss arising from the fair-value adjustment of the hedged item attributable to the hedged risk is recognized as an adjustment to the carrying value of the item in question through the income statement.
- *Cash flow hedges* – If a derivative instrument is designated as a hedge of the exposure to the changes in the cash flows of an asset or liability carried on the

balance sheet or of a highly probable planned transaction, the effective portion of the gains or losses arising from the fair-value adjustment of the derivative instrument is recognized in a specific shareholders' equity reserve (cash flow hedge reserve). The cumulative gain or loss is reversed from the shareholders' equity reserve and recognized on the Income Statement during the same years in which the effects of the hedged transaction are recognized on the income statement.
The gain or loss associated with the ineffective portion of the hedge is immediately recognized on the income statement. If the hedged transaction is no longer deemed highly probable, the unrealized gains or losses recognized in the shareholders' equity reserve are immediately entered to the income statement.

Gains and losses arising from the fair-value measurement of derivatives not designated as hedges are recognized directly on the Income Statement.

### Inventory

Inventory, which consists of raw materials, products purchased, semi-finished, work in progress and finished products, is measured at the lesser of the cost of purchase and production and the estimated realizable value. Cost is determined according to the FIFO method. The measurement of inventory also includes direct parts and labor costs and indirect production costs (both variable and fixed).
In addition, provisions for impairment are allocated for materials, finished products, spare parts and other articles deemed obsolete or slow-moving, on the basis of their expected future use and estimated realizable value.

### Assets and liabilities held for sale

Discontinued operations and non-current assets held for sale refer to lines of business and assets (or groups of assets) that have been sold or are in the process of being sold, the carrying value of which has been, or will be, recovered primarily through sale rather than continuing use. Non-current assets held for sale are measured at the lesser of their net carrying value and fair value, net of selling costs.
Where such assets have originated in recent business combinations, they are measured at their current value, net of disposal costs.
In accordance with IFRSs, the figures for discontinued operations and/or assets held for sale are presented as follows:

- in two specific items of the balance sheet: Discontinued operations/Non-current assets held for sale and Discontinued operations/Non-current liabilities held for sale;
- in a specific item of the income statement: Net income (loss) on Discontinued operations/Non-current assets held for sale.

### Staff leaving indemnity and other employee benefits

*Staff leaving indemnity*
The staff leaving indemnity, which is compulsory for Italian companies according to article 2120 of the Italian Civil Code, is a deferred benefit and is correlated to the length of each employee's term of employment and the compensation received during the period of service.
In application of IAS 19, the staff leaving indemnity calculated as indicated above is a

"defined-benefit plan" and the associated obligation to be recognized (the provision for staff leaving indemnity) is determined through an actuarial calculation by using the Projected Unit Credit Method. As permitted by IFRS 1 and IAS 19, SAES Getters has opted to recognize all actuarial gains and losses exceeding the limit of 10% of the actuarial liability on the Income Statement (the corridor method) both during first-time adoption IFRSs and subsequent years.
The costs associated with the increase in the current value of the staff leaving indemnity obligation arising from the proximity of the moment in which benefits are to be paid are included among "Personnel costs".
Effective January 1, 2007, the 2007 Finance Law and related implementation decrees have introduced significant changes to staff leaving indemnity rules, including the employees' right to choose whether to allocate the unaccrued portion of their leaving indemnity to complementary pension funds or the "Treasury Fund" managed by the INPS.
It follows that the obligation to the INPS, as well as contributions to complementary pension schemes, acquire the status of "defined-contribution plans" in accordance with IAS 19, whereas the amounts recognized in the provision for staff leaving indemnity continue to be considered "defined-benefit plans".
The amendments to the law enacted effective 2007 consequently entailed the redetermination of actuarial assumptions and the ensuing calculations employed to determine staff leaving indemnity.

### Provisions for contingencies and obligations

Group companies recognize provisions for contingencies and obligations where there is a current (legal or implicit) obligation to a third party as the result of a past event, it is likely that the Group will be required to invest resources in order to fulfill this obligation and the amount of the obligation may be reliably estimated.
Changes in estimates are reflected in the income statement for the year in which they occur.

### Treasury shares

Treasury shares are recognized as a reduction in shareholders' equity.

### Transactions in foreign currency

Transactions in foreign currencies are entered at the exchange rate in force on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate in effect on balance sheet date. Exchange differences resulting from the discharge of monetary items or the conversion of such items at rates differing from those at which they were initially recognized during the year or at those of the end of the previous year are recognized on the Income Statement.

### Revenue recognition

Revenue is recognized to the extent to which it is probable that the Group will receive the economic benefits and the amount of such benefits may be reliably determined. Revenue is represented net of discounts, allowances and returns.

### Research, development and promotion expenses

Research and promotion expenses are charged directly to the income statement during the year in which they are incurred. Development expenses are capitalized if the conditions set out in IAS 38 are met, as already described in the paragraph on intangible assets. If the requirements for the mandatory capitalization of development expenses are not met, the expenses are charged to the income statement for the year in which they are incurred.

### Income taxes

Income taxes include all taxes calculated on the taxable income of Group companies.
Income taxes are recognized on the income statement, with the exception of taxes pertaining to items directly charged or entered to a shareholders' equity reserve, in which case the associated tax effect is recognized directly in the respective shareholders' equity reserves.
Accruals for taxes that could be generated by the transfer of the undistributed earnings of subsidiaries are made solely where there is an effective intention to transfer such earnings.
Deferred tax liabilities/assets are recognized according to the balance sheet liability method. They are calculated on all temporary differences that arise between the taxable base of the assets and liabilities and the carrying values of these assets on the consolidated financial statements, with the exception of goodwill, which is not tax-deductible.
Deferred tax assets on tax-loss carry-forwards are recognized to the extent to which there is likely to be future taxable income against which they may be recovered. Current and deferred tax assets and liabilities are offset where the income taxes are applied by the same tax authority and there is a legal right to offset them. Deferred tax assets and liabilities are determined by applying the tax rates expected to apply under the tax codes of the various countries in which Group companies operate during the years in which the temporary differences will be eliminated.

### Earning per share

Basic earnings per ordinary share is calculated by dividing the Group's net income for the year attributable to ordinary shares by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares). In a like manner, basic earnings per savings share is calculated by dividing the Group's net income for the year attributable to savings shares by the weighted average number of savings shares outstanding during the year.

### Use of estimates

In order to prepare the consolidated financial statements and related Notes in accordance with IFRSs, the management is required to make estimates and assumptions that have an effect on assets and liabilities and on the information about contingent assets and liabilities as of the balance sheet date. The final results may differ from these estimates. Estimates and subjective assessments are employed to determine the recoverable value of non-current assets (including

goodwill), revenue, accruals to provisions for receivables, obsolete and slow-moving inventory, depreciation and amortization, employee benefits, taxes, restructuring provisions, and other allocations and provisions. Estimates and assumptions are reviewed periodically and the effects of all changes are immediately reflected on the income statement.
In the absence of a standard or interpretation specifically applicable to a transaction, the Group's management conducts through subjective assessments in order to determine which accounting methods to adopt in order to provide relevant and reliable information so that the financial statements:
- are a faithful representation of the Group's financial position, earnings and cash flow;
- reflect the economic substance of transactions;
- are neutral;
- are drafted on a prudential basis;
- are complete in all significant aspects.

**New Standards and Interpretations effective from January 1, 2009**

As stated in paragraph no. 28 of IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*, below new Standards and Interpretations effective from January 1, 2009.

*IFRS 1 and IAS 27 improvements – Accounting for investments in subsidiaries, jointly controlled entities and associates*
On May 2008 IASB revised IFRS 1 – *First-time Adoption of International Financial Reporting Standards*, and IAS 27 – *Consolidated and Separate Financial Statements*, and it established how to account for investments in subsidiaries, joint ventures and associates in first-time adoption of International Financial Reporting Standards.

*IFRS Improvement*
On May 22, 2008 the IASB issued a group of amendments to IFRS ("improvements"). The following section cites those indicated by the IASB as variations that will entail changes to the presentation, recognition, and valuation of financial statement items, and neglects those that will result solely in terminological variations or editorial changes with minimum effects in accounting terms.
- IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*: the amendment must be applied from January 1, 2010. If a company has committed to a disposal plan that entails the loss of control over an investee company, all the subsidiary's assets and liabilities must be reclassified as assets held for sale, even if the company will continue to hold a minority-interest shareholding in the subsidiary subsequent to the disposal.
- IAS 1 – *Presentation of Financial Statements* (already revised in 2007): the amendment, which must be applied from January 1, 2009, requires that assets and liabilities arising from derivative instruments not held for trading be classified by distinguishing between current and non-current assets and liabilities.
- IAS 16 – *Property, Plant and Equipment*: the amendment must be applied from January 1, 2009. Companies that, in the course of ordinary operations, sell tangible assets that have been the object of lease agreements must reclassify assets in inventory that cease to be leased and become held for sale. Consequently, the consideration obtained for the disposal thereof must be recognized as revenue. On the cash flow statement, the cost paid to build or acquire assets to be leased to others, and the consideration received for the

subsequent sale of such assets, constitute cash flow from operating activities (and not investing activities).

- IAS 19 – *Employee Benefits*: this amendment must be applied prospectively from January 1, 2009 to changes in employee benefits subsequent to said date. The amendment clarifies the definition of cost/income associated with past employment services. When a plan is reduced, the effect to be entered immediately to the income statement may only include the reduction of benefits pertinent to future periods. The Board has also reformulated the definition of short-term and long-term benefits and amended the definition of the return on assets, establishing that this item must be stated net of any administrative expenses that have not already been included in the value of the obligation.
- IAS 20 – *Accounting for Government Grants and Disclosure of Government Assistance*: this amendment, which must be applied prospectively from January 1, 2009, establishes that the benefits of government loans issued at interest rates far below those of the market must be accounted for as government assistance and therefore follow the recognition rules set out in IAS 20.
- IAS 23 – *Borrowing Costs*: this amendment, which must be applied from January 1, 2009, revised the definition of borrowing costs.
- IAS 28 – *Investments in Associates*: this amendment, which must be applied from January 1, 2009, establishes that the impairment of investments valued at shareholders' equity method must not be allocated to the individual assets (and, in particular, to any goodwill) that comprise the carrying value of the investment, but rather to the investee company's overall value. As a consequence, where conditions for subsequent write-backs are satisfied, such write-backs must be recognized in full.
- IAS 28 – *Investments in Associates* and IAS 31 – *Investments in Joint Ventures*: those improvements, effective from January 1, 2009, require additional information for investments in subsidiaries and joint ventures evaluated at fair value as for IAS 39. Consequentially IFRS 7 – *Financial Instruments: Disclosure* and IAS 32 – *Financial Instruments: Presentation* have been revised.
- IAS 29 – *Financial Reporting in Hyperinflationary Economies*: the previous version of this standard did not reflect the fact that certain assets and liabilities may be measured on the basis of their current values instead of their historical cost. The amendment introduced to account for this possibility must be applied from January 1, 2009.
- IAS 36 – *Impairment of Assets*: the amendment, which must be applied from January 1, 2009, requires the provision of additional information where a company determines the recoverable value of cash-generating units by using the discounted cash flow method.
- IAS 38 – *Intangible Assets*: this amendment must be applied from January 1, 2009 and establishes the recognition of promotional and advertising costs on the income statement. Furthermore, it establishes that when companies incur expenses associated with future economic benefits without recognizing intangible assets, such assets must be entered to the income statement when the company is entitled to access to the asset, where assets are at issue, or when the service is rendered, where services are at issue. Furthermore, the standard was amended to allow companies to adopt the unit production method to determine the amortization of intangible assets with a definite useful life.
- IAS 39 – *Financial Instruments*: *Recognition and Measurement*. The amendment must be applied from January 1, 2009. It defines the effective rate of return of a financial instrument at the conclusion of a fair value hedge. It also prohibits the reclassification of hedging derivatives as financial instruments with adjustment to

fair value through the income statement. Then to avoid discrepancy with the revised IFRS 8 – *Operating Segments*, all references to segment derivative financial instruments were eliminated.

- IAS 40 – *Investment Property*: the amendment, that must be applied in a prospective way from January 1, 2009, defines that real estate investments under construction fall into IAS 40 requirements instead of IAS 16 requirements.

*IAS 39 Improvements – Financial Instruments: Recognition and Measurement – Hedging instruments*

In July 2008 the IASB published an amendment to IAS 39 – *Financial Instruments: Recognition and Measurement*, which provides clarification concerning the possibility of identifying inflation as a hedged risk and the possibility of using options as hedges. The interpretation must be applied effective July 1, 2009.

*IFRIC 15 – Agreements for the Construction of Real Estate*

In July 2008, the IFRIC issued interpretation IFRIC 15 – *Agreements for the Construction of Real Estate*, which deals with the accounting treatment of revenue and associated costs linked to the construction of real estate.

In detail, the interpretation provides criteria to be used to distinguish between "work in progress", which falls within the scope of IAS 21, and other contracts for the construction of real estate, which fall within the scope of IAS 18.

The interpretation must be applied effective January 1, 2009.

*IFRIC 16 – Hedges of a Net Investment in a Foreign Operation*

In July 2008, the IFRIC issued interpretation IFRIC 16 – *Hedges of a Net Investment in a Foreign Operation*, which eliminated the possibility of applying hedge accounting rules to hedges of exchange differences originating in the foreign operation's operating currency and the currency in which the consolidated financial statements are presented. The interpretation also clarifies that in hedges of an equity investment in a foreign company, the hedging instrument may be held by any company in the group and that, if the equity investment is sold, IAS 21 – *The Effects of Changes in Foreign Exchange Rates* must be applied to determine the value to be transferred from shareholders' equity to the income statement.

The interpretation must be applied effective January 1, 2009.

## 3. Business combinations

### Acquisition of Shape Memory Alloys (SMA) division of Special Metals Corporation (SMC)

On January 3, 2008 the SAES Group closed the acquisition of the Shape Memory Alloys (SMA) division of Special Metals Corporation (SMC) with the aim of enhancing its presence in the advanced materials sector and creating further drivers of growth complementary to and synergetic with its business in other sectors, particularly the SMA sector.

The consideration paid came to 21,128 thousand of euro ($ 31.1 million), including 539 thousand of euro ($ 793 thousand) in accessory costs, in accordance with the requirements of IFRS 3. The assets acquired were transferred to SAES Smart Materials, Inc., which is indirectly controlled by SAES Getters S.p.A. through SAES Getters International Luxembourg S.A.

The following table shows the current and historical values of the assets acquired:

(thousands of euro) As at January 3, 2008

| | Fair value | Book value |
|---|---|---|
| Inventory | 4,134 | 4,664 |
| Property, plant and equipment | 2,948 | 2,363 |
| Intangible assets | 2,095 | 0 |
| **Total assets** | **9,177** | **7,027** |
| Goodwill | 11,951 | |
| **Price paid for acquisition** | **21,128** | |

The intangible assets identified consist of:
- know-how: 863 thousand of euro;
- customer relationship: 1,151 thousand of euro;
- other intangible assets: 82 thousand of euro.

The value of know-how was determined using the Excess of Earnings Method.
The value of customer relationships was calculated by using the income criterion. The main factors that define the value according to this criterion are:
- the residual life of the customer relationships;
- the attrition rate for customers acquired;
- the net margin on sales made to customers acquired, obtained by subtracting the consideration for the fixed assets that contribute to generating income from the gross margin.

The value of the customer relationships acquired is equal to the current value of the net margin for the customers acquired, after the exemption from taxes has been eliminated.
The current value of tangible assets has been determined by an appraisal conducted by an independent third party.
Inventory was calculated at its realizable value, net of any selling costs, and includes the measurement of the backlog.

Since the differences between current and carrying values are recognized for tax purposes, no deferred taxes have been recognized.

### Acquisition of Spectra-Mat, Inc.

On February 22, 2008 the SAES Group acquired 100% of Spectra-Mat, Inc. in order to consolidate its position in traditional products on the U.S. market, which has always been of primary importance to the Group, and to enhance its growth in the sector of advanced materials for applications in development, such as illumination and solid-state lasers.
The cost of the transaction came to 4,929 thousand of euro ($ 7.4 million), including 74 thousand of euro ($ 113 thousand) in accessory expenses, in accordance with the requirements of IFRS 3. The company was acquired by SAES Getters USA, Inc., a direct subsidiary of SAES Getters S.p.A.

The following table shows the current and historical values of the assets acquired:

(thousands of euro) As at February 22, 2008

| | Fair value | Book value |
|---|---|---|
| Inventory | 802 | 633 |
| Other current assets | 1,580 | 1,580 |
| Property, plant and equipment | 2,829 | 582 |
| Intangible assets | 617 | 0 |
| **Total assets** | **5,828** | **2,795** |
| Shareholders' equity | 3,984 | 2,442 |
| Current liabilities | 353 | 353 |
| Non current liabilities | 546 | 0 |
| Deferred tax liabilities | 945 | 0 |
| **Total liabilities and shareholders' equity** | **5,828** | **2,795** |
| Goodwill | 945 | |
| **Price paid for acquisition** | **4,929** | |
| Cash acquired | 918 | |
| **Price paid for acquisition, net of cash acquired** | **4,011** | |

The intangible assets identified consist of:
- trademark: 175 thousand of euro;
- know-how: 409 thousand of euro;
- customer relationships: 33 thousand of euro.

The value of know-how was determined using the Excess of Earnings Method.
The value of the trademark was calculated by estimating the cost of exploiting the trademark in the next few years and discounting this cost.
The value of customer relationships was calculated by using the income criterion. The main factors that define the value according to this criterion are:
- the residual life of the customer relationships;
- the attrition rate for customers acquired;
- the net margin on sales made to customers acquired, obtained by subtracting the consideration for the fixed assets that contribute to generating income from the gross margin.

The value of the customer relationships acquired is equal to the current value of the net margin for the customers acquired, after the exemption from taxes has been eliminated.
The current value of tangible assets has been determined by an appraisal conducted by an independent third party.
Inventory has been calculated at its realizable value, net of any selling costs.

Liabilities include the current value of the company's implicit obligations in connection with costs to be incurred for the monitoring of pollution levels at the site at which the company operates. The value of this liability has been calculated on the basis of the agreements reached with the local authorities.

With the exception of goodwill, deferred taxes have been calculated on identified positive differences.

### Acquisition of Memry Corporation

On September 29, 2008 the SAES Group acquired 100% of Memry Corporation with the aim of achieving significant progress towards the previously announced strategy of expansion and diversification in the advanced materials sector and in the shape memory alloys sector in particular. The cost of the transaction came to 55,788 thousand of euro ($ 79.8 million), including 988 thousand of euro in accessory expenses, in accordance with the requirements of IFRS 3. The company was acquired by Saes Devices Corp., a direct subsidiary of SAES Getters International Luxembourg S.A., and Saes Devices Corp. was merged by incorporation into Memry concurrently with the acquisition. Due to the merger, Memry Corporation became the new operating company, fully owned by SAES Getters International Luxembourg S.A.

The following table shows the current and historical values of the assets acquired:

(thousands of euro) As at September 29, 2008

| | **Book value** |
|---|---|
| Inventory | 3,706 |
| Other current assets | 6,994 |
| Other non current assets | 3,479 |
| Property, plant and equipment | 3,781 |
| Intangible assets | 357 |
| Assets held for sale | 17,017 |
| **Total assets** | **35,334** |
| Shareholders' equity | 25,979 |
| Liabilities | 9,002 |
| Liabilities held fo sale | 354 |
| **Total liabilities and shareholders' equity** | **35,334** |
| Goodwill | 29,809 |
| **Price paid for acquisition** | **55,788** |
| Cash acquired | 4,364 |
| **Price paid for acquisition, net of cash acquired** | **51,424** |

The process of determining the current values of the assets and liabilities acquired is still in progress. The difference between the price paid and the net value of the assets acquired according to the historical values as of the date of the acquisition has been allocated to goodwill, which, in accordance with IFRS 3, is to be considered provisional.
Memry Corporation also has assets and liabilities associated with the polymer division, the sale of which was closed in February 2009. These are classified as assets and liabilities held for sale and measured at their current value, net of selling costs.

We report that the assets and liabilities associated with Memry Corporation, consolidated in the Group's financial statements as of December 31, 2008 on a line-by-line basis, consist of the carrying values disclosed on the subsidiary's financial statements, converted according to International Accounting Standards, as of the date of acquisition, including changes between the date of acquisition and December 31, 2008.

### Acquisition of Dr. -Ing. Mertmann Memory-Metalle GmbH

On December 15, 2008 SAES Getters S.p.A. signed an agreement with Matthias Mertmann, founder and owner of 50% of shares and current Managing Director of Dr. -Ing. Mertmann Memory-Metalle GmbH, for the acquisition of 10% shareholding (SAES Getters S.p.A. acquired 50% shareholding on May 30, 2006) and for the acquisition of the entire capital in two following tranches by June 30, 2014.

The purchase price agreed for the acquisition of 10% shareholding of Dr. -Ing. Mertmann Memory-Metalle GmbH is equal to 250 thousand of euro. The agreement includes the acquisition of the remaining German company's share capital in two tranches to follow, each equal to 20% shareholding, which will be finalized in the first half of 2012 and in the first half of 2014. The pricing formula of the transaction includes sales of the previous year and grants Matthias Mertmann a minimum amount of 375 thousand of euro per each tranche. At the same time, the agreement states the right for Mattias Mertmann to exercise a put option for the entire 40% residual company's share capital. The corresponding value of such option, which can be exercised from April 1 until April 30, 2012, is 500 thousand of euro.

The German company changed its corporate name from Dr. -Ing. Mertmann Memory-Metalle GmbH into Memry GmbH and, following an agreement which states a strong operating and commercial integration with Memry Corporation, it will become an European centre of excellence for the development of shape memory alloys for medical applications market and for the distribution of Memry products in Europe.

(thousands of euro) — As at December 15, 2008

| | Book value |
|---|---|
| Other non current assets | 121 |
| Current assets | 301 |
| **Total assets** | **422** |
| Liabilities | 159 |
| Shareholders' equity | 263 |
| **Total liabilities and shareholders' equity** | **422** |
| Goodwill | 627 |
| **Price paid for acquisition** | **250** |
| Price paid for acquisition, net of cash acquired | 188 |
| **Actual value of purchase obligation of further 40% shareholding** | **640** |

The process of determining the current values of the assets and liabilities acquired is still in progress. The difference between the price paid and the net value of the assets acquired according to the historical values as of the date of the acquisition has been allocated to goodwill, which, in accordance with IFRS 3, is to be considered provisional.

The company was previously consolidated proportionally at 50%; effective financial year 2008, the SAES Group began to consolidate Memry GmbH (formerly Dr. -Ing. Mertmann Memory-Metalle GmbH) on a line-by-line basis due to the acquisition of an additional 10% interest.
Since there is an obligation to acquire the remainder of capital stock, the company is 100% consolidated without recognition of minority interests. The Group's financial payables include the recognition of a financial liability for the acquisition of the remaining interests, estimated at 640 thousand of euro.

## 4. Financial risks management

*SAES Getters Group financial risks management: objectives and criteria*

The Group's main financial instruments, other than derivative instruments, include sight and short-term bank deposits and bank loans. The Group's policy concerning these instruments is the short-term investment of cash on hand and the financing of operating activities.

Due to the above, the Group does not engage in the trading of financial instruments.

The Group also has financial assets and liabilities, such as trade payables and receivables, arising from operating activities.

The financial risks hedged through derivatives (primarily forward contracts on foreign currencies and interest-rate swaps) as of the balance sheet date are exchange-rate and interest-rate risk. The goal is to manage exchange-rate risk and interest-rate risk arising from the Group's commercial and financing activities. The Board of Directors reviews and sets the policies for managing such risks, as summarized below.

*Interest-rate risk*

Due to the acquisitions closed in 2008 through recourse to financing, the Group's exposure to the risk of changes in the interest rates applicable to its financial liabilities to financial institutions has increased. Said greater exposure to the variability of interest rates has been managed by entering into an interest-rate swap for a significant percentage of the amount of the debt with the aim of ensuing a level of financial expenses deemed sustainable by the financial structure of the newly acquired companies and the SAES Group.

The financing transaction in support of the acquisition of Memry Corporation was not subject to hedging as of the balance sheet date because it was still being negotiated. However, the Group intends to enter into hedges for this transaction similar to those put in place for its other acquisitions in order to bring its exposure to interest-rate risk to within levels compatible with its financial structure.

The exposure to interest-rate risk associated with the Parent Company's financial liabilities is not significant inasmuch as its debt consists of fixed-rate soft loans drawn on a special fund for applied research.

The following table provides a sensitivity analysis of the short-term portion of financial assets (cash and equivalents) in terms of the impact on income before taxes, assuming all other variables remain unchanged, of changes in interest rates:

(thousands of euro)

| | | Increase (decrease) in basis points | Impact on income before taxes |
|---|---|---|---|
| 2008 | Euro | +/- 0.20 | +/- 64 |
| | Other currencies | +/- 0.20 | +/- 38 |
| 2007 | Euro | +/- 0.20 | +/- 137 |
| | Other currencies | +/- 0.20 | +/- 32 |

The following table provides a sensitivity analysis of interest-rate swaps in terms of the impact on income before taxes, assuming all other variables remain unchanged, of changes in interest rates:

| Description | Notional USD | Mark to Market USD | Fixed rate | 6 months LIBOR BBA USD at December 31, 2008 | +1% | Estimated MTM Libor +1% | -1% | Estimated MTM Libor -1% |
|---|---|---|---|---|---|---|---|---|
| IRS with maturity date as of November 30, 2009 closed on loan of USD 20 millions by SAES Smart Materials, Inc. | 10,000,000 | (115,014) | 3.38% | 1.75% | 2.75% | (44,453) | 0.75% | (185,575) |
| IRS with maturity date as of May 31, 2012 closed on loan of USD 20 millions by SAES Smart Materials, Inc. | 10,000,000 | (591,785) | 3.65% | 1.75% | 2.75% | (280,319) | 0.75% | (903,251) |
| IRS with maturity date as of November 30, 2010 closed on loan of USD 3 millions by Spectra-Mat, Inc. | 1,000,000 | (39,906) | 4.36% | 1.75% | 2.75% | (24,617) | 0.75% | (55,196) |
| **Total** | **21,000,000** | **(746,706)** | | | | **(349,389)** | | **(1,144,022)** |

The following table provides a sensitivity analysis of financial liabilities in terms of the impact on income before taxes, assuming all other variables remain unchanged, of changes in interest rates:

(thousands of euro)

| | | Increase (decrease) in basis points | Impact on income before taxes |
|---|---|---|---|
| **2008** | **Euro** | +/- 1 | +/- 19 |
| | **USD/Other currencies** | +/- 1 | +/- 145 |
| **2007** | **Euro** | +/- 1 | +/- 25 |
| | **USD/Other currencies** | +/- 1 | +/- 0 |

*Exchange-rate risk*

The Group is exposed to foreign currency exchange risk. Such exposure is generated predominantly by sales in currencies other than the reference currency. Around 86% of Group sales and around 44% of the Group's operating costs are denominated in a currency other than euro.

To manage the volatility generated by the impact on net income of fluctuations of exchange rates, primarily EUR/USD and EUR/JPY, the Group enters into currency hedges with total values representing approximately 70% of the expected net cash flows generated by the sales of SAES Getters S.p.A. and SAES Advanced Technologies S.p.A. The maturities of hedging derivatives tend to coincide with the scheduled date of collection of the hedged transactions.

Moreover, in the second half of 2006 the Group began to implement a cash pooling system denominated in euro and involving almost all Group companies, thereby decreasing cash and cash equivalents not originally expressed in euro to the minimum levels deemed necessary for the operations of individual companies. Due to this choice, more than half of the Group's cash and cash equivalents is currently expressed in euro (at the end of 2007, cash and cash equivalents expressed in euro amounted to 80% of the total).

On occasion, the Group also hedges specific commercial transactions in a currency other than the reporting currency.

The following table provides a sensitivity analysis of trade receivables and payables outstanding at year-end in terms of the impact on the Group's income before taxes and shareholders' equity of changes in the EUR/USD and EUR/JPY exchange rates, assuming that all other variables remain unchanged:

*Exchange-rate risk – Sensitivity analysis – Trade account receivables and payables*

(thousands of euro)

| US Dollar | Increase / Decrease | Impact on income before taxes | Impact on net income |
|---|---|---|---|
| 2008 | + 5% | 58 | 44 |
| | - 5% | (64) | (48) |
| 2007 | + 5% | 187 | 109 |
| | - 5% | (206) | (121) |

(thousands of euro)

| Japanese YEN | Increase / Decrease | Impact on income before taxes | Impact on net income |
|---|---|---|---|
| 2008 | + 5% | 119 | 88 |
| | - 5% | (131) | (97) |
| 2007 | + 5% | 229 | 143 |
| | - 5% | (253) | (159) |

The following table provides a sensitivity analysis of cash and cash equivalents and cash-pooling receivables outstanding at year-end in terms of the impact on the Group's income before taxes and shareholders' equity of changes in exchange rates for the U.S. dollar and euro against other currencies, assuming that all other variables remain unchanged. This analysis has been conducted with a view to the fact that associates have both cash and cash equivalents and cash-pooling receivables/payables from/to the Parent Company in euro, the conversion of which may result in exchange gains or losses.

*Exchange-rate risk – Sensitivity analysis – Cash, cash equivalents and cash pooling account receivables*

(thousands of euro)

| EURO | Increase / Decrease | Impact on income before taxes | Impact on net income |
|---|---|---|---|
| 2008 | + 5% | (658) | (453) |
| | - 5% | 658 | 453 |
| 2007 | + 5% | (941) | (656) |
| | - 5% | 941 | 656 |

(thousands of euro)

| US Dollar | Increase / Decrease | Impact on income before taxes | Impact on net income |
|---|---|---|---|
| 2008 | + 5% | 111 | 88 |
| | - 5% | (122) | (97) |
| 2007 | + 5% | 457 | 281 |
| | - 5% | (505) | (311) |

The following table provides a sensitivity analysis of forward agreements in terms of the impact on income before taxes, assuming all other variables remain unchanged, of changes in exchange rates:

(thousands of euro)

| | Increase / Decrease | Impact on income before taxes | Impact on net income |
|---|---|---|---|
| **2008** | + 1% | 121 | 87 |
| | - 1% | (123) | (89) |
| **2007** | + 1% | 287 | 192 |
| | - 1% | (293) | (196) |

*Commodity price risk*

The Group's exposure to commodity price risk is usually moderate. The Group makes purchases according to its needs. The procurement procedure requires the Group to have more than one supplier for each commodity deemed critical. In order to reduce exposure to the risk of price variations, it enters into annual supply agreements aimed at controlling commodity price volatility. The Group monitors the trends of the main commodities subject to the greatest price volatility and does not exclude the possibility of undertaking hedging transactions using derivative instruments with the aim of neutralizing the price volatility of its commodities.

*Credit risk*

The Group deals predominantly with well-known and reliable customers. The balance of receivables is monitored with increasing attention so as to minimize the risk of potential losses, particularly in the light of the difficult macroeconomic situation.
The credit risk associated with other financial assets, including cash and cash equivalents, is not significant due to the nature of the counterparties: the Group places such assets exclusively in bank deposits held with leading Italian and international financial institutions.

*Equity management*

The objective pursued by the Group's equity management is to maintain a solid credit rating and adequate capital ratios in order to support operations and maximize value for shareholders.

No changes were made to equity management objectives or policies during 2008.

*Market risk*

Some segments in which the SAES Getters Group operates are more highly sensitive to the development of macroeconomic scenarios, in particular where, as is the case for Information Displays, the demand for the Group's products is influenced by expectations concerning the behavior of end consumers.

To deal with this risk, in recent years the Group has implemented a policy of increasing the diversification of its business through both a greater presence in industrial sectors less dependent on consumer attitudes and penetration of the medical market, which is substantially acyclical in nature and is projected to show constant growth rates over time, in part through acquisitions closed during the year.

*Liquidity risk*

The Group's objective is to maintain a balance between controlling borrowing and flexibility through the use of overdrafts. Given the dynamic nature of the businesses in which it operates, the Group secures funding through credit facilities for short-term use at market interest rates.

The Group did not have significant exposure to liquidity risk as of December 31, 2008 due to its access to sufficient credit facilities.

The following table provides a summary of the temporal profile of the Group's financial liabilities as of December 31, 2008 on the basis of non-discounted contractual payments:

(thousands of euro)

| | 31.12.2008 | 31.12.2007 | Difference |
|---|---|---|---|
| Less than 1 year | 2,795 | 857 | 1,938 |
| Between 1 and 2 years | 3,688 | 862 | 2,826 |
| Between 2 and 3 years | 3,706 | 657 | 3,049 |
| Between 3 and 4 years | 3,113 | 630 | 2,483 |
| Between 4 and 5 years | 2,635 | 78 | 2,557 |
| Over 5 years | 3,673 | 43 | 3,630 |
| **Total** | **19,610** | **3,127** | **16,483** |

As stated in the Report on Operations, the current economic situation is a particularly difficult one, and the Group reported a significant decline in net sales in the second half of 2008, which resulted in a neutral net income in the second six months of the year. Consequently, management believes that future scenarios will pose significant challenges in terms of sales volumes, prices and operating costs. The management believe that the slowdown in consumption, particularly in Asian markets, has resulted in significant uncertainty concerning the Group's target market. Nonetheless, after having conducted the required inquiries and assessing the foregoing uncertainties, management is reasonably confident that the Group has sufficient resources to continue to operate as a going concern for the foreseeable future and enjoys reasonable earnings prospects that will generate cash flow adequate to support its invested capital.

## 5. Segment reporting

### Primary segment – Business segment

As of December 31, 2008 the income statement and balance sheet values are splitted based on the following primary business segment:

- Information Displays;
- Industrial Applications;
- Shape Memory Alloys.

The column "Not allocated" includes corporate income statement and balance sheet values and income statement and balance sheet values relating to research and development projects undertaken to achieve diversification in the area of advanced materials, as well as any other income statement and balance sheet values that cannot be allocated to primary segments. The presentation shown reflects the Group's organizational and internal reporting structure.

The main income statement figures relating to the primary business segments identified are as follows:

(thousands of euro)

| | Continued operations | | | | | | | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Information Displays | | Industrial Applications | | Shape Memory Alloys | | Not allocated | | | |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| **Net sales** | **75,034** | **108,427** | **61,491** | **55,487** | **17,624** | **890** | **2,958** | **2,385** | **157,107** | **167,189** |
| **Gross profit (loss)** | **54,592** | **76,774** | **30,441** | **27,946** | **5,693** | **(720)** | **(593)** | **(1,529)** | **90,133** | **102,471** |
| % on net sales | 72.8% | 70.8% | 49.5% | 50.4% | 32.3% | -80.9% | -20.0% | -64.1% | 57.4% | 61.3% |
| Total operating expenses | (19,535) | (24,729) | (16,781) | (12,872) | (7,391) | (2,358) | (16,292) | (14,205) | (59,999) | (54,164) |
| Other income (expenses), net | 43 | 799 | 449 | 150 | 79 | (5) | (257) | 52 | 314 | 996 |
| **Operating profit (loss)** | **35,100** | **52,844** | **14,109** | **15,224** | **(1,619)** | **(3,083)** | **(17,142)** | **(15,682)** | **30,448** | **49,303** |
| % on net sales | 46.8% | 48.7% | 22.9% | 27.4% | -9.2% | -346.4% | -579.5% | -657.5% | 19.4% | 29.5% |
| Interest and other financial income (expenses), net | | | | | | | | | (477) | 2,496 |
| Exchange gains (losses), net | | | | | | | | | 486 | 5,428 |
| **Income before taxes** | | | | | | | | | **30,457** | **57,227** |
| Income taxes | | | | | | | | | (10,706) | (22,509) |
| **Net income from continuing operations** | | | | | | | | | **19,751** | **34,718** |
| Net income from discontinued operations and assets held for sale | | | | | | | | | 581 | 125 |
| **Net income** | | | | | | | | | **20,332** | **34,843** |
| Minority interests | | | | | | | | | - | (26) |
| **Group net income** | | | | | | | | | **20,332** | **34,869** |

The main balance sheet figures relating to the primary business segments are as follows:

(thousands of euro)

| Assets and liabilities | Continuing operations | | | | | |
|---|---|---|---|---|---|---|
| | Information Displays | | Industrial Applications | | Shape Memory Alloys | |
| | Dec. 31, 2008 | Dec. 31, 2007 | Dec. 31, 2008 | Dec. 31, 2007 | Dec. 31, 2008 | Dec. 31, 2007 |
| Non current assets | 31,108 | 30,688 | 20,768 | 19,710 | 57,941 | 6,940 |
| Current assets | 14,089 | 25,301 | 22,768 | 21,051 | 12,275 | 123 |
| **Total assets** | **45,197** | **55,989** | **43,536** | **40,761** | **70,216** | **7,063** |
| Non current liabilities | 3,192 | 4,625 | 4,245 | 3,653 | 656 | 258 |
| Current liabilities | 9,327 | 12,685 | 7,847 | 6,846 | 5,349 | 1,002 |
| **Total liabilities** | **12,519** | **17,310** | **12,092** | **10,499** | **6,005** | **1,260** |
| **Other segment informations** | | | | | | |
| Capital expenditure | 3,984 | 6,309 | 2,865 | 3,501 | 1,036 | 746 |
| Depreciation and amortization | 3,875 | 6,579 | 3,046 | 2,724 | 1,845 | 786 |
| Non cash expenses (other than depreciations and amortizations) | 1,444 | 7,132 | 1,416 | 1,115 | 2,734 | 802 |

## Secondary segment – Geographical areas

The following table shows an analysis of assets and capital expenditure by geographical area:

(thousands of euro)

| | Europe | | United States of America | Asia | | Adjustments (3) | Consolidated Balance Sheet |
|---|---|---|---|---|---|---|---|
| | Italy | Other Europe | | Japan | Other Asia | | |
| **2008** | | | | | | | |
| Total assets (1) | 162,003 | 43,987 | 136,145 | 7,481 | 41,557 | (145,675) | 245,498 |
| Capital expenditure (2) | 11,726 | 33 | 1,504 | 3 | 654 | - | 13,920 |
| **2007** | | | | | | | |
| Total assets (1) | 168,358 | 20,843 | 30,690 | 10,438 | 55,061 | (89,848) | 195,542 |
| Capital expenditure (2) | 13,531 | 47 | 1,100 | 32 | 472 | - | 15,182 |

(1) This includes the total assets carried in the balance sheet of Group companies belonging to the segment, net of adjustments made for consolidation purposes in respect of transactions carried out between Group companies belonging to the same geographical area.
(2) This includes the total investments made by Group companies belonging to the segment, net of adjustments made for consolidation purposes in respect of transactions carried out between Group companies belonging to the same geographical area.
(3) This refers to adjustments made for consolidation purposes in respect of transactions carried out between Group companies belonging to different geographical areas.

As of December 31, 2008 trade receivables by geographical location of customers are composed as follows:

(thousands of euro)

| | Italy | Other Europe | United States of America | Japan | Other Asia | Consolidated Balance Sheet |
|---|---|---|---|---|---|---|
| Trade receivables | 257 | 4,120 | 5,261 | 2,787 | 7,273 | 19,698 |
| Other receivables* | 6,527 | 168 | 1,537 | 288 | 574 | 9,094 |
| **Total receivables** | **6,784** | **4,288** | **6,798** | **3,075** | **7,847** | **28,792** |

* Are included in this amount:other receivables, prepaid expenses and accrued income; other long term assets; tax receivables from Controlling company.

| Continuing operations | | Discontinuing operations | | | | Total | |
|---|---|---|---|---|---|---|---|
| Not allocated | | Industrial Applications | | Shape Memory Alloys | | | |
| **Dec. 31, 2008** | **Dec. 31, 2007** | **Dec. 31, 2008** | **Dec. 31, 2007** | **Dec. 31, 2008** | **Dec. 31, 2007** | **Dec. 31, 2008** | **Dec. 31, 2007** |
| 27,027 | 16,188 | 0 | | 0 | | 136,844 | 73,526 |
| 42,027 | 75,541 | 55 | | 17,440 | | 108,654 | 122,016 |
| **69,054** | **91,729** | **55** | **0** | **17,440** | **0** | **245,498** | **195,542** |
| 23,840 | 8,182 | 0 | | 0 | | 31,933 | 16,718 |
| 47,484 | 11,486 | 0 | | 177 | | 70,184 | 32,019 |
| **71,324** | **19,668** | **0** | **0** | **177** | **0** | **102,117** | **48,737** |
| | | | | | | | |
| 6,035 | 4,626 | | | | | 13,920 | 15,182 |
| 2,025 | 1,527 | | | | | 10,791 | 11,616 |
| 729 | 957 | | 75 | | | 6,323 | 10,081 |

As of December 31, 2008 trade payables by geographical location of debtor are composed as follows:

(thousands of euro)

| | Italy | Other Europe | United States of America | Japan | Other Asia | Consolidated Balance Sheet |
|---|---|---|---|---|---|---|
| Bank overdraft | 2,862 | 135 | 52,541 | 0 | 0 | 55,538 |
| Trade payables | 7,576 | 845 | 1,960 | 321 | 250 | 10,952 |
| Derivative financial instruments evaluated at fair value | 896 | 0 | 537 | 0 | 0 | 1,433 |
| Other payables* | 8,528 | 204 | 3,092 | 700 | 2,557 | 15,081 |
| **Total payables** | **19,862** | **1,184** | **58,130** | **1,021** | **2,807** | **83,004** |

* Are included in this amount: both short other payables than long term other payables; tax payables to Controlling company, accrued income taxes.

## 6. Net sales

Consolidated net sales came to 157,107 thousand of euro in 2008, down by 6% compared to December 31, 2007. The decrease, on a like consolidation basis, came to 18.3%. Please refer to the Report on Operations for further details.
The following table shows a breakdown of revenue by business:

(thousands of euro)

| **Business** | **2008** | **2007** | **Difference** | **Difference %** | **Consolidation area effect %** | **Price/ quantity effect %** | **Exchange rate effect %** |
|---|---|---|---|---|---|---|---|
| Liquid Cristal Displays | 64,634 | 90,004 | (25,370) | -28.2% | 0.0% | -21.6% | -6.6% |
| Cathode Ray Tubes | 10,400 | 18,423 | (8,023) | -43.5% | 0.0% | -42.2% | -1.3% |
| **Subtotal Information Displays** | **75,034** | **108,427** | **(33,393)** | **-30.8%** | **0.0%** | **-25.1%** | **-5.7%** |
| Lamps | 11,508 | 11,177 | 331 | 3.0% | 0.0% | 4.0% | -1.0% |
| Electronic Devices | 23,863 | 17,143 | 6,720 | 39.2% | 18.1% | 24.0% | -2.9% |
| Vacuum Systems and Thermal Insulation | 5,556 | 4,311 | 1,245 | 28.9% | 0.0% | 32.3% | -3.4% |
| Semiconductors | 20,564 | 22,856 | (2,292) | -10.0% | 0.0% | -4.3% | -5.7% |
| **Subtotal Industrial Applications** | **61,491** | **55,487** | **6,004** | **10.8%** | **5.6%** | **8.9%** | **-3.7%** |
| **Subtotal Shape Memory Alloys** | **17,624** | **890** | **16,734** | **1880.2%** | **1879.2%** | **1.3%** | **-0.3%** |
| **Subtotal Advanced Materials** | **2,958** | **2,385** | **573** | **24.0%** | **28.6%** | **-3.1%** | **-1.5%** |
| **Total Net Sales** | **157,107** | **167,189** | **(10,082)** | **-6.0%** | **12.3%** | **-13.3%** | **-5.0%** |

Total net sales do not include the revenue by Putnam Plastics, the polymer division of Memry Corporation, which came to 3,091 thousand of euro, and are instead included in the line "Net income (loss) on discontinued operations and assets held for sale".
The reader may refer to Note No.13 for further details.

## 7. Cost of sales

The cost of sales came to 66,974 thousand of euro in 2008, marking an increase of 2,256 thousand of euro compared to the previous year.
On a like consolidation basis, the cost of sales decreased by 16.9%, in line with the change in net sales on a like consolidation basis.

A breakdown of the cost of sales according to category is given below:

(thousands of euro)

| | **2008** | **2007** | **Difference** |
|---|---|---|---|
| Raw materials | 24,699 | 21,707 | 2,992 |
| Direct labour | 13,097 | 10,894 | 2,203 |
| Maufacturing overhead | 29,961 | 30,478 | (517) |
| Increase (decrease) in work in progress and finished goods | (783) | 1,639 | (2,422) |
| **Cost of sales** | **66,974** | **64,718** | **2,256** |

## 8. Operating expenses

Operating expenses came to 59,999 thousand of euro in 2008, up by 5,835 thousand of euro on the previous year.

(thousands of euro)

| | 2008 | 2007 | Difference |
|---|---|---|---|
| Research and development costs | 17,657 | 17,752 | (95) |
| Selling expenses | 14,103 | 12,701 | 1,402 |
| General and administrative expenses | 28,239 | 23,711 | 4,528 |
| **Operating expenses** | **59,999** | **54,164** | **5,835** |

On a like consolidation basis, the increase came to 293 thousand of euro.

A breakdown of total expenses included in the cost of sales and in operating expenses is given below:

(thousands of euro)

| | Total cost by nature | | |
|---|---|---|---|
| | 2008 | 2007 | Difference |
| Raw materials | 24,699 | 21,707 | 2,992 |
| Personnel cost | 50,668 | 42,846 | 7,822 |
| Travel expenses | 2,395 | 1,829 | 566 |
| Mainteinance and repairs | 3,817 | 3,796 | 21 |
| Depreciation | 9,720 | 10,306 | (586) |
| Amortization | 1,071 | 1,310 | (239) |
| Corporate bodies | 3,092 | 4,023 | (931) |
| Various materials | 7,040 | 5,915 | 1,125 |
| Insurance services | 1,105 | 830 | 275 |
| Write downs of non current assets | 558 | 4,600 | (4,042) |
| Promotion and advertisting | 741 | 504 | 237 |
| Provision (release) for bad debt | (94) | 98 | (192) |
| Consultant fees and legal expenses | 6,395 | 5,929 | 466 |
| Audit fees | 663 | 402 | 261 |
| Rent and leasing | 2,239 | 1,390 | 849 |
| Research | 627 | 576 | 51 |
| Training | 292 | 389 | (97) |
| Licences and patents | 1,460 | 1,502 | (42) |
| Utilities | 4,664 | 4,002 | 662 |
| Transport | 1,424 | 1,497 | (73) |
| Commissions | 762 | 719 | 43 |
| General services (canteen, cleaning, vigilance) | 1,455 | 1,457 | (2) |
| Other recovery | (1,167) | (1,129) | (38) |
| Other expenses | 4,130 | 2,745 | 1,385 |
| **Total cost by nature** | **127,756** | **117,243** | **10,513** |
| Increse (decrease) in work in progress and finished goods | (783) | 1,639 | (2,422) |
| **Cost of sales+operating expenses** | **126,973** | **118,882** | **8,091** |

Most of the increase in the costs shown above, such as raw materials, personnel costs, various materials, utilities, and telephone and fax expenses, is almost entirely attributable to the change in the scope of consolidation.

On a like consolidation basis, there was an increase in travel expenses, primarily due to the larger number of trips made, in line with the greater efforts of the marketing department to promote the Group's products.

The increase in the item "Consultant fees and legal expenses" was primarily due to the greater consulting costs associated with the implementation of the new integrated IT system (ERP).

An analysis of costs by nature also shows an increase of 849 thousand of euro in the item "Rent and leasing", which may be attributed not only to the change in the scope of consolidation, but also to the costs of renting IT equipment, which the Group had owned through the previous year.

The change in the item "Other expenses" is primarily attributable to the effect of the change in the scope of consolidation.

The following table shows a breakdown of the fees paid to the Directors, Statutory Auditors and employees with strategic responsibilities (pursuant to article 78 of CONSOB resolution No. 11971 of May 14, 1999):

(thousands of euro)

| Surname and name | Position | Duration/Shareholders Resolution April 27, 2006)** | Compensation for the position | Non monetary benefit | Bonus and other incentives | TFM and PNC* | Other compensations |
|---|---|---|---|---|---|---|---|
| **Consiglio di Amministrazione** | | | | | | | |
| della Porta Paolo | President | from January 1, 2006 until December 31, 2008 | 420 | a 4 | 197 | 188 | b 1 |
| della Porta Massimo | Vice President and Manager Director | from January 1, 2006 until December 31, 2008 | 610 | a 9 | 197 | 264 | b 1 |
| Canale Giulio | Managing Director | from January 1, 2006 until December 31, 2008 | 510 | a 7 | 197 | 226 | b 1 |
| Rolando Giuseppe | Director | from January 1, 2006 until December 31, 2008 | 10 | i 3 | | | c 87 |
| Baldi Stefano | Director | from January 1, 2006 until December 31, 2008 | 10 | | | | d 1 |
| Berger Roberto (#) | Director | from January 1, 2006 until February 12, 2008 | 1 | | | | |
| Christillin Evelina | Director | from January 1, 2006 until December 31, 2008 | 10 | | | | |
| della Porta Giuseppe | Director | from January 1, 2006 until December 31, 2008 | 10 | | | | |
| De Maio Adriano | Director | from January 1, 2006 until December 31, 2008 | 10 | | | | e 9 |
| Dogliotti Andrea | Director | from January 1, 2006 until December 31, 2008 | 10 | | | | d 1 |
| Gilardoni Andrea | Director | from January 1, 2006 until December 31, 2008 | 10 | | | | |
| Mazzola Pietro (#) | Director | from January 1, 2006 until December 31, 2008 | 9 | | | | |
| Sironi Andrea | Director | from January 1, 2006 until December 31, 2008 | 10 | | | | |
| Spinola Gianluca | Director | from January 1, 2006 until December 31, 2008 | 10 | | | | |
| Ugo Renato | Director | from January 1, 2006 until December 31, 2008 | 10 | | | | f 62 |
| **Total Board of Directors** | | | **1,650** | **23** | **591** | **677** | **163** |
| **Board of Statuory Auditors** | | | | | | | |
| Donnamaria Vincenzo | Chairman of Board of Statutory Auditors | from April 27, 2006 until December 31, 2008 | 22 | | | | h 30 |
| Civardi Maurizio | Statutory Auditors | from April 27,, 2006 until December 31, 2008 | 15 | | | | d 4 |
| Martinelli Alessandro | Statutory Auditors | from April 27, 2006 until December 31, 2008 | 15 | | | | g 6 |
| **Total Board of Statutory Auditors** | | | **52** | **0** | **0** | | **40** |
| **Total managers with strategic responsabilities** | | | **861** | **0** | **0** | | **0** |

** It means the approvation date of the Financial Statement for the year ended as of December 31, 2008.
(#) Pietro Mazzola in place of Roberto Berger starting from February 13, 2008.
(a) compensation in the form of company car, healthcare assistance, check-ups, accident and extra-professional insurance;
(b) compensation for the position of director in subsidiaries;
(c) of which 4 thousand of euro for the position of member for the Oversight Committee in subsidiaries; 9 thousand of euro for the position of member for the Audit Committee, 16 thousand of euro for the position of member for the Oversight Committe and 58 thousand of euro as consultant.
(d) reimbursement expenses;
(e) compensation for the position of member of the Audit Committee;
(f) of which 16 thousand of euro for the position of President of Audit Committee, 16 thousand of euro for the position of member of the Oversight Committee and 30 thousand of euro for the position of Lead Indipendent Director;
(g) compensation for the position of Statutory Auditors in subsidiaries;
(h) of which 9 thousand of euro for the position of President of Staturory Auditors in subsidiaries, 16 thousand of euro for the position of President of the Oversight Committee and 5 thousand of euro for reimbursement of expenses;
(i) compensation in the form of company car;
* TFM: severance package for directors; PNC: covenant in restraint of competition for directors.

## 9. Other income (expenses), net

The decrease of 682 thousand of euro is primarily attributable to the fact that in 2007 the item included 492 thousand of euro in non-recurring income arising from the change in the accounting treatment of derivative instruments, which since 2007 have been measured at fair value and recognized directly on the income statement instead of through the cash flow hedge method.

## 10. Financial income (expenses)

The following table shows financial income in 2008 as compared to the previous year:

(thousands of euro)

| | 2008 | 2007 | Difference |
|---|---|---|---|
| Bank interest | 1,688 | 3,136 | (1,448) |
| Other financial income | 229 | 81 | 148 |
| Gains from IRS evaluation at fair value through profit and loss | 0 | 0 | 0 |
| **Total financial income** | **1,917** | **3,217** | **(1,300)** |

The decrease in bank interest is primarily due to the lower average balance of deposits in 2008 than in the previous year.

The following table shows financial expenses in 2008 as compared to the previous year:

(thousands of euro)

| | 2008 | 2007 | Difference |
|---|---|---|---|
| Bank interest and other financial expenses | (1,610) | (126) | (1,484) |
| Other financial expenses | (276) | (595) | 319 |
| Losses from IRS evaluation at fair value through profit and loss | (508) | 0 | (508) |
| **Total financial expenses** | **(2,394)** | **(721)** | **(1,673)** |

The increase is primarily due to interest expenses on loans received by the U.S. companies to finance acquisitions and the negative impact of the measurement at fair value of the interest rate swaps entered into to hedge these loans.

## 11. Foreign exchange gains (losses), net

The following table shows a breakdown of foreign exchange gains and losses as of December 31, 2008:

(thousands of euro)

| | 2008 | 2007 | Difference |
|---|---|---|---|
| Foreign exchange gains | 13,110 | 6,333 | 6,777 |
| Foreing exchange losses | (9,867) | (4,702) | (5,165) |
| **Foreign exchange gains (losses), net** | **3,243** | **1,631** | **1,612** |
| Realized gains on forward contracts on foreign currencies | 191 | 2,416 | (2,225) |
| Realized losses on forward contracts on foreign currencies | (282) | 0 | (282) |
| Gains (losses) on forward contracts fair value evaluation | (2,666) | 1,381 | (4,047) |
| **Gain (losses) on forward contracts on foreign currencies** | **(2,757)** | **3,797** | **(6,554)** |
| **Foreign exchange gain (losses), net** | **486** | **5,428** | **(4,942)** |

The item showed a balance of net gains of 486 thousand of euro in 2008.
Net exchange differences improved due to foreign exchange gains realized on collections in yen and the positive effect of the conversion of the cash and cash equivalents and cash-pooling financial receivables of foreign subsidiaries denominated in euro.
Said positive effect was partially offset by the decrease in gains on expired forward contracts and the negative fair value of outstanding forward contracts.
The hedging policy implemented by the Group aims to guarantee the protection of a reasonable margin on expected sales in accordance with the directives laid down by the Board of Directors.

## 12. Income taxes

Income taxes came to 10,706 thousand of euro in 2008, marking a decrease of 11,803 thousand of euro compared to the previous year.

The item in question is broken down as follows:

(thousands of euro)

| | 2008 | 2007 | Difference |
|---|---|---|---|
| Current income taxes | 11,340 | 21,112 | (9,772) |
| Deferred income taxes | (634) | 1,397 | (2,031) |
| **Total income taxes** | **10,706** | **22,509** | **(11,803)** |

The decrease in current and deferred income taxes is primarily attributable to the reduction of the tax rate in Italy and the lower taxable incomes of Group companies.
The decline in the tax burden is also explained by the tax credit for research and development activities provided in the 2007 Finance Law (article 1, paragraphs 280-284 of Law No. 296 of December 27, 2006) from which the Group's Italian companies benefited. The tax credit amounted to a total of 1,017 thousand of euro in 2007 and has been estimated at 1,005 thousand of euro in 2008. In accordance with applicable legislation, the tax credit for 2007 was recognized on the 2008 financial statements,

given the lack of implementation provisions in the year of pertinence, inasmuch as such provisions were issued in March 2008 (Ministerial Decree No. 76 of March 28, 2008).

The following table shows the reconciliation of theoretical tax charge on the basis of the tax rates in force in Italy (Ires and Irap) and the effective tax charge according to the Consolidated Financial Statements:

(thousands of euro)

| | 2008 | | 2007 | |
|---|---|---|---|---|
| Income before taxes | | 30,457 | | 57,227 |
| Theorical tax charge | 31.40% | 9,563 | 37.25% | 21,317 |
| Effect of different tax rate applicable to Group Companies | -2.03% | (618) | -5.42% | (3,102) |
| Non-deducitble expenses, consolidation adjustements and write downs of deferred tax assets | 28.18% | 8,583 | 11.10% | 6,352 |
| Taxes on subsidiaries's accumulated profits and taxes on dividends | -8.16% | (2,485) | -1.43% | (818) |
| Tax receivables for R&D activities-italian group companies | -6.64% | (2,022) | 0% | 0 |
| Irap (Regional Production tax) | -1.56% | (475) | -0.67% | (383) |
| Other | -6.04% | (1,840) | -1.50% | (856) |
| **Effective tax rate and tax charge** | **35.15%** | **10,706** | **39.33%** | **22,509** |

The Italian Revenue Agency is currently conducting an audit of the 2005 income tax returns of SAES Getters S.p.A.
As an audit notice has yet to be received, the Company does not currently have a basis for estimating the possible liability and consequently no provision for risks has been recognized, inasmuch as it is also not believed that said audit will result in significant liabilities for the Group.

## 13. Assets and liabilities held for sale

### Putnam Plastics - polymer division of Memry Corporation

The assets and liabilities held for sale as of December 31, 2008 pertain to the polymer division of Memry Corporation, which was recently acquired by the SAES Group. On November 12, 2008 the Group announced its decision to dispose of the polymer division's assets and liabilities because said division was not deemed synergetic to the business plan. Said disposal is part of SAES Getters strategy of focusing investments and resources on its strategic core business of shape memory alloys (SMA) for medical and industrial applications. The sale was closed on February 9, 2009.
The polymer division's assets/liabilities have been classified as assets/liabilities held for sale as of December 31, 2008. Since these assets and liabilities pertain to a recent business combination, they have been recognized at their fair value, net of disposal costs.

.

The following table shows the primary classes of the assets of Putnam Plastics classified as held for sale as of December 31, 2008:

(thousands of euro)

| | |
|---|---|
| Non current assets | 14,875 |
| Current assets | 2,565 |
| **Total non current assets** | **17,440** |
| Current liabilities | (177) |
| **Total non current liabilities** | **(177)** |
| **Net assets held for sale** | **17,263** |

The consideration received in February 2009, net of selling costs, was equal to the net value of the assets and liabilities held for sale as disclosed on the Consolidated Financial Statements as of December 31, 2008.

The following table shows the net cash flows arising from assets held for sale:

(thousands of euro)

| | |
|---|---|
| Cash flows from operating activities | 176 |
| Cash flows from investing activities | 0 |
| Cash flows from financial activities | (64) |
| Translation differences | 93 |
| **Increase (decrease) in cash and cash equivalents** | **205** |
| Cash and cash equivalents at the beginnig of the period | 1,871 |
| **Cash and cash equivalents at the end of the period** | **2,076** |

The polymer division's earnings through December 31, 2008 have been reclassified to a specific item of the income statement as income on assets held for sale and are broken down as follows:

(thousands of euro)

| | |
|---|---|
| Net sales | 3,091 |
| Cost of sales | (2,150) |
| **Gross profit** | **941** |
| Operating expense | (491) |
| Other income (expenses), net | 5 |
| **Net income** | **455** |
| Intercompany | 103 |
| **Net income, net of intercompany values** | **558** |

### SAES Getters Technical Service (Shanghai) Co., Ltd

The line "Net income (loss) on discontinued operations and assets held for sale" also includes the costs and revenue of the subsidiary SAES Getters Technical Service (Shanghai) Co., Ltd., which will be definitively liquidated in the first half of 2009.

The following tables show the cash flows and earnings results of the Chinese subsidiary in liquidation:

(thousands of euro)

| | |
|---|---|
| Cash flows from operating activities | (63) |
| Cash flows from investing activities | 0 |
| Cash flows from financial activities | 0 |
| **Increase (decrease) in cash and cash equivalents** | **(63)** |
| Cash and cash equivalents at the begininng of the period | 118 |
| **Cash and cash equivalents at the end of the period** | **55** |

(thousands of euro)

| | 2008 | 2007 |
|---|---|---|
| Net sales | 0 | 81 |
| Cost of sales | 0 | (13) |
| **Gross profit** | **0** | **68** |
| Operating expenses | (78) | (241) |
| Other income (expenses), net | 101 | 479 |
| **Operating income** | **23** | **306** |
| Financial income (expenses), net | 0 | (162) |
| **Net income** | **23** | **144** |
| Intercompany | 0 | (19) |
| **Net income, net of intercompany values** | **23** | **125** |

## 14. Earnings per share

Earnings per share is calculated by dividing the income of the SAES Getters Group for the year by the average number of shares outstanding in 2008. The following table analyzes earnings per share for 2008 compared with the corresponding figures for 2007:

| **Earning per share** | **2008** | **2007** |
|---|---|---|
| Number of ordinary shares | 15,271,350 | 15,271,350 |
| Number of savings shares | 7,460,619 | 7,460,619 |
| **Total number of shares** | **22,731,969** | **22,731,969** |
| Average number of ordinary shares | 696,660 | 328,047 |
| Average number of savings shares | 81,816 | 16,356 |
| **Average number of treasury shares** | **778,476** | **344,403** |
| Averare number of outstanding ordinary shares | 14,574,690 | 14,943,303 |
| Averare number of outstanding savings shares | 7,378,803 | 7,444,263 |
| **Average number of outstanding shares** | **21,953,493** | **22,387,566** |
| Earnings to ordinary shares from continuing operations | 13,112 | 23,023 |
| Earnings to savings shares from continuing operations | 6,639 | 11,721 |
| **Earnings to shareholders from continuing operations (€/000)** | **19,751** | **34,744** |
| Earnings to ordinary shares from discontinuing operations | 386 | 83 |
| Earnings to savings shares from discontinuing operations | 195 | 42 |
| **Earnings to shareholders from discontinuing operations (€/000)** | **581** | **125** |
| Earnings to ordinary shares | 13,498 | 23,106 |
| Earnings to savings shares | 6,834 | 11,763 |
| **Earnings to shareholders (€/000)** | **20,332** | **34,869** |
| **Earning per share from continuing operations (€)** | | |
| - ordinary shares | 0.8996 | 1.5407 |
| - savings shares | 0.8996 | 1.5745 |
| **Earning per share from discontinuing operations (€)** | | |
| - ordinary shares | 0.0265 | 0.0056 |
| - savings shares | 0.0265 | 0.0056 |
| **Earning per share (€)** | | |
| - ordinary shares | 0.9261 | 1.5463 |
| - savings shares | 0.9261 | 1.5801 |

## 15. Tangible assets

Tangible assets came to 71,691 thousand of euro as of December 31, 2008, net of accumulated depreciation and write-downs. The item was up by 11,374 thousand of euro with respect to December 31, 2007.

The following tables show changes in the item during the current and previous year:

(thousands of euro)

| Net book value | Land | Building | Plant and machinery | Assets under construction and advances | Total |
|---|---|---|---|---|---|
| **December 31, 2007** | **1,571** | **25,861** | **30,183** | **2,702** | **60,317** |
| Additions | 108 | 2,627 | 6,536 | 1,779 | 11,050 |
| Disposals | (52) | 0 | (193) | 0 | (245) |
| Reclassifications | 0 | 121 | 1,986 | (1,988) | 119 |
| Change in consolidation area | 1,849 | 1,918 | 5,574 | 336 | 9,677 |
| Depreciation | 0 | (1,452) | (8,378) | 0 | (9,830) |
| Write downs | 0 | 0 | (26) | 0 | (26) |
| Revaluation | 0 | 0 | 0 | 0 | 0 |
| Translation differences | 134 | 144 | 284 | 67 | 629 |
| **December 31, 2008** | **3,610** | **29,219** | **35,966** | **2,896** | **71,691** |
| **December 31, 2007** | | | | | |
| Historical cost | 1,571 | 39,704 | 119,619 | 2,702 | 163,596 |
| Accumulated depreciation and write downs | 0 | (13,843) | (89,436) | 0 | (103,279) |
| **Net book value** | **1,571** | **25,861** | **30,183** | **2,702** | **60,317** |
| **December 31, 2008** | | | | | |
| Historical cost | 3,610 | 46,116 | 140,896 | 2,896 | 193,518 |
| Accumulated depreciation and write downs | 0 | (16,897) | (104,930) | 0 | (121,827) |
| **Net book value** | **3,610** | **29,219** | **35,966** | **2,896** | **71,691** |

(thousands of euro)

| Net book value | Land | Building | Plant and machinery | Assets under construction and advances | Total |
|---|---|---|---|---|---|
| **December 31, 2006** | **1,678** | **27,145** | **29,956** | **2,846** | **61,625** |
| Additions | 0 | 504 | 8,465 | 3,048 | 12,017 |
| Disposals | 0 | (1) | 0 | 0 | (1) |
| Reclassifications | 0 | 99 | 3,080 | (3,179) | 0 |
| Reclassifications to "Non current assets held for sale" | 0 | 0 | 0 | 0 | 0 |
| Acquisitions | 0 | 0 | 0 | 0 | 0 |
| Depreciation | 0 | (1,321) | (9,044) | 0 | (10,365) |
| Write downs | 0 | 0 | (1,958) | 0 | (1,958) |
| Translation differences | (107) | (565) | (316) | (13) | (1,001) |
| **December 31, 2007** | **1,571** | **25,861** | **30,183** | **2,702** | **60,317** |
| **December 31, 2006** | | | | | |
| Historical cost | 1,678 | 40,290 | 112,716 | 2,846 | 157,530 |
| Accumulated depreciation and write downs | 0 | (13,145) | (82,760) | 0 | (95,905) |
| **Net book value** | **1,678** | **27,145** | **29,956** | **2,846** | **61,625** |
| **December 31, 2007** | | | | | |
| Historical cost | 1,571 | 39,704 | 119,619 | 2,702 | 163,596 |
| Accumulated depreciation and write downs | 0 | (13,843) | (89,436) | 0 | (103,279) |
| **Net book value** | **1,571** | **25,861** | **30,183** | **2,702** | **60,317** |

Investments in tangible assets came to 11,050 thousand of euro in 2008 and primarily involved the purchase of specific plant and machinery for the optoelectronics and Information Displays business, the completion of the new industrial facility built by the associate SAES Advanced Technologies S.p.A., and the purchase by the Parent Company of laboratory equipment and machinery for pilot production lines in the advanced materials sector.

The increases pertaining to the change in the scope of consolidation primarily refer to the tangible assets of the recently acquired U.S. companies.

As stated in Note No. 3, since the Group has yet to determine the fair value of the assets and liabilities of Memry Corporation as of the date of acquisition, the tangible assets associated with said company have been recognized on the Consolidated Financial Statements at the historical values presented on the subsidiary's financial statements as of December 31, 2008. Said values, as shown in the following table, are to be considered provisional and will be revised when the current values have been fully identified.

*Memry Corporation*

(thousands of euro) Figures as of December 31, 2008

| | Book value |
|---|---|
| Land and building | 391 |
| Plant and machinery | 2,917 |
| Assets under construction | 556 |
| **Total tangible assets** | **3,864** |

No write-downs were recognized during the year.

There are no finance leases currently in progress.

## 16. Intangible assets

Intangible assets came to 54,962 thousand of euro as of December 31, 2008, net of accumulated amortization and write-downs. The item was up by 48,812 thousand of euro with respect to December 31, 2007.

The following tables show changes in the item during the current and previous year:

(thousands of euro)

| Net book value | Goodwill | Research and development costs | Industrial and other patents rights | Concession, licences, trademarks and similar rights | Other intangible assets | Assets under development and advances | Total |
|---|---|---|---|---|---|---|---|
| **December 31, 2007** | **2,110** | **146** | **431** | **918** | **648** | **1,897** | **6,150** |
| Additions | 0 | 0 | 281 | 89 | 48 | 2,452 | 2,870 |
| Disposals | 0 | 0 | 0 | (27) | (42) | 0 | (69) |
| Reclassifications | 488 | 0 | 0 | (83) | (36) | (488) | (119) |
| Changes on consolidation area | 42,862 | 0 | 256 | 276 | 2,540 | 0 | 45,934 |
| Depreciation | 0 | (36) | (209) | (134) | (657) | 0 | (1,036) |
| Write downs | (358) | 0 | 0 | (174) | 0 | 0 | (532) |
| Revaluations | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Translation differences | 1,517 | 0 | 29 | 89 | 129 | 0 | 1,764 |
| **December 31, 2008** | **46,619** | **110** | **788** | **954** | **2,630** | **3,861** | **54,962** |
| **December 31, 2007** | | | | | | | |
| Historical cost | 2,938 | 183 | 2,109 | 5,645 | 6,583 | 2,548 | 20,006 |
| Accumulated depreciation and write downs | (828) | (37) | (1,678) | (4,727) | (5,935) | (651) | (13,856) |
| **Net book value** | **2,110** | **146** | **431** | **918** | **648** | **1,897** | **6,150** |
| **December 31, 2008** | | | | | | | |
| Historical cost | 47,892 | 183 | 3,862 | 6,625 | 9,232 | 4,524 | 72,318 |
| Accumulated depreciation and write downs | (1,273) | (73) | (3,074) | (5,671) | (6,602) | (663) | (17,356) |
| **Net book value** | **46,619** | **110** | **788** | **954** | **2,630** | **3,861** | **54,962** |

(thousands of euro)

| Net book value | Goodwill | Research and development costs | Industrial and other patents rights | Concession, licences, trademarks and similar rights | Other intangible assets | Assets under development and advances | Total |
|---|---|---|---|---|---|---|---|
| **December 31, 2006** | **4,928** | **0** | **508** | **969** | **216** | **418** | **7,039** |
| Additions | 341 | 0 | 208 | 385 | 81 | 2,150 | 3,165 |
| Reclassifications | (2,331) | 183 | 0 | 17 | 2,314 | (183) | 0 |
| Amortization | 0 | (37) | (261) | (234) | (788) | 0 | (1,320) |
| Write downs | (828) | 0 | 0 | (184) | (1,173) | (452) | (2,637) |
| Translation differences | 0 | 0 | (24) | (35) | (2) | (36) | (97) |
| **December 31, 2007** | **2,110** | **146** | **431** | **918** | **648** | **1,897** | **6,150** |
| **December 31, 2006** | | | | | | | |
| Historical cost | 4,928 | 0 | 1,944 | 5,450 | 4,290 | 611 | 17,223 |
| Accumulated depreciation and write downs | 0 | 0 | (1,436) | (4,481) | (4,074) | (193) | (10,184) |
| **Net book value** | **4,928** | **0** | **508** | **969** | **216** | **418** | **7,039** |
| **December 31, 2007** | | | | | | | |
| Historical cost | 2,938 | 183 | 2,109 | 5,645 | 6,583 | 2,548 | 20,006 |
| Accumulated depreciation and write downs | (828) | (37) | (1,677) | (4,725) | (5,938) | (651) | (13,856) |
| **Net book value** | **2,110** | **146** | **431** | **918** | **648** | **1,897** | **6,150** |

Investments during the year primarily pertained to long-term costs attributable to a new integrated IT system (ERP), which will be implemented in 2009.

The change in the scope of consolidation refers to intangible assets acquired in business combinations during the year, as commented upon in Note No. 3.

The item "Write downs" refers to the write down of intangible assets, including goodwill, arising from the acquisition of the Opto business unit of Scientific Materials Europe S.r.l. (Scimex). This write down was undertaken as the carrying value could not be maintained on the basis of the recoverable value calculated according to expected cash flows.
The item "Other intangible assets" consists primarily of the customer list, non-competition agreement and other intangible assets identified during the purchase price allocation pertaining to the U.S. companies acquired during the year. The reader may refer to Note No. 3 for further details.

All intangible assets, except for goodwill, are considered to have finite useful lives and are systematically amortized each year to account for their expected residual use. Goodwill is not subject to amortization; rather, its recoverable value is periodically reviewed on the basis of the expected cash flows of the relative cash generating unit (impairment testing).

## Goodwill

Changes in the item "Goodwill" are broken down below:

(thousands of euro)

| | Dec. 31, 2007 | Increase | Write downs | Dec. 31, 2008 |
|---|---|---|---|---|
| Information Displays | 652 | 0 | 0 | 652 |
| Industrial Applications | 38 | 945 | 0 | 983 |
| Shape Memory Alloys | 1,079 | 43,905 | 0 | 44,984 |
| Not allocated | 341 | 17 | (358) | 0 |
| **Total** | **2,110** | **44,867** | **(358)** | **46,619** |

As stated in Note No. 3, since the Group has yet to determine the fair value of the assets and liabilities of Memry Corporation as of the date of acquisition, the goodwill associated with said acquisition (30,636 thousand of euro), classified to the Shape Memory Alloys Business Unit, is to be considered provisional and will be revised when the current values have been fully identified.

The gross book values of goodwill and accumulated write-downs for impairment between January 1, 2004 and December 31, 2008 and December 31, 2007 are shown below:

(thousands of euro)

| | 2008 | | | 2007 | | |
|---|---|---|---|---|---|---|
| | Gross value | Write downs | Net book value | Gross value | Write downs | Net book value |
| Information Displays | 1,456 | (804) | 652 | 1,456 | (804) | 652 |
| Industrial Applications | 1,007 | (24) | 983 | 62 | (24) | 38 |
| Shape Memory Alloys | 44,984 | 0 | 44,984 | 1,079 | 0 | 1,079 |
| Not allocated | 358 | (358) | 0 | 341 | 0 | 341 |
| **Total** | **47,805** | **(1,186)** | **46,619** | **2,938** | **(828)** | **2,110** |

Under IAS 36, goodwill is not subject to amortization, but rather is tested for impairment annually or more frequently where specific events or circumstances take place that indicate that impairment may have occurred. For the purposes of impairment testing, goodwill is allocated to cash-generating units (CGUs) or groups of units, which may be no larger than the segments identified for management reporting purposes pursuant to IAS 14. The criterion followed in the allocation of goodwill considers the minimum level at which goodwill is monitored for internal management control purposes.
Impairment testing consists in estimating the recoverable value of the cash-generating unit (CGU) and comparing it with the net book value of the associated assets, including goodwill.
Value in use corresponds to the current value of future cash flows that the cash-generating unit is expected to generate.
The cash flows used to determine value in use cover a four-year period and are based on the most recent plans approved by the top management.
The average weighted costs of capital applied to the prospective cash flows of individual CGUs have been estimated in a variable range of 9.1% to 12.5% as a function of the specific nature of each business.

## 17. Deferred tax assets and liabilities

Net deferred tax assets came to 3,998 thousand of euro as of December 31, 2008. The item was up by 1,865 thousand of euro with respect to December 31, 2007.

(thousands of euro)

| | December 31, 2008 | December 31, 2007 | Difference |
|---|---|---|---|
| Deferred tax assets | 8,536 | 6,697 | 1,839 |
| Deferred tax liabilities | (4,538) | (4,564) | 26 |
| **Total** | **3,998** | **2,133** | **1,865** |

As shown in the following table, this increase is primarily due to the deferred tax assets recognized by the recently acquired Memry Corporation on tax-loss carry-forwards, given that it is reasonably certain that they will be recovered in future years.
Nonetheless, it should be noted that since the Group has yet to determine the current values of the assets and liabilities as of the date of acquisition, said company's deferred tax assets have been recognized on the Consolidated Financial Statements on the basis of the historical values presented on the subsidiary's financial statements as of December 31, 2008. Said values, as shown in the following table, are to be considered provisional and will be revised when the current values have been fully identified.

*Memry Corporation*

(thousands of euro) Figures as of December 31, 2008

| | December 31, 2008 |
|---|---|
| Deferred tax assets | 2,540 |
| Deferred tax liabilities | 0 |
| **Total** | **2,540** |

Deferred tax assets and liabilities have not been offset at the consolidated level.

The following table provides a breakdown of the temporary differences that comprise deferred tax assets by their nature, as compared with the figures for the previous year:

(thousands of euro)

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | Temporary differences | Fiscal effect | Temporary differences | Fiscal effect |
| Intercompany profit elimination | 10,398 | 3,152 | 14,354 | 4,449 |
| IAS 17 effect | (3,237) | (1,016) | (4,067) | (1,284) |
| IAS 19 effect | (875) | (241) | (809) | (223) |
| Receivables write downs | 333 | 126 | (373) | (118) |
| Inventories write downs | 1,051 | 435 | 1,998 | 674 |
| Taxed provisions | 5,200 | 1,708 | 4,105 | 1,272 |
| Cash deductible fees | 2,683 | 753 | 2,946 | 862 |
| Other differences | 3,199 | 587 | 2,811 | 794 |
| Theorical effect of losses to be carried forward | 55,918 | 17,555 | 49,086 | 14,949 |
| Adjustment of deferred tax assets in reason of losses that can be carried forward | | (14,523) | | (14,678) |
| **Deferred tax assets** | | **8,536** | | **6,697** |

The deferred tax assets carried on the Consolidated Financial Statements as of December 31, 2008 include not only a provision allocated to account for the possible distribution of the net income and reserves of subsidiaries (excluding net income and reserves the distribution of which is not deemed likely in the foreseeable future), but also the temporary positive differences identified during the purchase price allocation for Spectra-Mat, Inc.

(thousands of euro)

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | Temporary differences | Fiscal effect | Temporary differences | Fiscal effect |
| Tax due on distribution of earnings accumulated by subsidiaries | (53,969) | (3,272) | (44,246) | (4,564) |
| Fair value revaluation | (2,541) | (929) | 0 | 0 |
| Difference on amortization between accounting/fiscal principles | (503) | (337) | 0 | 0 |
| **Deferred tax liabilities** | | **(4,538)** | | **(4,564)** |

## 18. Inventories

Inventories came to 26,759 thousand of euro as of December 31, 2008. The item was up by 10,570 thousand of euro with respect to the previous year.

A breakdown of the item is shown in the following table:

(thousands of euro)

| | December 31, 2008 | December 31, 2007 | Difference |
|---|---|---|---|
| Raw materials, auxiliary materials and spare parts | 9,853 | 7,743 | 2,110 |
| Work in progress and semi-finished goods | 9,074 | 3,040 | 6,034 |
| Finished products and goods | 7,832 | 5,406 | 2,426 |
| **Total** | **26,759** | **16,189** | **10,570** |

Inventories are stated net of the obsolescence provision, which showed the following changes in 2008:

(thousands of euro)

| | Dec. 31, 2007 | Accrual | Utilization | Other movements | Translation differences | Dec. 31, 2008 |
|---|---|---|---|---|---|---|
| Inventory allowance | 2,453 | 595 | (178) | 1,866 | 163 | **4,899** |

On a like consolidation basis, and net of the exchange rate effect, the change in inventories with respect to December 31, 2007 came to 301 thousand of euro.

The inventories attributable to Memry Corporation, the values for which are provisional, as stated in Note No. 3, came to 4,314 thousand of euro and may be broken down as follows:

(thousands of euro)

| | December 31, 2008 |
|---|---|
| Raw materials, auxiliary materials and spare parts | 1,171 |
| Work in progress and semi-finished goods | 2,285 |
| Finished products and goods | 858 |
| **Total** | **4,314** |

## 19. Trade receivables

Trade receivables, net of the bad debt provision, came to 19,698 thousand of euro as of December 31, 2008 and were down by 7,450 thousand of euro with respect to the previous year.
The change is attributable to the decrease in revenue reported in the fourth quarter.

The following table shows the changes to the item:

(thousands of euro)

| | Gross value December 31, 2008 | Bad debt provision December 31, 2008 | Net book value December 31, 2008 | Net book value December 31, 2007 | Difference |
|---|---|---|---|---|---|
| Trade receivables | 20,111 | (413) | **19,698** | 27,148 | (7,450) |

The bad debt provision showed the following changes during the year:

(thousands of euro)

| | 2008 | 2007 |
|---|---|---|
| **Opening balance** | **629** | **604** |
| Provision | 127 | 206 |
| Utilization | (185) | (2) |
| Reversal | (172) | (147) |
| Translation difference | 14 | (32) |
| **Closing balance** | **413** | **629** |

The following table provides a breakdown of trade receivables by those not yet due and past due as of December 31, 2008, as compared with the previous year:

(thousands of euro)

| | Total | Not yet due | Due but not written down | | | | | Due written down |
|---|---|---|---|---|---|---|---|---|
| | | | less than 30 days | 30 - 60 days | 60 - 90 days | 90 - 180 days | more than 180 days | |
| **2008** | **19,698** | **12,613** | **2,320** | **3,539** | **421** | **728** | **77** | **413** |
| 2007 | 27,148 | 17,767 | 6,418 | 1,426 | 203 | 705 | 0 | 629 |

## 20. Tax consolidation receivables from controlling company/tax consolidation payables to controlling company

Effective December 31, 2005, SAES Getters S.p.A., SAES Advanced Technologies S.p.A., and, effective 2007, SAES Opto S.r.l. began to participate in the tax consolidation program of S.G.G Holding S.p.A., which directly controls SAES Getters S.p.A., exercising the option for Group taxation afforded by article 117 of the Consolidated Income Tax Act. This option was extended for an additional three-year period by notice sent to the Italian Revenue Agency by S.G.G. Holding S.p.A. on June 12, 2008.

As indicated above in the comments on the schemes of Financial Statements, it should be noted that receivables from and payables to the Controlling company have been offset, with the ensuing effects on comparative balance sheet figures.
The tax credit recoverable beyond one year has been classified among non-current assets.

## 21. Prepaid expenses, accrued income and other

This item, which includes current non-trade receivables from third parties, along with prepaid expenses and accrued income, showed a balance of 7,439 thousand of euro as of December 31, 2008, compared with 5,410 thousand of euro as of December 31, 2007. A breakdown of the item is provided below:

(thousands of euro)

| | December 31, 2008 | December 31, 2007 | Difference |
|---|---|---|---|
| Income tax and other tax receivables | 1,715 | 233 | 1,482 |
| VAT receivables | 2,982 | 3,023 | (41) |
| Social security receivables | 138 | 195 | (57) |
| Personnel receivables | 56 | 59 | (3) |
| Receivables for public grant | 702 | 585 | 117 |
| Other receivables | 384 | 329 | 55 |
| **Total other receivables** | **5,977** | **4,424** | **1,553** |
| Accrued income | 108 | 173 | (65) |
| Prepaid expenses | 1,354 | 813 | 541 |
| **Total prepaid expenses and accrued income** | **1,462** | **986** | **476** |
| **Total prepaid expenses,accrrued income and other** | **7,439** | **5,410** | **2,029** |

The change in the item "Income tax and other tax receivables" is primarily due to the tax credit for research and development activities recognized by the Parent Company under the 2007 Finance Law (article 1, paragraphs 280-284, of Law No. 296 of December 27, 2006).
The tax credit recognized by the subsidiary SAES Advanced Technologies S.p.A. has already been used to offset the tax consolidation liability and is therefore not included in the above amount.

## 22. Derivative financial instruments evaluated at fair value

The asset and liability items include, respectively, the assets and liabilities arising from the fair value measurement of hedging contracts for exposure to the variability of future cash flows arising from sales transactions denominated in currencies other than the euro expected to occur during the current and coming year, as well as the fair value measurement of the Interest Rate Swap (IRS) contracts entered into during the period to protect the Group against fluctuations in interest rates.
The purpose of these contracts is to protect the Group's margins from the fluctuation of exchange rates and interest rates.

In further detail, the Group has entered into forward contracts on the U.S. dollar and Japanese yen to hedge receivables claimed on the balance sheet date and future receivables related to sales transacted in U.S. dollars and Japanese yen, in order to deal with the risk of the fluctuation in the current exchange rate on the balance sheet date. The average forward exchange rate for contracts on the U.S. dollar (which have a total notional value of $ 5.4 million) is 1.4662 dollars against euro. These contracts will extend throughout the first half of 2009. The average forward exchange rate for contracts on the Japanese yen (which have a total notional value of JPY 1,040 million) is JPY 136.82 against euro. These contracts will extend throughout 2009.

The following table provides a breakdown of the forward contracts entered into and their fair value as of December 31, 2008:

| Currency | Notional amount in local currency | Fair value as of Dec. 31, 2008 (thousands of euro) |
|---|---|---|
| USD | 5,400,000 | (206) |
| JPY | 1,040,000,000 | (691) |
| **Total** | | **(896)** |

In 2008 the Group also entered into derivatives contracts aimed at fixing the interest rate on several loans denominated in foreign currencies. The Group had three outstanding Interest-Rate Swap (IRS) contracts as of December 31, 2008. The details of these contracts are provided below:

- an IRS with a notional value of $ 10 million entered into on March 13, 2008 and maturing on May 31, 2012. As of December 31, 2008 the contract's fair value stood at a negative 425 thousand of euro;

- an IRS with a notional value of $ 10 million entered into on May 12, 2008 and maturing on November 30, 2009. As of December 31, 2008 the contract's fair value stood at a negative 83 thousand of euro;

- an IRS with a notional value of $ 1 million entered into on July 1, 2008 and maturing on November 30, 2010. As of December 31, 2008 the contract's fair value stood at a negative 29 thousand of euro.

The following table provides a breakdown of the Interest-Rate Swap contracts entered into and their fair value as of December 31, 2008:

| Description | Notional amount (US Dollars) | Mark to Market (thousand of dollars) | Mark to Market (thousand of euro) |
|---|---|---|---|
| IRS with maturity date November 30, 2009 executed by SAES Smart Materials. Inc. with reference to the Loan of 20 USD millions; interest rate equalto 3.38% | 10,000,000 | (115) | (83) |
| IRS with maturity date May 31, 2012 executed by SAES Smart Materials, Inc. with reference to the Loan of 20 USD millions; interest rate equalto 3.65% | 10,000,000 | (592) | (425) |
| IRS with maturity date November 30, 2010 executed by Spectra-Mat, Inc. with reference to the Loan of 3 USD millions; interest rate equalto 4.36% | 1,000,000 | (40) | (29) |
| **Total** | **21,000,000** | **(747)** | **(537)** |

## 23. Cash and cash equivalents

The balances are broken down as follows:

(thousands of euro)

| | Dec. 31, 2008 | Dec. 31, 2007 | Difference |
|---|---|---|---|
| Cash and cash equivalents | 37,289 | 70,655 | (33,366) |
| Cash on hand | 29 | 10 | 19 |
| **Total** | **37,318** | **70,665** | **(33,347)** |

The item “Bank deposits” consists of short-term deposits with leading financial institutions denominated primarily in euro.

In 2008 the Parent Company entered into agreements for lines of credit totaling 100 millions of euro to fund acquisitions, with the aim of ensuring access to financial resources to support the Group’s expansion. As of December 31, 2008, these lines of credit had been drawn down in the amount of $ 50 million in order to finance the bridge loan required to acquire Memry Corporation. For further details, refer to Note No. 32.

## 24. Shareholders’ equity

As of December 31, 2008, shareholders' equity amounted to 143,381 thousand of euro, down by 3,430 thousand of euro on December 31, 2007. The changes that occurred during the period are described in the statement of changes in shareholders' equity.

The Consolidated Financial Statements include provisions for any taxes owed in the event of the distribution of the profits accumulated in previous years by the subsidiaries.

### Capital stock

As of December 31, 2008, capital stock, fully subscribed and paid-in, amounted to 12,220 thousand of euro and comprised 15,271,350 ordinary shares and

7,460,619 savings shares, for a total of 22,731,969 shares. The composition of capital stock is unchanged from December 31, 2007.
The implicit par book value per share was 0.537569 euro at December 31, 2008, unchanged from the previous year.

Please refer to Corporate Governance Section for all the information required by art.123-*bis* of Consob Regulations (TUF)

The Parent Company's ordinary and savings shares are listed on the STAR segment of the Mercato Telematico Azionario dedicated to small-caps and mid-caps that meet specific requirements with regard to transparency of reporting, liquidity and Corporate Governance.

### Share issue premium

This item includes amounts paid by shareholders in excess of the par value of new shares of the Parent Company underwritten in capital issues.
The decrease of 3,335 thousand of euro is entirely attributable to the use of this reserve to establish an unavailable reserve associated with the transaction to purchase treasury shares undertaken by SAES Getters S.p.A. in 2008. In this regard, refer to the comment on treasury shares provided below.

### Treasury shares

During the year the Parent Company undertook transactions to repurchase treasury shares for a total of 3,335 thousand of euro.
The transaction falls under the authorization to repurchase treasury shares conferred on the Board of Directors by the Shareholders' Meeting of May 9, 2007 and initiated by the Board of Directors on October 25, 2007. Between January 7, 2008 and February 8, 2008 SAES Getters S.p.A. purchased a total of 161,136 ordinary shares at an average price of 18.661 per share, resulting in a total expenditure of 3,007 thousand of euro, and 20,605 savings shares at an average price of 15.935 euro per share, resulting in a total expenditure of 328 thousand of euro.

The Group had the following treasury shares in portfolio as of December 31, 2008 in implementation of specific resolutions of its Shareholders' Meeting:

| | **2008** | **2007** |
|---|---|---|
| No.of ordinary shares | 700,000 | 538,864 |
| **% on ordinary shares** | **4.58%** | **3.53%** |
| No.of savings shares | 82,000 | 61,395 |
| **% on saving shares** | **1.10%** | **0.82%** |

As required by International Accounting Standards, the total purchase cost (11,638 thousand of euro) was directly subtracted from shareholders'equity.

The following table shows the treasury shares in portfolio as a percentage of capital stock in accordance with article 2357, paragraph three, of the Italian Civil Code:

| | 2008 | 2007 |
|---|---|---|
| No. of ordinary shares | 700,000 | 538,864 |
| **% on capital stock** | **3.1%** | **2.4%** |
| No. of savings shares | 82,000 | 61,395 |
| **% on capital stock** | **0.36%** | **0.27%** |

The following table shows the market values of the treasury shares in portfolio according to bid prices as of December 31, 2008 and February 27, 2009.

(importi in euro)

| | December 30, 2008 | February 27, 2009 |
|---|---|---|
| Official price ordinary shares | 5,991 | 5,551 |
| Official price savings shares | 5,133 | 4,545 |
| Total ordinary shares in portfolio | 4,193,700 | 3,885,700 |
| Total savings shares in portfolio | 420,906 | 372,690 |

### Legal reserve

This item corresponds to the Parent Company's legal reserve of 2,444 thousand of euro as at December 31, 2008 and is unchanged from December 31, 2007, as the reserve has reached the legal limit.

### Other reserves and retained earnings

This item includes:

- the reserve for treasury shares, which had a balance of 11,638 thousand of euro at December 31, 2008, equal to the book value of SAES Getters ordinary and savings shares at the end of the period. The increase with respect to December 31, 2007 (3,335 thousand of euro) is entirely due to the treasury share purchase transaction commented above;
- the reserves (totaling 2,729 thousand of euro) formed from the monetary revaluation credit balances resulting from the application of Law No. 72 of March 19, 1983 (1,039 thousand of euro) and Law No. 342 of November 21, 2000 (1,690 thousand of euro) by the Group's Italian companies. Pursuant to Law No. 342 of 2000, the revaluation reserve has been stated net of 397 thousand of euro in substitute taxes.
- the other reserves of subsidiaries, retained earnings, other equity items related to the Group's companies not eliminated as part of the consolidation process and the exchange gains or losses arising from the conversion of financial statements expressed in foreign currencies. The translation reserve had a negative balance of 5,680 thousand as at December 31, 2008, with an increase of 1,523 thousand of euro on 7,134 thousand of euro recorded on December 31, 2007. This decrease is due to the overall impact on consolidated shareholders' equity caused by translating the financial statements of foreign subsidiaries expressed in foreign currencies into euro, as well as by the respective consolidation adjustments.

We report that the Group exercised the exemption allowed under *IFRS 1 – First-time Adoption of International Financial Reporting Standards*, regarding the possibility of writing off the accumulated profits or losses generated by the consolidation of foreign subsidiaries as at January 1, 2004. Consequently, the translation reserve only includes the translation gains or losses generated after the date of transition to IAS/IFRS.

The reconciliation between the net income and shareholders' equity of SAES Getters S.p.A. and consolidated net income and shareholders' equity as at December 31, 2008 and December 31, 2007 is set out below:

(thousands of euro)

| | December 31, 2008 | | December 31,2007 | |
|---|---|---|---|---|
| | Net income | Shareholders' equity | Net income | Shareholders' equity |
| **SAES Getters S.p.A. (Group Parent Company)** | **26,398** | **99,375** | **34,022** | **98,267** |
| Difference between subsidiaries' shareholders equity and the book value of the related investments | | 49,357 | | 55,874 |
| Net profit (losses) of consolidated subsidiaries net of dividends distributed and investment write-downs | (8,051) | | 2,908 | |
| Elimination of profit arising from intercompany transaction, net of the related tax effect | 433 | (4,562) | 532 | (4,995) |
| Accrual of deferred taxes on equity distributable of consolidated subsidiaries | 1,292 | (3,272) | 822 | (4,564) |
| Other adjustments | 260 | 2,483 | (3,415) | 2,223 |
| **Consolidated net income and shareholders' equity** | **20,332** | **143,381** | **34,869** | **146,805** |

## 25. Financial debt

Financial debt came to 19,610 thousand of euro as of December 31, 2008 and was up by 16,483 thousand of euro on the previous year.

(thousands of euro)

| | December 31, 2008 | December 31, 2007 | Difference |
|---|---|---|---|
| Less than 1 year | 2,795 | 857 | 1,938 |
| Between 1 and 2 years | 3,688 | 862 | 2,826 |
| Between 2 and 3 years | 3,706 | 657 | 3,049 |
| Between 3 and 4 years | 3,113 | 630 | 2,483 |
| Between 4 and 5 years | 2,635 | 78 | 2,557 |
| Over 5 years | 3,673 | 43 | 3,630 |
| **Total** | **19,610** | **3,127** | **16,483** |

It should be noted that debt with a maturity of less than one year is included in the item "Current portion of long-term debt".

The item "Financial debt" includes the loans denominated in U.S. dollars contracted during the year by the U.S. companies, the details of which are provided below.

During the year, the subsidiary SAES Smart Materials, Inc. contracted a loan of $ 20 million (14,411 thousand of euro), to be repaid in fixed principal installments due on a half-yearly basis (beginning on November 30, 2009), plus the interest installments benchmarked on the half-yearly U.S. dollar Libor rate. The interest rate, including the spread, came to 3.34% as of December 31, 2008.

It should be noted that the loan agreement contains covenants, including in particular compliance with financial ratios (calculated on company figures) such as net debt/EBITDA, net debt/shareholders' equity, and EBITDA/financial expenses, which must be measured and respected at the end of each fiscal year.
If any of these ratios are not observed with respect to the values set out in the loan agreement, the spread applied to the interest rate increases by 0.10% for the first six months and 2% should the covenants continue to be breached thereafter.
These covenants had been complied with as of December 31, 2008.

The item "Financial debt" also includes 2,163 thousand of euro ($ 4 million) associated with the loan denominated in U.S. dollars contracted by Spectra-Mat, Inc. in May 2008. The loan agreement calls for the repayment in fixed half-yearly principal installments, plus interest benchmarked on the half-yearly U.S. dollar Libor rate. The interest rate, including the spread, came to 3.89% at December 31, 2008.
The first due date for the repayment of principal is May 31, 2009. It should be noted that the loan agreement contains covenants including the achievement of annual Company sales targets of no less than $ 6,500,000. Said covenant had been complied with as of December 31, 2008 considering all of 2008.

Lastly, the item "Financial debt" includes soft loans provided by the special fund for applied research issued to the Parent Company by the Ministry of Production Activities through Intesa SanPaolo S.p.A., the average interest rate on which came to 0.94% in 2008.

## 26. Other financial debt non-current

Long-term financial debt of 640 thousand of euro refers to the estimated debt to be incurred to acquire minority interests in Memry GmbH. The reader may refer to Note No. 3 for further details.

## 27. Staff leaving indemnities and other employee benefits

It should be noted that this item includes liabilities to employees under both defined contribution and defined benefit plans existing in Group companies in accordance with the contractual and legal obligations in various countries.

The following table shows a breakdown of the item and changes in the item during the year:

(thousands of euro)

| | Staff leaving indemnities | Other similar obligations | Total |
|---|---|---|---|
| **December 31, 2007** | **7,577** | **1,230** | **8,807** |
| Provision | 21 | 302 | 323 |
| Revaluation | 240 | 0 | 240 |
| Indemnities paid | (1,798) | (123) | (1,921) |
| Other movements | 506 | (18) | 488 |
| Translation differences | 26 | 69 | 95 |
| **December 31, 2008** | **6,572** | **1,460** | **8,032** |

The amounts recognized on the income statement may be broken down as follows:

(thousands of euro)

| | |
|---|---|
| Current service cost | 432 |
| Interest cost | 317 |
| Net actuarial losses (gains) recongnized in the period | (186) |
| **Total cost** | **563** |

When referred to the Group's Italian companies, staff leaving indemnity consists of the estimated obligation according to actuarial techniques of the sum to be paid out to the employees of Italian companies when the employment relationship ceases.
Following the entry into force of the 2007 Finance Law and associated implementation decrees, the liability associated with prior-year staff leaving indemnity continues to be considered a defined-benefit plan and is consequently measured according to actuarial assumptions. The portion paid in to pension funds is instead considered a defined-contribution plan and is therefore not discounted.

The obligations relating to defined-benefit plans are measured annually by independent actuarial consultants according to the projected unit credit method, separately applied to each plan. The reconciliations of actuarial liabilities and the amounts carried on the Financial Statements as of December 31, 2008 and December 31, 2007, respectively, are shown below:

(thousands of euro)

| | December 31, 2008 | December 31, 2007 |
|---|---|---|
| Present value of defined benefit obligations | 6,960 | 7,632 |
| Fair value of plan assets | 0 | 0 |
| Unrecognized actuarial gain (loss) | 68 | 445 |
| Service costs not yet recongnized deriving from past obligations | 0 | 0 |
| **Defined benefit obligations** | **7,028** | **8,077** |
| **Defined contribution obligations** | 1,004 | 730 |
| **Total staff leaving indemnity and similar obligations** | **8,032** | **8,807** |

The following table shows the primary assumptions employed in the actuarial appraisals of defined-benefit plans as of December 31, 2008 and December 31, 2007, respectively.

| | Italy | |
|---|---|---|
| | December 31, 2008 | December 31, 2007 |
| Discount rate | 4.80% | 4.60% |
| Inflation rate | 2.20% | 2.00% |
| Expected annual salary increase rate * | | |
| *- age equal or less to 40 years* | 2.70% | 2.50% |
| *- age more than 40 years but equal or less to 55 years* | 2.45% | 2.25% |
| *- age more that 55 years* | 2.20% | 2.00% |

* factor not considered in the actuarial appraisal of staff leaving indemnity.

There were 1,354 employees as of December 31, 2008 (of which 812 outside of Italy), marking an increase of 439 compared to December 31, 2007. This increase is justified primarily by the recent acquisitions.

The following table provides an analysis of the distribution of the Group's employees:

| | December 31, 2008 | December 31, 2007 | Average 2008 | Average 2007 |
|---|---|---|---|---|
| Managers | 114 | 71 | 87 | 70 |
| Employees and middle management | 520 | 398 | 461 | 383 |
| Workers | 720 | 446 | 559 | 442 |
| **Total** | **1,354** | **915** | **1,107** | **895** |

The above figure includes the employees of the polymer division of Memry Corporation (148 employees), the assets and liabilities of which have been classified among discontinued operations as of December 31, 2008.

The following table shows a breakdown by category of the employees of companies consolidated on a proportional basis, according to the percent ownership of each company:

| | December 31, 2008 | December 31, 2007 | Average 2008 | Average 2007 |
|---|---|---|---|---|
| Managers | 4 | 5 | 4 | 5 |
| Employees and middle management | 13 | 17 | 13 | 17 |
| Workers | 25 | 41 | 28 | 35 |
| **Total** | **42** | **63** | **45** | **57** |

## 28. Provisions for contingencies and obligations

"Provisions for contingencies and obligations" came to 4,732 thousand of euro as of December 31, 2008. The composition of these provisions and the related changes compared to the previous year are set out below:

(thousands of euro)

| | December 31, 2007 | Provisions | Utilization and other movements | Conversion differences | December 31, 2008 |
|---|---|---|---|---|---|
| Warranty provision on products sold | 213 | 139 | (37) | 18 | 333 |
| Other provisions | 3,253 | 2,565 | (1,494) | 75 | 4,399 |
| **Total** | **3,466** | **2,704** | **(1,531)** | **93** | **4,732** |

A breakdown of provisions for contingencies and obligations by current and non-current portion is provided below:

(thousands of euro)

| | Current provisions | Non current provisions | Total as of December 31, 2008 | Current provisions | Non current provisions | Total December 31, 2007 |
|---|---|---|---|---|---|---|
| Warranty provision on products sold | 0 | 333 | 333 | 0 | 213 | 213 |
| Other provisions | 2,844 | 1,555 | 4,399 | 2,408 | 845 | 3,253 |
| **Total** | **2,844** | **1,888** | **4,732** | **2,408** | **1,058** | **3,466** |

The item "Other provisions" consists primarily of the sums allocated to account for bonuses awarded to Group employees for 2008.

The non-current portion includes the sum allocated by the Italian subsidiary SAES Advanced Technologies S.p.A. to account for a dispute with social-security institutions pertaining to contribution relief.
Said amount also includes the value of the implicit obligations of Spectra-Mat, Inc. in connection with costs to be incurred for the monitoring of pollution levels at the site at which the company operates. The value of this liability has been calculated on the basis of the agreements reached with the local authorities.

## 29. Trade payables

Trade payables amounted to 10,952 thousand of euro as of December 31, 2008, marking an increase of 903 thousand of euro compared with December 31, 2007.

On a like consolidation basis, trade payables were down by approximately 335 thousand of euro on the previous year.

There are no trade payables consisting of debt securities. All trade payables fall due within one year and arise from commercial transactions.

The following table provides a breakdown of trade payables by those not yet due and past due as of December 31, 2008, as compared with the previous year:

(thousands of euro)

| | Total | Not yet due | Due | | | | |
|---|---|---|---|---|---|---|---|
| | | | less that 30 days | 30 - 60 days | 60 - 90 days | 90 - 180 days | more than 180 days |
| **2008** | **10,952** | **7,812** | **2,761** | **209** | **163** | **1** | **6** |
| 2007 | 10,049 | 7,287 | 2,476 | 118 | 14 | 140 | 14 |

## 30. Other payables

The item "Other payables" includes amounts that are not strictly classified as "Trade payables" and amounted to 13,284 thousand of euro as of December 31, 2008, compared with 13,311 thousand of euro as of December 31, 2007.

(thousands of euro)

| | Dec. 31, 2008 | Dec. 31, 2007 | Difference |
|---|---|---|---|
| Payables to employees (holidays, wages and staff leaving etc.) | 6,336 | 4,820 | 1,516 |
| Social security payables | 1,621 | 1,653 | (32) |
| Tax payables (excluding income taxes) | 1,320 | 3,025 | (1,705) |
| Other | 4,007 | 3,813 | 194 |
| **Total** | **13,284** | **13,311** | **(27)** |

The increase in "Payables to employees" is almost entirely attributable to the change in the scope of consolidation.

The decrease in "Tax payables (excluding income taxes)" is primarily due to the fact that as of December 31, 2007 the item included taxes withheld (1,313 thousand of euro) on dividends distributed in December 2007 by the associate SAES Getters Korea Corporation, which were then paid in January 2008.

The following table provides a breakdown of other payables by those not yet due and past due as of December 31, 2008, as compared with the previous year:

(thousands of euro)

| | Total | Not yet due | Due | | | | |
|---|---|---|---|---|---|---|---|
| | | | less that 30 days | 30 - 60 days | 60 - 90 days | 90 - 180 days | more than 180 days |
| **2008** | **13,284** | **11,347** | **521** | **303** | **156** | **948** | **9** |
| 2007 | 13,311 | 12,511 | 317 | 118 | 130 | 224 | 11 |

## 31. Accrued income taxes

Accrued income taxes came to 1,636 thousand of euro as of December 31, 2008. The item was down by 2,676 thousand of euro compared to the previous year, primarily due to the Group's lower net income.

## 32. Bank overdraft

Bank overdrafts came to 35,928 thousand of euro as of December 31, 2008.
Said amount represents the value in euro of the loan provided to the U.S. company Memry Corporation to fund the acquisition of said company, which on January 16, 2009 was transformed into a medium-/long-term loan with a defined payment schedule. The interest rate on this debt came to 3.0% as of the balance sheet date.
On February 19, 2009, following the sale of the polymer division of Memry Corporation, said loan was partially repaid in the amount of $ 19.5 million, resulting in a significant reduction in the Group's overall debt exposure.
The remainder ($ 30.5 million) was broken down into two tranches with different characteristics in terms of amount, payment schedule, and the spreads applied:

- an "amortizing loan" tranche of $ 20.2 million, the principal of which will be repaid in half-yearly installments, the last of which will come due on January 31, 2016; the interest rate applied to the loan is the USD Libor for a variable period with a maximum spread of 115 BPs;
- a "bullet loan" tranche of $ 10.3 million to be repaid in two installments, due on July 31, 2016 and July 31, 2017, respectively; the interest rate applied to the loan is the USD Libor for a variable period with a maximum spread of 125 BPs.

Both tranches call for a mechanism to reduce the spread applied to the interest rate based on the performance of the Group's net debt/EBITDA ratio.
The loan agreement establishes covenants, including compliance with financial ratios (calculated on consolidated figures) such as net debt/shareholders' equity, gross debt/EBITDA, and consolidated shareholders' equity, which are to be measured and respected at the end of each fiscal year.

## 33. Accrued liabilities

Accrued expenses and deferred income came to 994 thousand of euro as of December 31, 2008, substantially in line with the previous year.

(thousands of euro)

| | December 31, 2008 | December 31, 2007 | Difference |
|---|---|---|---|
| Accrued expenses | 468 | 310 | 158 |
| Deferred income | 526 | 588 | (62) |
| **Total** | **994** | **898** | **96** |

## 34. Cash flow statement

Cash flows provided by operating activities came to 33,703 thousand of euro, compared to 44,018 thousand of euro in 2007. The decrease is primarily due to the decline in sales caused by the recession, partially offset by the lesser taxes paid.

Investing activities used net cash of 90,186 thousand of euro, compared to 12,728 thousand of euro in 2007, primarily due to the outlays required to acquire the new companies.

Financing activities provided net cash of 25,691 thousand of euro, compared to net cash used of 50,061 thousand of euro in the previous year. This change is primarily due to the liquidity arising from loans contracted during the year to fund new acquisitions and lesser dividends distributed with respect to the previous year (in this regard, it should be noted that an advance on the 2007 dividend was distributed in December 2007).

## 35. Potential liabilities and commitments

The guarantees that the Group has provided to third parties may be analyzed as follows:

(thousands of euro)

| | December 31, 2008 | December 31, 2007 | Difference |
|---|---|---|---|
| Guarantees in favour of third parties | 70,229 | 15,568 | 54,661 |
| **Total guarantees provided by the Group** | **70,229** | **15,568** | **54,661** |

The increase compared to the previous year is primarily related to the performance bonds provided by the Parent Company to secure the repayment of the loans contracted by the U.S. companies.

The due dates for operating lease obligations in existence at December 31, 2008 are shown below:

(thousands of euro)

| | Less than 1 year | 1-5 years | Over 5 years | Total |
|---|---|---|---|---|
| Operating lease obligations | 886 | 1,258 | 135 | 2,279 |

## 36. Related party transactions

IAS 24 is followed in identifying Related Parties.

In this case, the Related Parties include:

- **S.G.G. Holding S.p.A.**, the controlling company, which is both creditor and debtor of the SAES Getters Group as a result of the adherence by the Group's Italian companies to the national tax consolidation program.
- **KStudio Associato**, a tax, legal and financial consultancy firm whose founding member is Vicenzo Donnamaria, Chairman of the Board of Statutory Auditors of SAES Getters S.p.A. It provides tax, legal and financial consultancy services.
- **Managers with strategic responsibilities**: these include the members of the Board of Directors, including non-executive members, the Corporate Human Resources Manager, Corporate Strategic Marketing Manager, Corporate Operations Manager, and SMA Medical Business Manager.
- **The Board of Statutory Auditors**.

The following table shows the total values of the related party transactions undertaken in 2008 and 2007.

(thousands of euro)

| | Costs | | Revenues | | Payables | | Receivables | |
|---|---|---|---|---|---|---|---|---|
| | **2008** | **2007** | **2008** | **2007** | **2008** | **2007** | **2008** | **2007** |
| S.G.G. Holding S.p.A. | 0 | 0 | 0 | 0 | 141 | 0 | 1.160 | 835 |
| KStudio Associato | 23 | 138 | 0 | 0 | 8 | 66 | 0 | 0 |

The following table shows the compensation provided to managers with strategic responsibilities as identified above:

(thousands of euro)

| | Year 2008 | Year 2007 |
|---|---|---|
| Short-term employee benefits | 3,381 | 3,965 |
| Post-employment benefits | 0 | 0 |
| Other long-terms benefits | 0 | 0 |
| Termination benefits | 743 | 866 |
| Share-based payements | 0 | 0 |
| **Total compensation to key management** | **4,124** | **4,831** |

Pursuant to the CONSOB communications of February 20, 1997 and February 28, 1998, and to IAS 24, we report that in 2008 all related party transactions were undertaken at arm's-length conditions and no atypical, unusual or non-standard related party transactions were undertaken.

## 37. Exchange rates applied in the conversion of financial statements expressed in a foreign currency

EXPRESSED IN FOREIGN CURRENCY (per 1 euro)

| Currency | December 31, 2008 | | December 31, 2007 | |
|---|---|---|---|---|
| | Average rate | Final rate | Average | Final rate |
| US dollar | 1.471 | 1.392 | 1.371 | 1.472 |
| Japanese Yen | 152.454 | 126.140 | 161.253 | 164.930 |
| Korean Won | 1,606.090 | 1,839.130 | 1,272.990 | 1,377.960 |
| Renminbi (P.R. of China) | 10.224 | 9.496 | 10.418 | 10.752 |
| Singapore Dollars | 2.076 | 2.004 | 2.064 | 2.116 |
| GB Pounds | 0.796 | 0.953 | 0.684 | 0.733 |

## 38. Audit fees and its network entities fees

Pursuant to article 149-*duodecies* of the Issuer Regulations ("Disclosure of Compensation"), which were introduced by CONSOB by resolution No. 15915 of May 3, 2007, the following table shows the compensation collected by the auditing firm and entities belonging to the auditing firm's network for auditing engagements and the provision of other services, indicated by type or category:

(thousands of euro)

| Business services | Supplier | Customer | Fees |
|---|---|---|---|
| Audit fees | Parent Company auditor | SAES Getters S.p.A. | 77 |
| Tax and legal expenses | Parent Company auditor | SAES Getters S.p.A. | 0 |
| Other services* | Parent Company auditor | SAES Getters S.p.A. | 133 |
| Audit fees | Network of Parent Company auditor | Subsidiaries | 586 |
| Tax and legal expenses | Network of Parent Company auditor | Subsidiaries | 5 |
| Other services** | Network of Parent Company auditor | Subsidiaries | 33 |
| **Total** | | | **834** |

* 26 thousand of euro for sundry services; 98 thousand of euro for the review of the purchase price allocation for the U.S. companies; 9 thousand of euro as reimbursement of expenses incurred;

** Certification services for the opening balances of the recently acquired companies.

Lainate (MI) Italy, March 13, 2009

On behalf of the Board of Directors
Dr Ing. Massimo della Porta
Vice President, Managing Director

# Certification of the consolidated financial statements

## Certification of the consolidated financial statements

**pursuant to article 81-ter of CONSOB Regulation No. 11971 of May 14, 1999, as amended**

1. The undersigned, Giulio Canale, in his capacity as Managing Director and Chief Financial Officer, and Michele Di Marco, in his capacity Officer Responsible for the preparation of the corporate financial reports of SAES Getters S.p.A., hereby certify, pursuant to the provisions of article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

   - the adequacy for the characteristics of the enterprise and

   - the effective application

   of the administrative and accounting procedures for the formation of the Consolidated Financial Statements during the period from January 1 to December 31, 2008.

2. The following remarks apply to this situation:

   2.1 The Administrative and Accounting Control Model of the SAES Group

   - On May 14, 2007, the Board of Directors of SAES Getters S.p.A. approved the Administrative and Accounting Control Model, the adoption of which is aimed at ensuring that SAES Getters complies with the provisions of Law No. 262 of December 28, 2005 (hereinafter the "Savings Law"), implemented in December 2006 through the approval of Legislative Decree No. 303/06, and, specifically, obligations pertaining to the preparation of corporate accounting documents and all documents and communications of a financial nature disseminated to the market.
   - The Control Model, which refers to the organizational structure of the SAES Group:
     . sets the roles and responsibilities of the entities involved in various capacities in the process of forming and/or controlling the financial information of the SAES Group and introduces the role of manager in charge of the preparation of corporate accounting documents (hereinafter the “Officer Responsible”);
     . describes the elements that comprise the administrative and accounting control system, citing the general control environment underlying the Internal Control System of the SAES Group, in addition to specific components pertaining to administrative and accounting information;
     . regarding this latter aspect in particular, calls for the integration of the Group Accounting Principles and IAS Operating Procedures with a system of administrative and accounting procedures and the related control matrices;
     . establishes the conditions and frequency of the administrative and accounting risk assessment process in order to identify the processes of greatest relevance to accounting and financial information.

   2.2 Implementation of the Administrative and Accounting Control Model within SAES Getters S.p.A. and the results of the internal certification process

For further information on this issue, the reader is referred to paragraphs 2.2, 2.3 and 2.4 of the Certification of the Separate Financial Statements of SAES Getters S.p.A., which are of particular relevance in this connection in relation to the consolidation process.

2.3. Internal administrative and accounting control system of the subsidiaries of the SAES Group

- Given the limited extent of control structures within most of the subsidiaries, it was decided not to issue specific procedures for processes that influence the input of data into the accounting systems of these companies.
  Following the administrative and accounting risk assessment conducted on the basis of the figures from the 2006 Consolidated Financial Statements, the results of which were confirmed by the update based on the figures from the 2007 Consolidated Financial Statements, the most significant line items were selected on the basis of their materiality. For these items, which pertained to nine Group companies, the Officer Responsible and the Internal Audit Department prepared a list of control activities for the related processes. These lists, after being revised by the Financial Controllers of the individual companies, were summarized in the "Activity Control Matrices" (hereinafter "ACMs") and the final version was transmitted to the affected companies on January 9, 2009.
- In order to certify the Consolidated Financial Statements, the Officer Responsible requested the following of each of the companies subject to controls and affected by significant processes:
  a. The dispatch of a representation letter drafted in the format attached to the Administrative and Accounting Model of the SAES Group and signed by the General Managers / Financial Controllers, certifying the application and adequacy of procedures ensuring the accuracy of company accounting and financial information and the correspondence of financial reports with company transactions and accounting records and stating that, to the best of the knowledge of the authors of the letter, the internal control system implemented has protected the company against the risks of fraudulent practices;
  b. The dispatch of the ACMs pertaining to significant processes for each company, signed by the Financial Controller, certifying that the controls were conducted or reporting any inadequacies or shortcomings and indicating corrective action to be taken, where possible.
- As an exception of the foregoing, SAES Advanced Technologies S.p.A. has decided to implement its own internal administrative and accounting control system, which refers directly to the Administrative and Accounting Control Model adopted by the SAES Group.
- On July 12, 2007 the associated Integrated Process was approved by the Chief Financial Officer of the SAES Group and the Chief Executive Officer of SAES Advanced Technologies S.p.A. and included in the Quality Assurance Manual of the latter company.
- On the same date, the Head of Administration of SAES Advanced Technologies S.p.A. issued thirteen Work Instructions (expanded to include an additional two Work Instructions in October 2007) pertaining to the main processes that generate the company's accounting information, in addition to a specific Work Instruction pertaining to the preparation of

the financial statements. These documents were reviewed by the Officer Responsible and approved by the Chief Executive Officer of SAES Advanced Technologies S.p.A.

- As a consequence, SAES Advanced Technologies S.p.A. implemented an internal certification process similar to that described above for SAES Getters S.p.A., in which the company only sends the Officer Responsible the representation letter, which is issued on the basis of the results of internal reviews of control matrices pertaining to each of the Work Instructions.
- The Administrative and Accounting Control Model and the associated procedures/ACMs were not extended to the companies acquired by the Group during the year with respect to financial year 2008: these companies will be contemplated in the risk assessment based on the figures from the 2008 Consolidated Financial Statements; processes relevant to the Internal Administrative and Accounting Control System will be selected and the associated ACMs will be prepared.

2.4. Results of the certification process by the subsidiaries of the SAES Group

- As of today's date, the Officer Responsible has received all nine representation letters requested, signed by the General Managers / Financial Controllers of the subsidiaries affected by the processes deemed relevant after a risk assessment. In addition, all of the ACMs, completed in full, were also dispatched.
- The results of the process were positive and the only anomalies reported were deemed insignificant and not of an extent to compromise the reliability and completeness of the accounting and financial information of subsidiaries.
- The reports received were nonetheless also forwarded to the Internal Audit Department and will be contemplated in the process of revising administrative and accounting procedures planned for 2009, which will also account for the implementation of a new information technology system (ERP) at several Group companies.

3. Furthermore, we certify that:

3.1. the Consolidated Financial Statements for the year ended December 31, 2008:

a) have been prepared in accordance with applicable international accounting standards recognized within the European Union pursuant to Regulation (EC) 1602/2002 of the European Parliament and the Council of July 19, 2002;

b) correspond to the results of accounting records and books;

c) have been drawn up in compliance with the provisions of the Italian Civil Code and, to the best of our knowledge, are suitable to providing a truthful, accurate representation of the earnings and financial position of the issuer and the companies included in the consolidation perimeter;

3.2. the Report on Operations includes a reliable analysis of operating performance and income, as well as the situation of the issuer and the companies included in the scope of consolidation, along with a description of the primary risks and uncertainties to which they are exposed.

Lainate, (MI) Italy, March 13, 2009

| Managing Director<br>Group Chief Financial Officer<br>Dr Giulio Canale | Officer Responsible for the preparation<br>of the corporate financial reports<br>Dr Michele Di Marco |
|---|---|

saes getters

# Board of Statutory Auditors' report to the shareholders' meeting

## Board of Statutory Auditors' report to the shareholders' meeting pursuant to article 153 of legislative decree 58/1998 and article 2429, paragraph 3, of the italian civil code

*To the Shareholders' Meeting of SAES Getters S.p.A.*

Shareholders,

During the year ended on December 31, 2008, our supervisory activity was conducted in accordance with the "Consolidated Financial Intermediation Act" established by Legislative Decree 58/1998 and the applicable provisions of the Italian Civil Code. We also referred to the Principles of Conduct recommended by Italy's National Councils of Accountants and Auditors, as well as CONSOB communications pertaining to corporate controls and the activities of the Board of Statutory Auditors, particularly communication no. DEM/1025564 of April 6, 2001, as amended by communications nos. DEM/3021582 of April 4, 2003 and DEM/6031329 of April 7, 2006.
Specifically:

- we certify that we have verified compliance with the law and with the articles of association and observance of the principles of proper administration. During the year, the Board of Statutory Auditors held five meetings, as well as additional informal sessions;
- at meetings of the Board of Statutory Auditors and the Board of Directors, and at least once per quarter, we obtained information from the Directors concerning general business performance, the Company's business outlook, and the most significant transactions in terms of size and characteristics undertaken by the Company, including with respect to its subsidiaries;
- in the 2008 calendar year, we took part in one Shareholders' Meeting and thirteen meetings of the Board of Directors, which were held in accordance with the articles of association and the legislative provisions that govern the functions of such meetings. We can state with a reasonable degree of certainty that the actions decided upon at such meetings were compliant with the law and the articles of association, were always taken in the company's best interests, including infra-group interests, were not manifestly imprudent, hazardous, atypical or unusual, and did not represent potential conflicts of interest with the capacity to compromise the integrity of the Company's assets. At these meetings, all participants were free to express comments, opinions and views;
- we assessed and verified the adequacy of the organizational, administrative and accounting system and the reliability of said system to correctly represent operating circumstances by obtaining information from the respective department managers and examining Company documents. In this respect, we have no particular remarks to report. Furthermore, having followed the work done by the Internal Audit Office, including that managed and coordinated by the Officer Responsible for the preparation of the corporate financial reports and by the Audit Committee, we confirm that the internal control system adopted by the Company is fully adequate;
- We also verified the adequacy of the instructions provided to subsidiaries in accordance with article 114, section 2, of Legislative Decree no. 58/1998.

Having acknowledged the foregoing, we would like to draw the attention of the Shareholders' Meeting to the following.

## International market situation

As appropriately illustrated by the Directors in their Report on the Consolidated Financial Statements, the Company's 2008 results were negatively influenced by the effects of the world economic crisis.
In particular, the difficulties associated with access to credit and the ensuing decrease in liquidity available, chiefly caused by the crisis affecting the capital markets and financial institutions, resulted in a slowdown in consumption, and, consequently, in the growth of many industrial segments, including some of the markets on which the SAES Getters Group operates.
In order to deal with the effects of the crisis, which is also having an impact on the current year, the Company's Board of Directors drafted and approved a suitable savings plan, which calls for a decrease in operating expenses of at least 5 million of euro, to be implemented in 2009.
In addition, the Company is considering different alternatives for the reorganization of the business in Europe and Asia and is also proceeding with a rationalization of the production structure to bring production capacity into line with the change in market needs. In this connection, the Company and its subsidiary SAES Advanced Technologies S.p.A. entered into ordinary redundancy fund agreements with labor unions in the first few months of 2009.
Lastly, in order to protect the Group's margins against fluctuations in exchange rates, additional hedging transactions on the U.S. dollar were undertaken.

## Most significant transactions undertaken during the year

Two important acquisitions were closed in 2008 as part of the project to develop the Shape Memory Alloys (SMA) business. Specifically:

- on January 3, 2008 the near entirety of the assets of the SMA division of Special Metals Corporation (SMC) was acquired. The company, which is based in New Hartford, New York (USA), is a leading supplier of advanced shape memory alloys to the biomedical industry and for use in high-technology content niche applications. The acquisition was closed through SAES Smart Materials, Inc., incorporated on October 16, 2007, having its registered office in New York, and 100% owned by SAES Getters International Luxembourg S.A. The consideration paid came to 21,128 thousand of euro ($ 31.1 million), including 539 thousand of euro ($ 793 thousand) in accessory expenses;
- on September 29, 2008 a 100% interest was acquired in Memry Corporation, a leading supplier engaged in the design, engineering, development and manufacturing of medical devices and other advanced industrial applications of Nitinol (nickel-titanium) alloys. The cost of the transaction came to 55,788 thousand of euro ($ 79.8 million), including 988 thousand of euro in accessory expenses. This acquisition was closed through the special-purpose vehicle Saes Devices Corp., based in Wilmington, Delaware and incorporated on June 20, 2008, a fully owned indirect subsidiary of SAES Getters S.p.A. held through SAES Getters International Luxembourg S.A. Following the merger plan announced on June 24, 2008 and approved by an extraordinary general meeting of the shareholders of Memry Corporation, Memry Corporation merged with Saes Devices Corp., followed by an ensuing name change, on September 29, 2008.

As a further measure aimed at expansion in the SMA business, on December 15, 2008 SAES Getters S.p.A. signed an agreement with Matthias Mertmann, founder and owner of 50% of shares and current Managing Director of Dr. -Ing. Mertmann

Memory-Metalle GmbH, for the acquisition of 10% shareholding (SAES Getters S.p.A. acquired 50% shareholding on May 30, 2006) and for the acquisition of the entire capital in two following tranches by June 30, 2014.
The purchase price agreed for the acquisition of 10% shareholding of Dr. -Ing. Mertmann Memory-Metalle GmbH is equal to 250 thousand of euro. The agreement includes the acquisition of the remaining German company's share capital in two tranches to follow, each equal to 20% shareholding, which will be finalized in the first half of 2012 and in the first half of 2014. The pricing formula of the transaction includes sales of the previous year and grants Matthias Mertmann a minimum amount of 375 thousand of euro per each tranche. At the same time, the agreement states the right for Mattias Mertmann to exercise a put option for the entire 40% residual company's share capital. The corresponding value of such option, which can be exercised from April 1 until April 30, 2012, is 500 thousand of euro.
The German company changed its corporate name from Dr. -Ing. Mertmann Memory-Metalle GmbH into Memry GmbH and, following an agreement which states a strong operating and commercial integration with Memry Corporation, it will become an European centre of excellence for the development of shape memory alloys for medical applications market and for the distribution of Memry products in Europe.
In the context of acquisitions on the U.S. market, on February 22, 2008 the Group closed the acquisition of 100% of Spectra-Mat, Inc., based in Watsonville, California. The firm manufactures and markets components for the telecommunications, medical and military markets, devices for capital assets in the semiconductor industry, and advanced materials for the industrial lasers market. The acquisition was closed through the associate SAES Getters USA, Inc. The cost of the transaction came to 4,929 thousand of euro ($ 7.4 million), including 74 thousand of euro ($113 thousand) in accessory expenses.
In 2008 a merger was also completed, the chief purpose of which was to rationalize the structure of the Group's optoelectronics business.
In further detail, on January 23, 2008 SAES Opto S.r.l. purchased a 48% minority interest in SAES Opto Components S.r.l. By virtue of this purchase, SAES Opto S.r.l. became the sole shareholder of SAES Opto Components S.r.l. On March 6 and 7, 2008, the Boards of Directors of SAES Opto Components S.r.l. and SAES Opto S.r.l., both of which are single-shareholder companies, approved the project for merger by absorption of SAES Opto Components S.r.l. into SAES Opto S.r.l. pursuant to articles 2501-ter and 2505 of the Italian Civil Code. The shareholders' meetings of the two companies, convened in extraordinary sessions on March 26, 2008, approved the merger plan, which was then registered with the register of companies on March 31, 2008. The deed of merger entered into force on May 9, 2008, with retroactive effect from January 1, 2008.
On October 20, 2008 the shareholders' meeting of the subsidiary SAES Opto Materials S.r.l., convened in extraordinary session, authorized the reduction to zero of capital stock and the concurrent coverage of losses as of August 31, 2008. The same session of the shareholders' meeting also approved a subsequent capital increase, subscribed in full by the shareholder SAES Opto S.r.l., which thereby acquired 100% of the shares of SAES Opto Materials S.r.l. (previously 90% controlled by the former).
Turning to significant transactions undertaken after the end of 2008, we report that on February 9, 2009 the sale of Putnam Plastics, the polymer division of the indirect subsidiary Memry Corporation, was closed for consideration of $ 25 million (approximately 19.2 millions of euro). This decision was part of SAES Getters's strategy of focusing investments and resources on its strategic core business of shape memory alloys (SMA) for medical and industrial applications, while also

allowing the generation of positive cash flow and improvement of net financial position.
The Board of Statutory Auditors, after being duly and punctually informed by the Directors, assessed the compliance of the foregoing transactions with the law, the articles of association, and the principles of proper administration, ensuring that said transactions were not manifestly imprudent, hazardous, in conflict with resolutions passed by the Shareholders' Meeting, or such as to compromise the integrity of the Company's assets.

**Atypical and/or unusual transactions, including infra-group and Related-Party transactions**

There were no atypical or unusual transactions to report; transactions with Group companies were part of the Company's ordinary operations.
Related-party transactions essentially consist of infra-group transactions with subsidiaries, associates and joint ventures, predominantly of a commercial nature. In particular, these include the purchase and sale of raw materials, semi-finished goods, finished products and various types of equipment and services. They were settled in line with market economic and financial conditions. Interest-bearing cash-pooling agreements are in force with several Group companies.
In their Report, the Directors indicated the following with regard to transactions with related parties other than subsidiaries, associates and joint ventures:

- dealings with S.G.G. Holding S.p.A., the Controlling Company, essentially owned by former parties to the SAES Getters Shareholders' Agreement, which holds 7,958,920 ordinary shares, representing 52.12% of ordinary capital stock with voting rights. An agreement concerning the participation in Italy's national tax consolidation program has been in force with said company since May 12, 2005. Following the first three-year period of validity of the election for said tax program, we report that, by notice sent to the Revenue Agency by the Controlling Company, S.G.G. Holding S.p.A., on June 12, 2008, the election for participation in the national tax consolidation program was extended for an additional three-year period. By virtue of said agreement, on December 31, 2008 the Company transferred a total of 6,529 thousand of euro in tax credits to the consolidating company;
- dealings with KStudio Associato, the founding partners of which include Vincenzo Donnamaria, Chairman of the Board of Statutory Auditors of SAES Getters, pertaining to legal and tax consulting services provided during the year for consideration of 23 thousand of euro.

The Directors also identified the following additional related parties:

- managers with strategic responsibilities, and, in particular, the members of the Board of Directors, including non-executive members, the Corporate Human Resources Manager, Corporate Strategic Marketing Manager, Corporate Operations Manager, and SMA Medical's Business Manager;
- the Board of Statutory Auditors.

The above remarks on transactions with related parties comply with the provisions of article 2391-*bis* of the Italian Civil Code and with the CONSOB Communications of February 20, 1997 and February 28, 1998. The information disclosed by the Directors in their Report on Operations in the Financial Statements for the year ended on December 31, 2008 is complete and adequate with respect to transactions undertaken with all Group entities and related parties.
**Independent auditors**

The firm Reconta Ernst & Young S.p.A., engaged to audit the Financial Statements, issued audit reports on March 20, 2009, in which it expressed a judgment containing no remarks on either the Consolidated or Parent Company accounts for 2008.
We also held meetings, including informal sessions, with the representatives of Reconta Ernst & Young S.p.A., the auditing firm engaged to review the separate and Consolidated Financial Statements of SAES Getters S.p.A. and provide accounting control pursuant to article 150, section 2, of Legislative Decree no. 58/1998. No data or information that should be detailed in this Report came to light at such meetings.

**Indication of the conferral of additional engagements to the auditing firm and/or parties in long-term relationships therewith**

For information on additional engagements conferred on the auditing firm and/or parties in long-term relationships therewith, the reader is referred to the information provided by the Company in the Notes to the Consolidated Financial Statements, pursuant to article 149-*duodecies* of the Issuer Regulations, which governs the disclosure of consideration.

**Indication of the existence of opinions issued by law during the year**

The Board of Directors was not required to issue any opinions under the law in 2008.

**Filing of complaints pursuant to article 2408 of the Italian Civil Code and petitions**

The Board of Statutory Auditors did not receive any complaints pursuant to article 2408 of the Italian Civil Code or petitions of any kind.

**Proper administration – Organizational structure**

The Company is competently administered in accordance with the law and the articles of association. We participated in Shareholders' Meetings and meetings of the Board of Directors as well as those meetings of other committees at which our presence is required. These meetings were held in accordance with the articles of association and provisions of law that govern the functioning of such meetings.
The delegations and powers conferred were appropriate to the Company's needs and adequate for the evolution of Company operations.
The Board of Statutory Auditors believes that the Company's overall organizational structure is appropriate to the Group's size.
Lastly, the Statutory Auditors, in the course of the periodic reviews conducted during the year, were able to observe the accuracy and promptness with which all obligations were fulfilled and communications dispatched in connection with the listing of the Parent Company on the STAR segment of the *Mercato Telematico Azionario* under the supervision of Borsa Italiana and CONSOB.

### Internal control – Administrative and accounting system

Internal control activity, the purpose of which is to manage Company risks, is entrusted to the Board of Directors and is conducted with the assistance of the Audit Committee, the Officer Responsible for the preparation of the corporate financial reports and the Internal Audit Office.
During the year, the Officer Responsible for the preparation of the corporate financial reports did not report to us any particular critical issues or anomalies requiring mention in this Report.
We became aware of and supervised the adequacy of both the Company's organizational structure and administrative and accounting system, as well as the reliability of said system to accurately represent operating circumstances, by obtaining information from the heads of the respective offices, reviewing Company documents directly, and exchanging information with the auditing firm Reconta Ernst & Young S.p.A., in accordance with article 150 of Legislative Decree No. 58/1998. We have no particular remarks to report in this regard.
The Company has adopted appropriate procedures for governing and monitoring disclosure to the market of data and transactions pertaining to Group companies. In this regard, it should be recalled that the Company has a complex Administrative and Accounting Control Model, approved by the Board of Directors on May 14, 2007. This Model was adopted in part to reflect obligations concerning the drafting of corporate accounting documents and all documents and communications of a financial nature intended for the market. This Model formally establishes a system of company rules and procedures adopted by the Group in order to identify and manage the principal risks associated with the preparation and dissemination of financial information and thereby to achieve the Company's objectives in the areas of the truthfulness and accuracy of such information.
In connection with the satisfaction of the conditions set forth in articles 36 et seq. of CONSOB Regulation No. 16191/2007 (known as the "Market Regulations"), it should be noted that in the first few months of 2008 SAES Getters S.p.A. completed its plan to revise the internal administrative and accounting control system for subsidiaries incorporated under and governed by the laws of countries not belonging to the European Union, which was submitted to CONSOB on July 26, 2007. This revision was disclosed in the Quarterly Report as of December 31, 2007, approved on February 13, 2008. In addition, as regards the obligation established by article 2.6.2, paragraph 15, of the Regulations for Markets Organized and Managed by Borsa Italiana S.p.A., which requires the submission of the certifications set forth in paragraphs 12 and 13 of said article, concerning the satisfaction or non-satisfaction of the conditions set forth in articles 36 and 37, by the deadline of November 16, 2008, we report that the Company fulfilled this obligation in the Interim Report on Operations for the Third Quarter, approved on November 12, 2008.

### Corporate Governance Code for Listed Companies

The Company has passed all of the resolutions required for compliance with the March 2006 version of the "Corporate Governance Code for Listed Companies" and the Board of Directors has approved the 2008 Annual Corporate Governance Report. The full text of this Report, to which the reader is referred for further information, is available to the public according to the methods required by Borsa Italiana S.p.A.
In this regard, the Board of Statutory Auditors attests that it has verified the

propriety of the criteria adopted by the Board of Directors for assessing the independence of its members and has acknowledged the statements issued by individual Directors.
The Board of Statutory Auditors also oversees the conditions for the independence and autonomy of its own members and informs the Board of Directors thereof in a timely manner with respect to the drafting of the Corporate Governance Report. During the year, the Board of Statutory Auditors verified the continuing satisfaction of independence requirements on February 12, 2009.
Lastly, by the established deadline, each member of the Board of Statutory Auditors disclosed to CONSOB the management and control positions filled at the companies indicated in Book V, Title V, Chapters V, VI and VII of the Italian Civil Code, pursuant to article 148-*bis* of Legislative Decree No. 58/1998 and article 144-*quaterdecies* of the Issuer Regulations. In the interest of the fulfillment of public disclosure obligations pursuant to article 114-*quinquiesdecies* of said Regulation, a list of positions filled by each member of the Board of Statutory Auditors of SAES Getters S.p.A. is annexed to this Report.

## Consolidated financial statements and separate financial statements of SAES Getters S.p.A. for the year ended December 31, 2008

Inasmuch as we are not responsible for an analytical review of the contents of the Financial Statements, we certify that we have verified the general layout of both the Consolidated Financial Statements and Separate Financial Statements of SAES Getters S.p.A. and the general compliance thereof with the law in terms of formation and structure. We further certify that the information contained therein corresponded to the facts and information that were in our possession.
As in previous years, we report that both the Consolidated Financial Statements, following the entry into force of Regulation (EC) 1606/2002, and the Financial Statements of the Parent Company, were drafted in accordance with IAS/IFRS, which have been applied since January 1, 2005.
The Financial Statements of the Parent Company and the Consolidated Financial Statements consist of the balance sheet, income statement, cash flow statement, statement of changes in shareholders' equity and the explanatory notes.
The balance sheet layout conforms to the minimum content required by International Accounting Standards and is based on a distinction between current and non-current assets and liabilities depending on whether these items will be realized within or after one year of the balance sheet date.
In the income statement, costs are disclosed on the basis of their allocation.
The cash flow statement was prepared using the indirect method.
As indicated in the Notes and disclosed to the market, we report that, in the interest of improving the comprehension of financial statement figures, several balance sheet and income statement items as of December 31, 2007, presented in these Financial Statements for comparative purposes, were reclassified. These changes did not have any effect on net income or shareholders' equity for the previous year.
As regards the Financial Statements submitted for your consideration, we provide the following financial highlights (in thousands of euro):

(thousands of euro)

| **Income Statement** | **Parent Company** | **Consolidated Financial Statements** |
|---|---|---|
| Net revenues | 21,960 | 157,107 |
| Operating income (loss) | (26,834) | 30,448 |
| Sundry income and expenses | 46,863 | 9 |
| Income before taxes | 20,029 | 30,457 |
| **Net income** | **26,398** | **20,332** |
| **Balance sheet** | | |
| Non-current assets | 105,624 | 136,844 |
| Current assets | 28,924 | 108,654 |
| **Total assets** | **134,548** | **245,498** |
| Non-current liabilities | 6,193 | 31,933 |
| Current liabilities | 28,980 | 70,184 |
| Shareholders' equity | 99,375 | 143,381 |
| **Total liabilities** | **134,548** | **245,498** |

For the year ended December 31, 2008, the Parent Company's Cash Flow Statement shows net cash and cash equivalents of 13,752 thousand of euro. On the same date, the Consolidated Cash Flow Statement shows net cash and cash equivalents of 37,318 thousand of euro.

Intangible assets have been recognized in accordance with IAS 38, as it is likely that future economic benefits will result from their use. They are amortized on the basis of their estimated useful lives. In the Consolidated Financial Statements, goodwill is not subject to amortization; rather, its recoverable value is periodically reviewed on the basis of the expected cash flows of the relative cash generating unit (impairment testing).

Long-term equity investments came to 78,967 thousand of euros at year end, and have been stated in detail and divided into directly and indirectly held investments, joint ventures, associates, and other companies. All equity investments are measured at cost and adjusted as necessary to account for impairment on the Financial Statements of the Parent Company. In the Consolidated Financial Statements, investee companies have been included in the consolidation area according to the line-by-line method, with the exception of joint ventures, to which the proportional method has been applied.
As of December 31, 2008 the provision for coverage of losses allocated in 2007 to account for the write-down of the equity investment in SAES Getters (GB), Ltd. was further increased by 338 thousand of euro.

The dividends collected by the Parent Company in 2008 totaled 49,189 thousand of euro, compared to 52,660 thousand of euro in 2007.

Financial debt came to 18,151 thousand of euro thousand on the Financial Statements of the Parent Company as of December 31, 2008, marking a decrease of 2,689 thousands with respect to December 31, 2007.

Capital stock
As of December 31, 2008, capital stock, fully subscribed and paid-up, amounted to 12,220 thousand of euro and consisted of 15,271,350 ordinary shares and 7,460,619 savings shares, for a total of 22,731,969 shares.
The composition of capital stock is unchanged from December 31, 2007.

Treasury shares
As of December 31, 2008, the Company held a total of 700,000 ordinary treasury shares and 82,000 savings shares. During the year, the Company purchased a total of 3,335 thousand of euro in treasury shares. Between January 7, 2008 and February 8, 2008, the Board of Directors of SAES Getters S.p.A., acting on the resolution passed by the Shareholders' meeting of May 9, 2007, purchased a total of 161,136 ordinary shares at an average price of 18.661 euro per share, resulting in a total expenditure of 3,007 thousand of euro, and 20,605 savings shares at an average price of 15.935 euro per share, resulting in a total expenditure of 328 thousand of euro.
Treasury shares were reclassified to decrease shareholders' equity in application of IAS 32.

The shareholders' equity of the Parent Company totaled 99,375 thousand of euro, and included, inter alia, the reserve for treasury shares in portfolio (11,638 thousand of euro, equal to the book value of ordinary and savings shares of SAES Getters in portfolio at year end), the reserve of positive currency revaluation balances ensuing from the application of law no. 72/1993 and law no. 342/2000 (1,727 thousand of euro), the retained earnings reserve (14,206 thousand of euro), the IAS conversion reserve (2,712 thousand of euro), and the reserve for capital gains on the sale of treasury shares in portfolio (9 thousand of euro).

Research, development and innovation costs were 13,708 thousand of euro in the Financial Statements of the Parent Company and 17,657 thousand of euro in the Consolidated Financial Statements. These costs were charged to income because they did not meet the requirements laid down in IAS 38 for compulsory capitalization.

Income taxes and deferred taxes came to a positive balance of 6,368 thousand of euro for the Parent Company, primarily due to the tax consolidation mechanism, and a negative balance of 10,706 thousand of euro in the Consolidated Financial Statements.

As regards the recognition of deferred and prepaid taxes and the respective tax effects, the reader is referred to the remarks made by the Directors and the statements of temporary differences and associated tax effects.

For information on the performance of subsidiaries, research, development and innovation activities, significant events occurring after the end of the financial year and business outlook, the reader is referred to the Reports on Operations of Consolidated Financial Statements.

On the basis of the foregoing, and in consideration of the results of our activity, we propose that the Shareholders' Meeting approve the Consolidated Financial Statements and Financial Statements of the Parent Company for the year ended December 31, 2008, as prepared by the Directors.

The Board of Statutory Auditors acknowledges the Board of Directors' proposal for the distribution of a dividend of 0.800 euro per each of the 15,271,350 ordinary shares and 0.816 euro per each of the 7,460,619 savings shares, for a total dividend of 18,304,945.10 euro.

Lastly, it should be noted that the term of office of the Board of Statutory Auditors is set to expire when the Financial Statements for the year ended December 31, 2008 are approved. Consequently, as we express our gratitude for the trust you have placed in us, we would like to ask you to take the appropriate action.

March 30, 2009

The Board of Statutory Auditors

## Assignment record pursuant to Article 144-quinquiesdecies of Legislative Decree No. 58 of February 24, 1998

**DONNAMARIA VINCENZO**
Born in Rome on October 4, 1955

Indipendent auditors' register, pursuant to Ministerial Decree of April 12, 1995 published on Gazette No. 31 bis of April 21, 1995; reference 20906.

Total offices: 22
Offices in listed companies: 2

**Offices:**

| | |
|---|---|
| Company: | Allergan SpA |
| Domicile: | Via S. Quasimodo, 134/138 |
| Companies Register no.: | 00431030584 |
| Office: | Chairman of Board of Statutory Auditors |
| Duration: | Approval of 2010 Financial Statements |

| | |
|---|---|
| Company: | Astrolink Italia srl |
| Domicile: | Via Eleonora Duse 35 – 00197 Roma |
| Companies Register no.: | 95754071008 |
| Office: | Statutory Auditor |
| Duration: | Approval of 2010 Financial Statements |

| | |
|---|---|
| Company: | Balverda srl |
| Domicile: | Strada Statale, 156 km 50/Latina |
| Companies Register no.: | 00798570156 |
| Office: | Chairman of Board of Statutory Auditors |
| Duration: | Approval of 2009 Financial Statements |

| | |
|---|---|
| Company: | Cephalon srl |
| Domicile: | Piazza Marconi, 25 – 00144 Roma |
| Companies Register no.: | 04936501008 |
| Office: | Chairman of Board of Statutory Auditors |
| Duration: | Approval of 2008 Financial Statements |

| | |
|---|---|
| Company: | Chefaro Pharma Italia SpA |
| Domicile: | Via del Mare 36 – 00040 Pomezia |
| Companies Register no.: | 08923130010 |
| Office: | Chairman of Board of Statutory Auditors |
| Duration: | Approval of 2008 Financial Statements |

| | |
|---|---|
| Company: | Ciessea SpA |
| Domicile: | Via Vittor Pisani, 25 – 20124 Milano |
| Companies Register no.: | 05090740969 |
| Office: | Chairman of Board of Directors |
| Duration: | Approval of 2008 Financial Statements |

| | |
|---|---|
| Company: | EEMS Italia SpA |
| Domicile: | Via delle Scienze, 5 – Cittaducale (RI) |
| Companies Register no.: | 00822980579 |
| Office: | Chairman of Board of Statutory Auditors |
| Duration: | Approval of 2010 Financial Statements |

| | |
|---|---|
| Company: | KPMG Advisory S.p.A. |
| Domicile: | Via Vittor Pisani 27– 20124 MILANO |
| Companies Register no.: | 04662680158 |
| Office: | Chairman of Board of Statutory Auditors |
| Duration: | Approval of 2010 Financial Statements |

| | |
|---|---|
| Company: | Mylan SpA |
| Domicile: | Via Vittor Pisani 20 – 20124 Milano |
| Companies Register no.: | 13179250157 |
| Office: | Chairman of Board of Statutory Auditors |
| Duration: | Approval of 2008 Financial Statements |

| | |
|---|---|
| Ragione sociale: | LB Italia Holdings srl |
| Domicile: | Piazza del Carmine 4 – 20121 Milano |
| Companies Register no.: | 06673621006 |
| Office: | Chairman of Board of Statutory Auditors |
| Duration: | Approval of 2009 Financial Statements |

| | |
|---|---|
| Company: | Pfizer Holding Italy SpA |
| Domicile: | Strada Statale 156, km 50 - Latina |
| Companies Register no.: | 09810140153 |
| Office: | Statutory Auditor |
| Duration: | Approval of 2009 Financial Statements |

| | |
|---|---|
| Company: | Pharmacia & Upjohn SpA in liquidazine |
| Domicile: | Strada Statale 156, km 50 - Latina |
| Companies Register no.: | 07089990159 |
| Office: | Chairman of Board of Statutory Auditors |
| Duration: | Approval of 2011 Financial Statements |

| | |
|---|---|
| Company: | Presse Italia SpA in Liquidazione |
| Domicile: | Via Ettore Petrolini 2 – 00197 Roma |
| Companies Register no.: | 02851101218 |
| Office: | Statutory Auditor |
| Duration: | Approval of 2008 Financial Statements |

| | |
|---|---|
| Company: | Protos SpA |
| Domicile: | Via Livenza 3 – 00198 Roma |
| Companies Register no.: | 02495120376 |
| Office: | Chairman of Board of Statutory Auditors |
| Duration: | Approval of 2008 Financial Statements |

| | |
|---|---|
| Company: | Protos S.O.A. SpA |
| Domicile: | Via Lovanio 6 – 00198 Roma |
| Companies Register no.: | 06089021007 |
| Office: | Statutory Auditor |
| Duration: | Approval of 2008 Financial Statements |

| | |
|---|---|
| Company: | SAES Getters SpA |
| Domicile: | Viale Italia 77 – 20020 Lainate (MI) |
| Companies Register no.: | 00774910152 |
| Office: | Chairman of Board of Statutory Auditors |
| Duration: | Approval of 2008 Financial Statements |

| | |
|---|---|
| Company: | SAES Advanced Technologies SpA |
| Domicile: | Casella Postale 93 - 67051 Avezzano (AQ) |
| Companies Register no.: | 01277610661 |
| Office: | Chairman of Board of Statutory Auditors |
| Duration: | Approval of 2008 Financial Statements |

| | |
|---|---|
| Company: | Sefarma srl |
| Domicile: | Via Lorenteggio 257 – 20152 Milano |
| Companies Register no.: | 12121530153 |
| Office: | Chairman of Board of Statutory Auditors |
| Duration: | Approval of 2010 Financial Statements |

| | |
|---|---|
| Company: | SGG Holding SpA |
| Domicile: | Via Vittor Pisani 27 – 20124 Milano |
| Companies Register no.: | 06705891007 |
| Office: | Chairman of Board of Statutory Auditors |
| Duration: | Approval of 2009 Financial Statements |

| | |
|---|---|
| Company: | Società Italiana Klynveld Peat Marwick Goerdeler S.r.l. |
| Domicile: | Piazza Repubblica n. 2 – 24100 Bergamo |
| Companies Register no.: | 02997130162 |
| Office: | Director |
| Duration: | Approval of 2009 Financial Statements |

| | |
|---|---|
| Company: | Sprintlink Italy srl |
| Domicile: | Via della Camilluccia 693 – 00135 Roma |
| Companies Register no.: | 06501361007 |
| Office: | Statutory Auditor |
| Duration: | Approval of 2010 Financial Statements |

| | |
|---|---|
| Company: | Vicuron Pharmaceuticals Italy srl |
| Domicile: | Via Abbondio Sangiorgio 18 – 20145 Milano |
| Companies Register no.: | 03842850962 |
| Office: | Chairman of Board of Statutory Auditors |
| Duration: | Approval of 2011 Financial Statements |

**Dr. MAURIZIO CIVARDI**
Born in GENOA on July 7, 1959

Chartered Accountant and Auditor
Associated in Studio ROSINA and Associates

Qualified as Chartered Accountant and Auditor since March 13, 1985.
Indipendent auditors' register, pursuant to Ministerial Decree of April 12, 1995 published on Gazette No. 31 bis of April 21, 1995.

| Company | Office on Board of Statutory Auditors | Duration |
|---|---|---|
| - BOAT BOERO ATTIVA SPA | Chairman | (12/31/2009) |
| - BOMBARDIER TRANSPORTATION (HOLDINGS SPA) | Chairman | (12/31/2008) |
| - BOMBARDIER TRANSPORTATION ITALY SPA | Chairman | (12/31/2011) |
| - FERROMETAL SPA | Chairman | (12/31/2010) |
| - FINSEA SPA | Chairman | (12/31/2008) |
| - GIANFRANCO GABRIEL & C. Soc.acc. p.azioni | Chairman | (12/31/2010) |
| - IGINO MAZZOLA SPA | Chairman | (12/31/2009) |
| - IMM.RE DELLE FABBRICHE S.P.A. | Chairman | (12/31/2008) |
| - KERFIN SPA | Chairman | (12/31/2008) |
| - MIGLIA 104 SRL con Unico Socio | Chairman | (12/31/2008) |
| - O.T.S. –Omnia Trasporti Speciali SRL | Chairman | (12/31/2010) |
| - R.G.M. SPA | Chairman | (12/31/2008) |
| - RIMORCHIATORI RIUNITI PANFIDO & C. SRL | Chairman | (12/31/2010) |
| - TRACOSIN SPA | Chairman | (12/31/2008) |

| | | |
|---|---|---|
| - A.B.C. Costruzioni SPA | Statutory Auditor | (12/31/2009) |
| - ARRED SPA | Statutory Auditor | (12/31/2009) |
| - CANTIERI SAN MARCO SRL | Statutory Auditor | (12/31/2009) |
| - CAPITALIMPRESA SPA | Statutory Auditor | (06/30/2010) |
| - CONCORDIA – S.R.L. | Statutory Auditor | (12/31/2008) |
| - EUROPEAN CRUISE MANAGEMENT SRL | Statutory Auditor | (12/31/2010) |
| - FIDICOM LIGURIA Soc. Coop. A r.l. | Statutory Auditor | (12/31/2008) |
| - GARAVENTA S.P.A. | Statutory Auditor | (12/31/2008) |
| - GENOVA INDUSTRIE NAVALI SRL | Statutory Auditor | (12/31/2010) |
| - INDEMAR SPA | Statutory Auditor | (12/31/2010) |
| - INTERMARE SPA | Statutory Auditor | (12/31/2008) |
| - INTERSEA MULTI TRANSPORT OPERATOR SRL | Statutory Auditor | (12/31/2009) |
| - ISTITUTO LIGURE MOBILIARE S.P.A. | Statutory Auditor | (12/31/2010) |
| - LIGURCAPITAL SPA | Statutory Auditor | (12/31/2010) |
| - MARITIME LOGISTICS AGENCY S.R.L. | Statutory Auditor | (12/31/2010) |
| - NAVAL CHARTER MILANO SRL | Statutory Auditor | (12/31/2009) |
| - SAES GETTERS – S.P.A. | Statutory Auditor | (12/31/2008) |
| - SAN GIORGIO SEIGEN SPA | Statutory Auditor | (12/31/2008) |
| - SE.BE.R. S.R.L. con Unico Socio | Statutory Auditor | (12/31/2010) |
| - SECH TERMINAL CONTENITORI SPA | Statutory Auditor | (12/31/2010) |
| - SOLUX S.P.A. | Statutory Auditor | (12/31/2010) |
| - TERMINAL RUBIERA S.R.L. | Statutory Auditor | (12/31/2008) |

| | | |
|---|---|---|
| - TERMINAL SAN GIORGIO S.R.L. | Statutory Auditor | (12/31/2008) |
| - TONO SPA | Statutory Auditor | (12/31/2008) |
| - TUNNEL DI GENOVA SPA | Statutory Auditor | (12/31/2008) |
| - ZEUS SPA | Statutory Auditor | (12/31/2008) |

Other Offices:

| | |
|---|---|
| - DELTA S.R.L. IN LIQUIDAZIONE | Liquidator |
| - TENDER TO S.r.l. | Sole Director |
| - AGES S.P.A. in Amministrazione Straordinaria | Special Manager |

Offices in listed companies: 1 (SAES Getters S.p.A.)

Total number of offices: 43

**MARTINELLI ALESSANDRO**
Born in Milan on July 5, 1960

Indipendent auditors' register, pursuant to Ministerial Decree of April 12, 1995 published on Gazette No. 31 bis of April 21, 1995; reference 2234.

Total offices: 20
Offices in listed companies: 1

**Offices:**

Company: Mondadori Educations S.p.A.
Domicile: Via Bianca di Savoia 12 – 20122 Milano
Companies Register no.: 03261490969
Office: Statutory Auditor
Duration: Approval of 2009 Financial Statements

Company: Mondadori Retail S.r.l.
Domicile: Via Bianca di Savoia 12 – 20122 Milano
Companies Register no.: 00212560239
Office: Chairman of Board of Statutory Auditors
Duration: Approval of 2010 Financial Statements

Company: Cemit Interactive Media S.p.A.
Domicile: Via toscana , 9 -10099 S. Mauro Torinese
Companies Register no.: 04742700018
Office: Statutory Auditor
Duration: Approval of 2010 Financial Statements

Company: Mach 2 Libri S.p.A.
Domicile: Via Galileo Galilei 1 – 20068 Peschiera Borromeo
Companies Register no.: 03782990158
Office: Statutory Auditor
Duration: Approval of 2009 Financial Statements

Company: Maiolica S.p.A.
Domicile: P/zale Principessa Clotilde, 6 – 20121 Milano
Companies Register no.: 01920530159
Office: Statutory Auditor
Duration: Indefinitely

Company: Automobile Club Milano Servizi Assicurativi S.p.A.
Domicile: Corso Venezia , 43 – 20121 Milano
Companies Register no.: 09620360157
Office: Statutory Auditor
Duration: Approval of 2009 Financial Statements

Company: Immobiliare Automobile Club di Milano S.p.A.
Domicile: Corso Venezia , 43 – 20121 Milano
Companies Register no.: 01046390157
Office: Statutory Auditor
Duration: Approval of 2008 Financial Statements

Company: Quanta S.p.A.
Domicile: Corso Porta Ticinese, 12 – 20123 Milano
Companies Register no.: 10990660150
Office: Statutory Auditor
Duration: Approval of 2010 Financial Statements

Company: Terra S.p.A
Domicile: Via Fontana , 11 – 20122 Milano
Companies Register no.: 04264890965
Office: Statutory Auditor
Duration: Approval of 2009 Financial Statements

Company: Diamante S.p.A.
Domicile: Via Fontana, 11
Companies Register no.: 05039820968
Office: Statutory Auditor
Duration: Approval of 2010 Financial Statements

Company: Realty Investments S.p.A.
Domicile: Piazza Diaz ,1 -20123 Milano
Companies Register no.: 13032580154
Office: Statutory Auditor
Duration: Approval of 2008 Financial Statements

Company: Tenimenrto di Luvinate S.r.l.
Domicile: Corso Porta Vittoria ,18 -20122 Milano
Companies Register no.: 06785950152
Office: Statutory Auditor
Duration: Approval of 2009 Financial Statements

Company: Saes Getters S.p.A.
Domicile: Viale Italia , 77 – 20020 Lainate
Companies Register no.: 00774910152
Office: Statutory Auditor
Duration: Approval of 2008 Financial Statements

Company: Saes Advanced Technologies S.p.A.
Domicile: Casella postale 93 -67051 Avezzano
Companies Register no.: 01277610661
Office: Statutory Auditor
Duration: Approval of 2008 Financial Statements

Company: Gruner + Jahr Mondadori9 S.p.A.
Domicile: Corso Monforte . 54- 20121 Milano
Companies Register no.: 09440000157
Office: Chairman of Board of Statutory Auditors
Duration: Approval of 2010 Financial Statements

Company: IN-FI Industriale Finanziara S.p.A
Domicile: Via Stradivari 4 – 20131 Milano
Companies Register no.: 04243520154
Office: Statutory Auditor
Duration: Approval of 2010 Financial Statements

Company: S. Angelo Romano S.r.l.
Domicile: Via Stradivari , 4 – 20131 Milano
Companies Register no.: 03287650158
Office: Statutory Auditor
Duration: Approval of 2010 Financial Statements

Company: Immobiliare Firmitas S.r.l.
Domicile: Via Turati n. 7 – 20121 Milano
Companies Register no.: 03488010152
Office: Sole Director
Duration: Until cancelled

Company: G.P.I. Gruppo Progettazioni Integrali S.r.l. in liq.
Domicile: Via Turati ,7 – 20121 Milano
Companies Register no.: 02085400154
Office: Liquidator
Duration: Until cancelled

Company: Tartana di Alessandro Martinelli & C
Domicile: Via Turati ,7 – 20121 Milano
Companies Register no.: 01751160159
Office: Liquidator
Duration: Until cancelled

## Independent auditors’ report

Reconta Ernst & Young S.p.A.
Via della Chiusa, 2
20123 Milano

Tel. (+39) 02 722121
Fax (+39) 02 72212037
www.ey.com

# Independent auditors' report

**pursuant to Article 156 of Legislative Decree No. 58 of February 24, 1998**
**(Translation from the original Italian text)**

To the Shareholders
of Saes Getters S.p.A.

1. We have audited the consolidated financial statements of Saes Getters S.p.A. and its subsidiaries, (the "Saes Group") as of and for the year ended December 31, 2008, comprising the balance sheet, the statement of income, changes in shareholders' equity and cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n° 38/2005 is the responsibility of the Saes Getters S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   For our opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated March 28, 2008.

3. In our opinion, the consolidated financial statements of the Saes Group at December 31, 2008 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n° 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations, the changes in shareholders' equity and the cash flows of the Saes Group for the year then ended.

4. The management of Saes Getters S.p.A. is responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements as required by art. 156, paragraph 4-bis, letter d) of the Legislative Decree 58/98. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Report on Operations is consistent with the consolidated financial statements of the Saes Group as of December 31, 2008.

Milan, March 20, 2009

Reconta Ernst & Young S.p.A.
signed by: Gabriele Grignaffini, partner

# Report on Operations of the SAES Getters S.p.A.

## Financial highlights of SAES Getters S.p.A.

(thousands of euro)

| Income statement data | Year 2008 | Year 2007 | Difference | Difference % |
|---|---|---|---|---|
| NET SALES | | | | |
| - Information Displays | 15.625 | 27,752 | (12,127) | -43.7% |
| - Industrial Applications | 4,320 | 4,146 | 174 | 4.2% |
| - Shape Memory Alloys | 615 | 38 | 577 | 1518.4% |
| - Advanced Materials & Corporate Costs | 1,400 | 1,800 | (400) | -22.2% |
| **Total** | **21,960** | **33,736** | **(11,776)** | **-34.9%** |
| EBITDA* | (22,852) | (19,297) | (3,555) | 18.4% |
| % on sales | -104.1% | -57.2% | | |
| OPERATING INCOME (LOSS) | | | | |
| - Information Displays | (10,206) | (11,980) | 1,774 | -14.8% |
| - Industrial Applications | (4,854) | (3,042) | (1,812) | 59.6% |
| - Shape Memory Alloys | (2,437) | (1,816) | (621) | 34.2% |
| - Advanced Materials & Corporate Costs | (9,337) | (8,811) | (526) | 6.0% |
| **Total** | **(26,834)** | **(25,649)** | **(1,185)** | **4.6%** |
| % on sales | -122.2% | -76.0% | | |
| NET INCOME | 26,398 | 34,022 | (7,624) | -22.4% |
| % on sales | 120.2% | 100.8% | | |
| **Balance Sheet and Financial data** | **December 31, 2008** | **December 31, 2007** | **Difference** | **Difference %** |
| Property, plant and equipment, net | 18,422 | 20,396 | (1,974) | -9,7% |
| Shareholders' equity | 99,375 | 98,267 | 1,108 | 1.1% |
| Net financial position | (4,094) | 15,387 | (19,481) | -126.6% |
| **Other information** | **December 31, 2008** | **December 31, 2007** | **Difference** | **Difference %** |
| Cash flow from operating activities | (19,495) | (17,111) | (2,384) | 13.9% |
| Research & development expenses | 13,708 | 14,281 | (573) | -4.0% |
| Number of employees as at 31 December** | 276 | 295 | (19) | -6.4% |
| Personnel cost | 17,249 | 17,858 | (609) | -3,4% |
| Purchase of property, plant and equipment | 1,971 | 2,724 | (753) | -27.6% |

* EBITDA is not deemed a measure of performance under International Financial Reporting Standards IFRS and must not be considered as an alternative indicator of the Group's operations. However, we believe that EBITDA is an important parameter for measuring the Group's performance. Since the calculation of EBITDA is not regulated by applicable accounting standards, the method applied by the Group may not be homogeneous with methods adopted by other groups. EBITDA is defined as operating income plus depreciation and amortization of non-current assets.

** This figures include personnel employed by Italian Group companies with contract types other than salaried employment agreements.

The organizational structure of the Group, and consequently also that of SAES Getters S.p.A., as the Parent Company (hereinafter the "Company"), consists of three Business Units (Information Displays, Industrial Applications and Shape Memory Alloys) and one Business Development Unit (Advanced Materials).
The organizational structure based on Business Units is shown in the following table:

| | |
|---|---|
| **Information Displays Business Unit** | |
| Liquid Crystal Displays | Getters and metal dispensers for flat displays. |
| Cathode Ray Tubes | Barium Getters for cathode ray tubes. |
| **Industrial Applications Business Unit** | |
| Lamps | Getters and metal dispensers used in discharge lamps and fluorescent lamps. |
| Electronic Devices | Getters and metal dispensers for electron vacuum devices. |
| Vacuum Systems and Thermal Insulation | Pumps for vacuum systems and products for thermal insulated devices. |
| Semiconductors | Gas purifier systems for the semiconductor industry and other industries. |
| **Shape Memory Alloys Business Unit** | |
| Shape Memory Alloys | Shape Memory Alloys. |
| **Advanced Materials Business Development Unit** | |
| Advanced Materials | Dryers for OLED displays, getters for microelectronic and micromechanical systems, optical crystals. |

Net sales were 21,960 thousand of euro in 2008, down 34.9% on the 33,736 thousand of euro reported in 2007. The decrease was primarily due to the lesser sales of mercury dispensers used in cold cathode fluorescent lamps for the backlighting of liquid crystal displays (Liquid Crystal Displays Business Unit) and of cathode ray rubes in the Cathode Ray Tubes Business due to the maturity of the market. The Industrial Applications and Shape Memory Alloys Business Units reported slight increases.

The operating loss came to 26,834 thousand of euro in 2008, compared to 25,649 thousand of euro in 2007. This loss was primarily due to the decline in gross profit and the increase in general and administrative expenses, the latter of which were affected by 1,923 thousand of euro in costs associated with the development of the new information technology system (ERP).

Dividends, net financial income, net foreign exchange gains and write-downs of equity investments by subsidiaries came to 46,863 thousand of euro in 2008, down from 54,343 thousand of euro in the previous year, chiefly due to the lesser dividends collected and the increase in the write-downs of equity investments in subsidiaries of 227 thousand of euro for SAES Getter Nanjing Co., Ltd., 1,773 thousand of euro for SAES Opto S.r.l., and 338 thousand of euro for SAES Getters (GB) Ltd. (this latter figure also includes the write-down of the financial receivable claimed from the subsidiary).

Net income was 26,398 thousand of euro in 2008, compared with 34,022 thousand of euro in 2007, and represented 120.2% of net sales (100.8% in 2007).

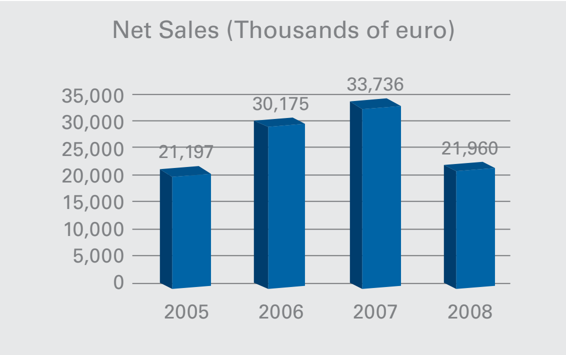
Financial position at December 31, 2008 showed net debt of 4,094 thousand of euro, compared to 15,387 thousand of euro in net cash at hand at December 31, 2007.

## Research, Development and Innovation Activities - Parent Company

Research and development activity in the OLED field was remarkably intense during the year. Firstly, there was renewed interest in DryFlex from several European and Asian manufacturers, to which samples of our getters were sent. In addition, development activity for organic getters and gettering pastes continued, and samples were sent to important Korean and Japanese customers.
OLED technology is highly important to SAES Getters because in coming years it will take up a position on the display market alongside LCD technology and will also be used in lamps for domestic lighting.
During 2008, a significant improvement was made to the characteristics of a product in the solar cell field, B-Dry, which is used in traditional solar cells, and samples of which were provided to the market near the end of the year.
Very intense was also the work on products for lamps to improve the amounts and accuracy of mercury discharge.
In the SMA field, the laboratory in Lainate strove to secure the approval of important customers for components used in the automotive and consumer electronics industries. During this same period, the pilot facility, owing to the high level of production efficiency achieved, was also capable of satisfying orders received for products approved by clients in 2007.
Also noteworthy was the intensive activity in the advanced materials field aimed at the transfer of know-how following the acquisition of Nanoscape technology for the manufacture of functionalized nanozeolites. This technology will be applied in the context of a broader project that aims to develop next-generation impermeable barriers for applications in plastic electronics products and solar cells.
For further details on research and development activities, the reader is referred to the General Information on the Group's Operations.

## Sales and net income for the year ended December 31, 2008

**Net sales** were 21,960 thousand of euro in 2008, down 34.9% on the 33,736 thousand of euro reported in 2007.

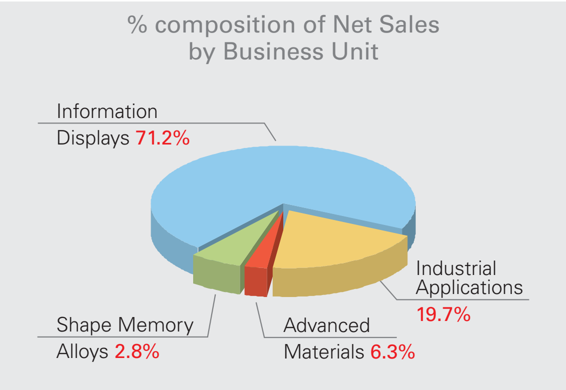



The Information Displays Business Unit reported a decline, primarily due to the contraction of the LCD market and the maturity of the market for barium getters for cathode ray tubes. The Industrial Applications and Shape Memory Alloys Business Units reported slight increases.

The following table shows a breakdown of revenue by Business Unit. The 2007 net sales of getters for flat screens other than LCDs (Other Flat Panels Business), which came to 182 thousand of euro in 2007 and 128 thousand of euro in 2008, have been reclassified from the Information Displays Business Unit to the Advanced Materials Business Unit.

(thousands of euro)

| Business Unit and Business Area | Year 2008 | Year 2007 | Year 2006 | Difference | Difference % | Price/ quantity/ effect % | Exchange rate effect % |
|---|---|---|---|---|---|---|---|
| Flat Panel Displays | 13,425 | 22,174 | 63 | (8,749) | -39.5% | -32.7% | -6.8% |
| Cathode Ray Tubes | 2,200 | 5,578 | 23,153 | (3,378) | -60.6% | -58.1% | -2.5% |
| **Subtotal Information Displays** | **15,625** | **27,752** | **23,216** | **(12,127)** | **-43.7%** | **-37.4%** | **-6.3%** |
| Lamps | 542 | 644 | 1,215 | (102) | -15.8% | -14.0% | -1.8% |
| Electronic Devices | 3,000 | 2,846 | 2,838 | 154 | 5.4% | 8.5% | -3.1% |
| Vacuum Systems and Thermal Insulation | 778 | 645 | 745 | 133 | 20.6% | 24.2% | -3.6% |
| Semiconductors | - | 11 | 1,339 | (11) | -100.0% | -100.0% | 0.0% |
| **Subtotal Industrial Applications** | **4,320** | **4,146** | **6,137** | **174** | **4.2%** | **7.1%** | **-2.9%** |
| **Subtotal Shape Memory Alloys** | **615** | **38** | **-** | **577** | **1518.4%** | **1518.4%** | **0.0%** |
| **Subtotal Advanced Materials** | **1,400** | **1,800** | **-** | **(400)** | **-22.2%** | **-22.1%** | **-0.1%** |
| **Total Net Sales** | **21,960** | **33,736** | **29,353** | **(11,776)** | **-34.9%** | **-29.2%** | **-5.7%** |




Net sales in the **Information Displays Business Unit** totaled 15,625 thousand of euro, a decrease of 12,127 thousand of euro on 2007. Currency trends produced a negative exchange rate effect of 6.3%. The Business Unit reported an overall decline of 43.7% compared to the previous year due to the contraction of the Flat Panel Displays market and the maturity of the Cathode Ray Tubes market.

Net sales in the **Industrial Applications Business Unit** totaled 4,320 thousand of euro, up by 4.2% on last year's figure. Currency trends produced a negative exchange rate effect of 2.9%. The increase was primarily concentrated in the Electronic Devices and Vacuum Systems and Thermal Insulation Business Areas.

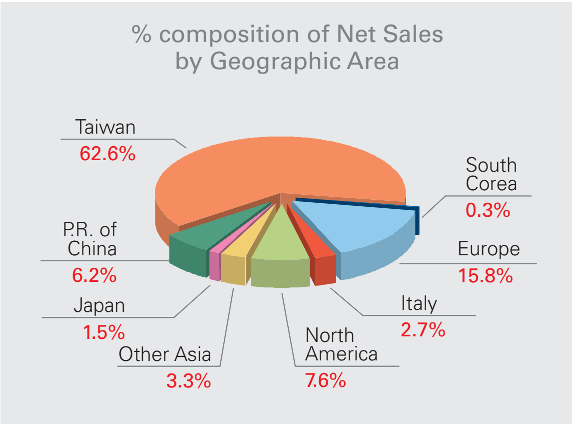
Net sales in the **Shape Memory Alloys Business Unit** were 615 thousand of euro, up on the 577 thousand of euro reported in 2007 due to re-sales of commodities purchased from third parties to other associates.

Net sales in the **Advanced Materials Business Development Unit** totaled 1,400 thousand of euro, down 22.2% on the previous year's figure, essentially due to sales in the optoelectronics area. We report that sales in the optoelectronics area were undertaken by the subsidiary SAES Opto S.r.l. in 2008.

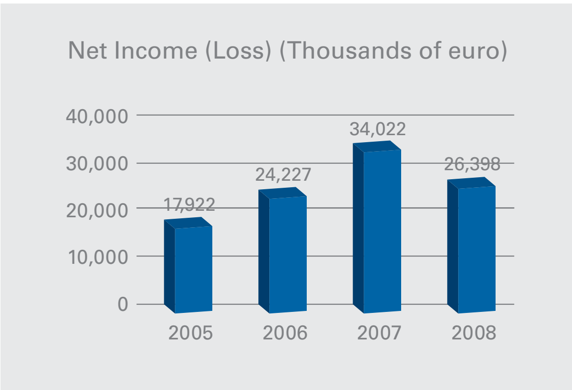
A breakdown of net sales by geographical location of customers is given below:

(thousands of euro)

| Geographic Area | Year 2008 | % | Year 2007 | % | Difference | Difference % |
|---|---|---|---|---|---|---|
| Italy | 599 | 2.7% | 790 | 2.3% | (191) | -24.2% |
| Other UE and Europe | 3,470 | 15.8% | 3,616 | 10.6% | (146) | -67.3% |
| North America | 1,668 | 7.6% | 1,696 | 5.0% | (28) | -1.7% |
| Japan | 332 | 1.5% | 381 | 1.1% | (49) | -12.9% |
| P.R. of China | 1,362 | 6.2% | 882 | 2.6% | 480 | 54.4% |
| South Korea | 66 | 0.3% | 207 | 0.6% | (141) | -68.1% |
| Taiwan | 13,740 | 62.6% | 19,004 | 56.3% | (5,264) | -27.7% |
| Other Asia | 721 | 3.3% | 6,842 | 20.3% | (6,121) | -89.5% |
| Other | 2 | 0.0% | 318 | 0.9% | (316) | -99.4% |
| **Total Net Sales** | **21,960** | **100.0%** | **33,736** | **100.0%** | **(11,776)** | **-34.9%** |




Net sales were down across nearly all geographical segments, and Asia in particular, with the exception of the People's Republic of China.




**Net income** for 2008 was 26,398 thousand of euro, compared with 34,022 thousand of euro in 2007.

The following table shows gross profit for 2008 and 2007 by Business Unit:

(thousands of euro)

| | Year 2008 | Year 2007 | Difference 2008/2007 | Difference % |
|---|---|---|---|---|
| Information Displays | 985 | 2,382 | (1,397) | -58.6% |
| Industrial Applications | 1,753 | 1,576 | 177 | 11.2% |
| Shape Memory Alloys | (97) | (41) | (56) | 136.6% |
| Advanced Materials & Corporate Costs | (449) | (1,703) | 1,254 | -73.6% |
| **Gross profit** | **2,192** | **2,214** | **(22)** | **-1.0%** |

**Gross profit** was 2,192 thousand of euro in 2008, compared with 2,214 thousand of euro in 2007. Gross profit, as a percentage of net sales, rose from 6.6% in 2007 to 9.98% in 2008 due to the improvement of the product mix.

The **operating loss** came to 26,834 thousand of euro in 2008, compared to 25,649 thousand of euro in 2007. The increase in the operating loss was primarily due to the decrease in royalties paid by associates in connection with the decline in the Group's net sales.

The following table shows operating income or loss for 2008 and 2007 according to Business Unit.

(thousands of euro)

| | Year 2008 | Year 2007 | Difference 2008/2007 | % |
|---|---|---|---|---|
| Information Displays | (10,206) | (11,980) | 1,774 | -14.8% |
| Industrial Applications | (4,854) | (3,042) | (1,812) | 59.6% |
| Shape Memory Alloys | (2,437) | (1,816) | (621) | 34.2% |
| Advanced Materials & Corporate Costs | (9,337) | (8,810) | (527) | 6.0% |
| **Operating Income (Loss)** | **(26,834)** | **(25,649)** | **(1,185)** | **4.6%** |

Research and development expenses not capitalized inasmuch as they did not satisfy the compulsory capitalization requirements set forth in IAS 38 came to 13,708 thousand of euro, compared to 14,281 thousand of euro in 2007. As a percentage of net sales, they amounted to 62.4% in 2008, compared to 42.3% in the previous year.

The item "Other income (expenses), net" stood at net income of 5,510 thousand of euro, compared with a net income of 6,801 thousand of euro in 2007. The decrease was primarily due to the decline in revenues on licensing fees paid by several subsidiaries.

The algebraic sum of exchange gains and losses came to a negative net total of 294 thousand of euro as of December 31, 2008, compared to a positive net total of 341 thousand of euro in 2007.

(thousands of euro)

| | Year 2008 | Year 2007 | Difference |
|---|---|---|---|
| Realized foreign exchange gains | 1,455 | 1,041 | 414 |
| Unrealized foreign exchange gains | 18 | 158 | (140) |
| Realized foreign exchange losses | (1,371) | (937) | (434) |
| Unrealized foreign exchange losses | (50) | (97) | 47 |
| Gains (losses) from Forward financial instruments *fair value* evaluation | (346) | 176 | (522) |
| **Total** | **(294)** | **341** | **(635)** |

Income taxes totaled a positive 6,368 thousand of euro compared with a positive figure of 5,328 thousand of euro in the previous year.

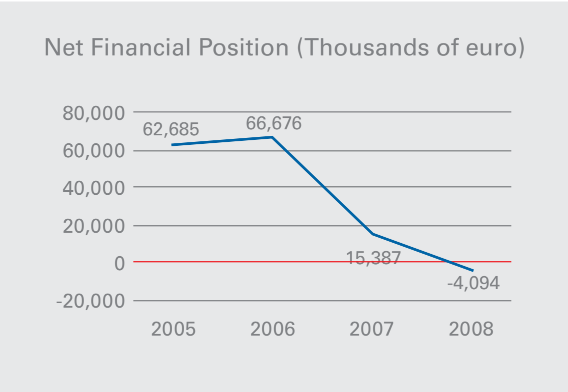
## Financial position - Investments - Other information

The following table provides a breakdown of the items comprising net financial position.

(thousands of euro)

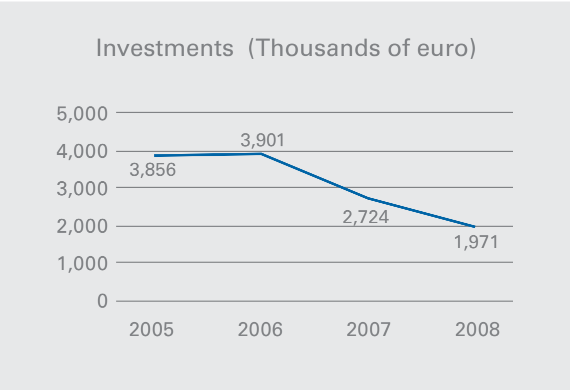
| | December 31, 2008 | December 31, 2007 |
|---|---|---|
| Cash on hand | 18 | 14 |
| Cash equivalents | 13.734 | 36,126 |
| **Total cash and cash equivalents** | **13,752** | **36,140** |
| **Current financial assets *** | **364** | **285** |
| Bank overcraft | - | - |
| Current portion of long term debt | 1,019 | 849 |
| Other current financial liabilities * | 15,348 | 17,977 |
| **Total current liabilities** | **16,367** | **18,826** |
| **Current net financial positions** | **(2,251)** | **17,599** |
| Long term debt, net of current portion | 1,843 | 2,212 |
| **Total non current liabilities** | **1,843** | **2,212** |
| **Net financial position** | **(4,094)** | **15,387** |

* As of December 31, 2008, the Company included current financial payables to and receivables from Group companies in the calculation of net financial position. The figure as of December 31, 2007 has been adjusted to render it comparable.

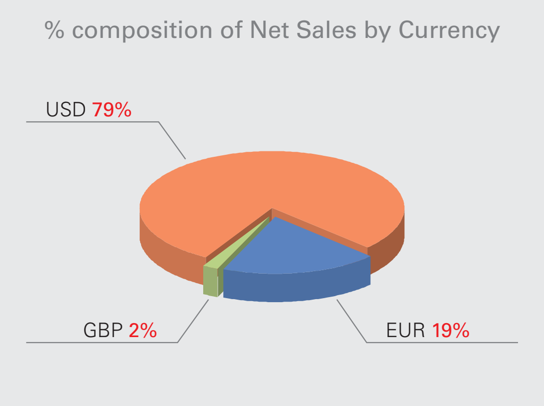


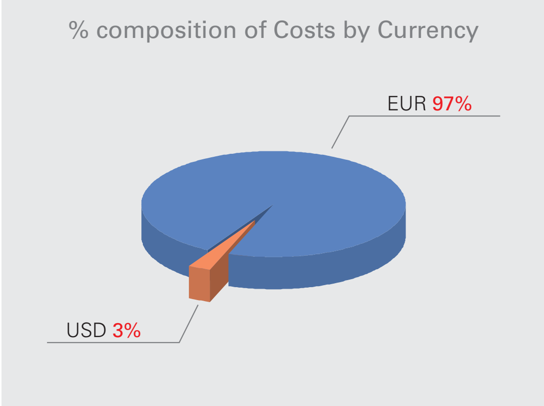

**Financial position** showed net debt of 4,094 thousand of euro as of December 31, 2008, comprising cash and cash equivalents of 13,752 thousand of euro, financial receivables of 364 thousand of euro, and financial payables of 18,210 thousand of euro, compared to net liquidity of 15,387 thousand of euro as of December 31, 2007. The decline compared to December 31, 2007 is primarily due to the reduction in the net cash pooling balance with subsidiaries and the capital stock increase of SAES Getters International Luxembourg S.A. of 20,000 thousand of euro.

In 2008, consolidated investments increased by 1,971 thousand of euro (2,724 thousand of euro in 2007).



The composition of net sales and operating costs by currency is given below.




## Related Party Transactions

Transactions with Related Parties are identified on the basis of IAS 24 and article 2359 of the Civil Code. Transactions with subsidiaries, joint ventures and associates continued in 2008. Transactions were undertaken with such counterparties as part of the Company's ordinary operations. These transactions were predominantly commercial in nature and involved the purchase and sale of raw materials, semi-finished goods, finished goods, machinery, tangible assets and services of various kinds and were undertaken under at arm's-length conditions. Interest-bearing cash pooling agreements are in force with several Group companies. All agreements entered into were at arm's length conditions.
The main transactions with the subsidiaries, associates or joint ventures of the SAES Group were as follows:

*SAES ADVANCED TECHNOLOGIES S.p.A., Avezzano, L'Aquila, Italy*
Revenues on royalties relating to the sale of getters for industrial applications; charge-backs relating to the use of centrally purchased software licenses; charge-backs of centrally managed insurance costs; revenues on the charge-back of centralized Group services; the purchase of mercury dispensers used in liquid crystal displays; and purchases of raw materials with SAES Advanced Technologies S.p.A. An interest-bearing cash-pooling agreement and a receivables insurance contract are also in force.

*SAES GETTERS USA, INC., Colorado Springs, CO (USA)*
Sale of getters; purchase of finished goods for the Lamps Business Area; charge-backs relating to the use of centrally purchased software licenses; charge-backs of centrally managed insurance costs; revenues on charge-backs of centralized Group services; and revenues on royalties relating to the use of the "SAES" brand. In addition, an interest-bearing cash-pooling agreement is in effect.

*SAES GETTERS AMERICA, INC., Cleveland, OH (USA)*
Purchase of getters; revenue relating to the use of the "SAES" brand; charge-backs relating to the use of centrally purchased software licenses; charge-backs of centrally managed insurance costs; and revenues on charge-backs of centralized Group services.

*SAES PURE GAS, INC., San Luis Obispo, CA (USA)*
Revenue relating to licensing fees for the sale of purifiers; charge-backs relating to

the use of centrally purchased software licenses; charge-backs relating to centrally managed insurance costs; and revenue on charge-backs of centralized Group services.

*SAES SMART MATERIALS, INC., New York, NY (USA)*
Revenue on charge-backs of legal and administrative consulting fees relating to the acquisition; charge-backs of centrally managed insurance costs; and revenue on charge-backs of centralized Group services. In addition, an interest-bearing loan agreement is in effect.

*SPECTRA-MAT, INC., Watsonville, CA (USA)*
Revenue on charge-backs of centralized Group services.

*SAES GETTERS TECHNICAL SERVICE (Shanghai) CO., LTD., Shanghai (People's Republic of China)*
No transactions.

*SAES GETTERS KOREA CORPORATION, Seoul (South Korea)*
Sales of getters; licensing revenue; charge-backs relating to the use of centrally acquired software licenses; charge-backs of centrally managed insurance costs; and revenues on charge-backs of centralized Group services. In addition, an interest-bearing cash-pooling agreement is in effect.

*SAES GETTERS JAPAN CO., LTD., Tokyo (Japan)*
Sales of getters; charge-backs relating to the use of centrally purchased software licenses; centrally managed insurance costs; and revenues on charge-backs of centralized Group services. In addition, an interest-bearing cash-pooling agreement is in effect.

*SAES GETTERS SINGAPORE PTE, LTD., Singapore (Singapore)*
Sales of getters; charge-backs relating to the use of centrally purchased software licenses; centrally managed insurance costs; and revenues on charge-backs of centralized Group services. In addition, an interest-bearing cash-pooling agreement is in effect.

*SAES GETTERS (DEUTSCHLAND) GmbH, Cologne (Germany)*
Charge-backs relating to the use of centrally purchased software licenses; commission expenses on commercial transactions. In addition, an interest-bearing cash-pooling agreement is in effect.

*SAES GETTERS (GB) LTD., Daventry (GB)*
Commission expenses on commercial transactions; charge-backs relating to the use of centrally purchased software licenses. In addition, an interest-bearing loan agreement (under which the Company is the lender) is in effect.

*SAES GETTERS INTERNATIONAL LUXEMBOURG S.A., Luxembourg (Luxembourg)*
No transactions.

*SAES GETTERS (NANJING) CO., LTD., Nanjing (People's Republic of China)*
Charge-backs relating to the use of centrally purchased software licenses and centrally incurred administrative costs; centrally managed insurance costs; commission expenses and income on commercial transactions.

*NANJING SAES HUADONG VACUUM MATERIAL CO., LTD., Nanjing (People's Republic of China)*
(51% joint venture) No transactions.

*SAES OPTO S.r.l., Lainate, MI (Italy)*
Charge-backs for a lease agreement for office premises, support and consulting services; charge-backs relating to the use of centrally purchased software licenses. In addition, an interest-bearing cash pooling agreement is in effect.

*MEMRY GmbH, Weil am Rhein (Germany) (formerly Dr.-Ing Mertmann Memory-Metalle GmbH)*
Purchases of nickel alloy wire; charge-backs of centralized Group services. In addition, an interest-bearing loan agreement (under which the company is the lender) is in effect.

*MEMRY CORPORATION, Bethel, CT (USA)*
Revenues on the charge-back of expenses for legal and administrative consulting related to the acquisition and charge-backs for centralized services.

*SAES GETTERS EXPORT CORP., Wilmington, DE (USA)*
No transactions.

In addition, the Company has entered into agreements for the provision of commercial, technical, IT, legal, and financial services, the study of specific products, and the sale of know-how with the following subsidiaries: SAES Advanced Technologies S.p.A., SAES Getters USA, Inc., SAES Getters America, Inc., SAES Pure Gas, Inc., SAES Getters Korea Corporation, SAES Getters Japan Co., Ltd., SAES Getters Singapore PTE, Ltd., SAES Getters (Nanjing) Co., Ltd., Spectra-Mat. Inc., SAES Smart Materials, Inc., and Memry Corporation.

The Company manages and coordinates SAES Advanced Technologies based in Avezzano, Italy, as defined by article 2497 et seq. of the Italian Civil Code.

The Company provides bank guarantees to its subsidiaries, as described in the Note concerning potential liabilities and commitments.

Comments on the most significant transactions undertaken during 2008 are given in the Note, as part of the analysis on the composition of the individual items of the Financial Statements.

Financial transactions with the subsidiaries, associates or joint ventures of the SAES Getters Group are summarized below:

(thousands of euro)

| Company | Receivables as of 31.12.2008 | Payables as of 31.12.2008 | Revenues Year 2008 | Services Year 2008 | Expenses Year 2008 | Memorandum accounts as 31.12.2008* |
|---|---|---|---|---|---|---|
| SAES Advanced Technologies S.p.A. | 1,756 | 4,933 | 3,273 | 1,129 | 12,523 | - |
| SAES Getters USA, Inc. | 182 | 1,759 | 327 | 133 | 61 | 4,000 |
| SAES Getters America, Inc. | 159 | 12 | 1.103 | 15 | 204 | - |
| SAES Pure Gas, Inc. | 270 | - | 37 | 231 | 1 | - |
| SAES Smart Materials, Inc. | 308 | 1,196 | 419 | 75 | 30 | - |
| Spectra-Mat, Inc. | 53 | - | - | - | - | - |
| Memry Corporation | 256 | - | - | - | - | - |
| SAES Getters Korea Corporation | 459 | 7,819 | 1,089 | 316 | 347 | - |
| SAES Getters Japan, Co.Ltd. | 151 | 475 | 321 | 75 | 23 | 2,500 |
| SAES Getters Singapore, Pte Ltd. | 36 | 77 | 248 | 3 | 14 | 1,700 |
| SAES Getters Deutschland GmbH | 1 | 108 | - | - | 96 | - |
| SAES Getters GB Ltd. | 283 | 18 | 6 | - | 50 | 300 |
| SAES Getters (Nanjing) Co.Ltd. | 119 | 12 | 46 | 86 | 49 | - |
| Memry GmbH | 81 | - | 1 | - | - | - |
| SAES Opto Materials Srl | 1,442 | 58 | 2 | - | - | - |
| SAES Opto Srl | 686 | - | 24 | 23 | - | - |
| **Total** | **6,242** | **16,467** | **6,896** | **2,086** | **13,398** | **8,500** |

* includes guarantees issued by SAES Getters S.p.A.

The Company undertook the following transactions with related parties other than subsidiaries, associates and joint ventures:

- **S.G.G. Holding S.p.A.**, the controlling company. S.G.G. Holding S.p.A., substantially controlled by the former parties to the SAES Getters Shareholders' Agreement, is the Company's majority shareholder, holding, as of the reporting date, 7,958,920 ordinary shares representing 52.12% of the ordinary capital with voting rights.
- As regards the majority investment held by S.G.G. Holding S.p.A., we report that the latter does not manage or coordinate SAES Getters S.p.A. within the meaning given in article 2497 of the Italian Civil Code. The evaluations conducted by the Board of Directors indicate that: S.G.G. Holding S.p.A. does not play any role in defining the annual budget, long-term strategic plans or investment choices, does not approve specific significant transactions undertaken by the Company and its subsidiaries (acquisitions, disposals, investments, etc.) and does not coordinate business initiatives and actions in the sectors in which the Company and its subsidiaries operate. Furthermore, SAES Getters S.p.A. is entirely independent in its organization and decision-making and acts in an independent negotiating capacity in its dealings with customers and suppliers.
- It should be recalled that a national tax consolidation agreement was signed with the controlling company S.G.G. Holding S.p.A. on May 12, 2005 and then renewed for the following three years on June 12, 2008, in order to control the effects of the joint exercise of the Group taxation option, as described in article 117 of the Consolidated Income Tax Act. Under the tax consolidation program, the Company recognized tax receivables from S.G.G. Holding S.p.A. of 6,529 thousand of euro in 2008.
- It should further be noted that, pursuant to article 2428, subsections 3 and 4, of the Italian Civil Code, the Company does not own shares of the controlling company, whether directly or through trusts or intermediaries. During 2007, no transactions were undertaken involving the purchase or sale of shares of the controlling company.

- **KStudio Associato**, a tax, legal and financial consultancy firm whose founding member is Vicenzo Donnamaria, Chairman of the Board of Statutory Auditors of SAES Getters S.p.A. The firm provided tax, legal and financial consultancy services for a total annual amount of 23 thousand of euro.
- **Managers with strategic responsibilities**: these include the members of the Board of Directors, including non-executive members, the Corporate Human Resources Manager, Corporate Strategic Marketing Manager, Corporate Operations Manager, and SMA Medical Business Manager.
- the **Board of Statutory Auditors**.

The following table details financial transactions with related parties other than subsidiaries, associates and joint ventures:

(thousands of euro)

| Company | Receivables as of 31.12.2008 | Payables as of 31.12.2008 | Revenues Year 2008 | Expenses Year 2008 |
|---|---|---|---|---|
| S.G.G. Holding S.p.A. | 6,529 | - | - | - |
| KStudio Associato | - | 8 | - | 23 |
| **Total** | **6,529** | **8** | **-** | **23** |

Pursuant to the Consob communications of February 20, 1997 and February 28, 1998, and to IAS 24, we report that in 2008 all Related Party transactions were undertaken at arm's-length conditions and no atypical, unusual or non-standard Related Party transactions were undertaken.

## Information on the compensation and equity investments held by members of the Board of Directors, the Board of Statutory Auditors, General Managers, and Managers with strategic responsibilities

### Compensation

(thousands of euro)

| | Year 2008 | Year 2007 |
|---|---|---|
| Short-term employees benefits | 3,381 | 3,965 |
| Post-employment benefits | - | - |
| Other long-term benefits | - | - |
| Termination benefits | 743 | 866 |
| Share-based payments | - | - |
| **Total compensations to key management personnel** | **4,123** | **4,831** |

For details of the compensation paid to Directors, the reader is referred to Note No. 7, which contains the information required by the Consob Regulation – Annex 3C.

### Investments

| Surname and first name | Company | Number of shares held at the end of last year | Number of shares bought in the current year | Number of shares sold in the current year | Number of shares held at the end of the current year | Notes (*) |
|---|---|---|---|---|---|---|
| Baldi Stefano | SAES Getters S.p.A. | 2,070<br>6,008 | 2,530<br>- | -<br>- | 4,600<br>6,008 | Ordinary shares (4)<br>Savings shares |
| della Porta Giuseppe | SAES Getters S.p.A. | 10,000<br>- | -<br>- | -<br>- | 10,000<br>- | Ordinary shares<br>Savings shares |
| della Porta Massimo | SAES Getters S.p.A. | 5,000<br>- | -<br>- | -<br>- | 5,000<br>- | Ordinary shares<br>Savings shares |
| della Porta Paolo | SAES Getters S.p.A. | 24,048<br>12,008 | -<br>- | -<br>- | 24,048<br>12,008 | Ordinary shares<br>Savings shares (1) |
| Dogliotti Andrea | SAES Getters S.p.A. | 96,641<br>- | -<br>- | -<br>- | 96,641<br>- | Ordinary shares (3)<br>Savings shares |
| Gilardoni Andrea | SAES Getters S.p.A. | 8,100<br>3,500 | 4,300<br>6,500 | -<br>- | 12,400<br>10,000 | Ordinary shares<br>Savings shares |
| Rolando Giuseppe | SAES Getters S.p.A. | 22,400<br>9,676 | 3,000<br>- | -<br>- | 25,400<br>9,676 | Ordinary shares (2)<br>Savings shares (1) |
| Di Bartolomeo Nicola | SAES Getters S.p.A. | 500<br>- | -<br>- | -<br>- | 500<br>- | Ordinary shares<br>Savings shares |

(*) unless specifically mentioned, the shares held are understood to be fully owned;
(1) registered to a spouse who is not legally separated;
(2) of which 6,400 are registered to a spouse who is not legally separated;
(3) of which 95,641 are encumbered by usufruct;
(4) of which 290 were purchased during the year by a spouse who is not legally separated.

## Additional information about the Company

To obtain information on:
- the performance of subsidiaries;
- Research, Development and Innovation activities;
- significant events that occurred after the end of the year;
- the business outlook;

refer to the Consolidated Financial Statements, in which information about SAES Getters S.p.A is also provided.

Pursuant to subsection 26 of Annex B) to Legislative Decree No. 196 of June 30, 2003 (the "Personal Data Protection Code"), the Company declares that it has updated the Security Policy Document in accordance with the technical specifications for minimum security measures which form Annex B of the aforementioned Legislative Decree. The 2008 Security Policy Document was approved on March 13, 2009.

The Company operates a representation office in Moscow (Russia), currently being closed, and a branch office in Jhubei City (Taiwan). The Company closed its representation office in Shanghai (People's Republic of China) in 2008.

The disclosures concerning the proprietary assets set forth in subsection 1 of article 123-*bis* of Legislative Decree No. 58/98 (Consolidated Finance Act) are provided in the Company's Corporate Governance Report, which is included in the financial statement package and has been published in the Corporate Documentation area of the Investor Relations section of the Company's website, www.saesgetters.com.

Shareholders,
Before submitting the Financial Statements and the proposed dividend for your approval, we would like to remind you that, pursuant to article 18 of the Company's Articles of Association, the 2008 compensation for the Board of Directors, the Audit Committee and the Supervisory Board was charged to the Income Statement in the amount of 222 thousand of euro.
We hereby submit our dividend proposal for your approval. Please note that the legal reserve has already reached 20% of capital stock.

(thousands of euro)

| | euro | euro |
|---|---:|---:|
| From Net Income for the year | | 26,397,555.46 |
| (Net exchange gains - unrealised and undistributable) | | 0.00 |
| **Distributable Net Income** | | **26,397,555.46** |
| **From distributable Net Income:** | | |
| - euro 0.816 for each of the no. 7,460,619 savings shares | 6,087,865.10 | |
| - euro 0.800 for each of the no. 15,271,350 ordinary shares | 12,217,080.00 | |
| for a maximum total of: | | 18,304,945.10 |
| - to Retained earnings | | 8,092,610.36 |
| **From Retained earnings:** | | |
| equal to the saving and ordinary shares – euro 0 per share – for a maximum total of: | | 0,00 |
| **For a total dividend, including any proportion pertaining to treasury shares:** | | |
| - euro 0.816 for each of the no. 7,460,619 savings shares | | |
| - euro 0.800 for each of the no. 15,271,350 ordinary shares | | |
| **for a maximum total of:** | | **18,304,945.10** |

The dividend will be paid, as calculated above, to entitled ordinary and savings shares in circulation, excluding treasury shares, as of April 30, 2009 (detachment of coupon no. 26). The shares will trade ex-dividend as from April 27, 2009.

We further propose that any rounding in the payment be charged to the "Retained earnings" reserve.

Lainate (MI) Italy, March 13, 2009

On behalf of the Board of Directors
Massimo della Porta
Vice President and Managing Director

**Separate financial statements of SAES Getters S.p.A. for the year ended December 31, 2008**

## Income Statement

(thousands of euro)

| | Notes | Year 2008 | Year 2007 |
|---|---|---|---|
| Third party net sales | | 18,466,290 | 29,195,007 |
| Intercompany net sales | | 3,493,959 | 4,541,000 |
| **Total net sales** | 5 | **21,960,249** | **33,736,007** |
| Third party cost of sales | | (7,556,105) | (11,243,680) |
| Intercompany cost of sales | | (12,212,150) | (20,278,320) |
| Total cost of sales | 6 | (19,768,255) | (31,522,000) |
| **Gross profit** | | **2,191,994** | **2,214,007** |
| Research & development expenses | 7 | (13,708,068) | (14,281,083) |
| Selling expenses | 7 | (4,275,985) | (4,447,235) |
| General & administrative expenses | 7 | (16,551,987) | (15,936,210) |
| Total operating expenses | | (34,536,040) | (34,664,528) |
| Total party other income (expenses), net | | 97,309 | 652,331 |
| Intercompany other income (expenses), net | | 5,412,391 | 6,149,031 |
| Total other income (expenses), net | 8 | 5,509,700 | 6,801,362 |
| **Operating income (loss)** | | **(26,834,346)** | **(25,649,159)** |
| Dividends | 9 | 49,189,236 | 52,660,404 |
| Third party interest and other financial income | | 1,009,646 | 2,158,921 |
| Third party financial expenses | | (285,938) | (101,344) |
| Intercompany financial expenses | | (417,208) | (542,647) |
| Total financial income (expenses), net | 9 | 306,500 | 1,514,930 |
| Foreign exchange gains (losses), net | 10 | (294,100) | 341,120 |
| Write down of intercompany investments | 11 | (2,337,915) | (173,000) |
| **Income before taxes** | | **20,029,375** | **28,694,295** |
| Income taxes | 12 | 6,368,180 | 5,328,154 |
| **Net Income** | | **26,397,555** | **34,022,449** |

## Balance Sheet

(thousands of euro)

| ASSETS | Notes | December 31, 2008 | December 31, 2007 |
|---|---|---|---|
| **Non Current Assets** | | | |
| Property, plant and equipment, net | 13 | 18,422,226 | 20,396,125 |
| Intangible assets, net | 14 | 4,156,399 | 1,851,949 |
| Investments and other financial activities | 15 | 78,967,104 | 59,715,313 |
| Intercompany financial credits | 17 | 2,029,040 | 1,396,515 |
| Non current tax consolidation receivables from controlling company | 21 | 1,137,008 | - |
| Deferred tax assets | 16 | 886,407 | 919,606 |
| Other long term assets | | 25,466 | 26,003 |
| **Total Non Current Assets** | | **105,623,650** | **84,305,511** |
| **Current Assets** | | | |
| Inventory | 18 | 1,064,751 | 1,688,192 |
| Third party trade receivables | | 1,365,384 | 4,055,185 |
| Intercompany trade receivables | | 3,849,320 | 3,575,836 |
| Trade receivables | 19 | 5,214,704 | 7,631,021 |
| Intercompany financial credits | | 364,100 | - |
| Derivative financial instruments evaluated at *fair value* | 20 | - | 285,191 |
| Tax consolidation receivables from controlling company | 21 | 5,392,853 | 8,308,079 |
| Prepaid expenses, accrued income and other | 22 | 3,135,771 | 2,181,253 |
| Cash and cash equivalents | 23 | 13,751,817 | 36,139,942 |
| **Total Current Assets** | | **28,923,996** | **56,233,678** |
| **Total Assets** | | **134,547,646** | **140,539,189** |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | |
| Capital stock | | 12,220,000 | 12,220,000 |
| Share issue premium | | 39,658,940 | 42,994,225 |
| Treasury shares | | (11,638,141) | (8,302,856) |
| Legal reserve | | 2,444,000 | 2,444,000 |
| Sundry reserves, retained earnings and accumulated losses | | 30,292,945 | 27,203,248 |
| Net income (loss) for the period | | 26,397,555 | 34,022,449 |
| Advance dividend | | - | (12,313,841) |
| **Shareholders' Equity** | 24 | **99,375,299** | **98,267,225** |
| **Non Current Liabilities** | | | |
| Non current financial liabilities | 25 | 1,842,813 | 2,212,050 |
| Staff leaving indemnity and other employee benefits | 26 | 4,349,830 | 5,331,431 |
| Provisions for risks and losses | | - | - |
| **Total Non Current Liabilities** | | **6,192,643** | **7,543,481** |
| **Current Liabilities** | | | |
| Third party trade payables | | 3,738,904 | 3,667,050 |
| Intercompany trade payables | | 1,179,201 | 4,130,925 |
| Trade payables | 28 | 4,918,105 | 7,797,975 |
| Intercompany financial payables | 29 | 15,288,400 | 17,977,120 |
| Other payables | 30 | 6,010,120 | 6,180,341 |
| Accrued income taxes | | - | 188,355 |
| Current provisions | 27 | 1,481,306 | 1,653,607 |
| Derivative instruments evalutated at *fair value (cash flow hedge)* | 20 | 60,361 | - |
| Current portion of long term debt | 25 | 1,019,257 | 849,250 |
| Accrued liabilities | 31 | 202,155 | 81,835 |
| **Total Current Liabilities** | | **28,979,704** | **34,728,483** |
| **Total Liabilities and Shareholders' Equity** | | **134,547,646** | **140,539,189** |

## Statement of Cash flows

(thousands of euro)

| | Year 2008 | Year 2007 |
|---|---|---|
| **Cash flows provided from operating activities** | | |
| Net Income | 26,397,555 | 34,022,449 |
| Current income taxes | (6,401,516) | (6,677,380) |
| Change in deferred income tax expense | 33,237 | 1,349,379 |
| Depreciation of property, plant and equipment | 3,763,839 | 3,750,861 |
| Amortization of intangible assets | 192,022 | 407,699 |
| Capital gains (losses) on sales of intangible assets | (17,411) | - |
| Write down (revaluation) of assets | 26,267 | 2,140,748 |
| Dividends in Income Statement | (49,189,236) | (52,660,404) |
| Financial (Revenues) expenses, net | (306,023) | (1,507,596) |
| Accrual for termination indemnities | 409,063 | 1,252,080 |
| Accrual (utilization) for risk and contingencies, net | (172,300) | (3,983,302) |
| | **(25,264,503)** | **(21,905,466)** |
| **Change in operating assets and liabilities** | | |
| Cash increase (decrease) in: | | |
| Account receivables and other receivables | 286,891 | (3,401,280) |
| Inventories | 623,101 | 1,155,200 |
| Trade account payables | (2,885,318) | 310,320 |
| Other current payables | 9,624 | 648,336 |
| | **(1,965,702)** | **(1,287,424)** |
| Payments of termination indemnities | (1,390,012) | (2,048,200) |
| Payments of debit interests and other financial expenses | (884,010) | - |
| Interst and other financial receipts | 1,190,033 | 1,507,596 |
| Income taxes paid (receipt) | 8,819,361 | 6,622,389 |
| **Cash flows from operating activities** | **(19,494,833)** | **(17,111,105)** |
| **Cash flow used by investing activities** | | |
| Purchase of property, plant and equipment | (1,969,987) | (2,724,150) |
| Proceeds from sales of property, plant and equipment | 172,045 | 183,245 |
| Dividends receipt | 49,189,236 | 52,660,404 |
| Purchase of intangible assets | (2,497,056) | (1,850,890) |
| Decrease (increase) of non current financial assets | (19,250,412) | (1,395,428) |
| Decrease (increase) of current financial assets | - | - |
| **Cash flow from investing activities** | **25,643,826** | **46,873,181** |
| **Cash flow used by investing activities** | | |
| Financial debts | 809,232 | - |
| Intercompany financial debts | (3,053,150) | (13,743,750) |
| Dividends paid | (21,949,954) | (43,821,150) |
| Purchase of treasury shares | (3,335,285) | (5,684,520) |
| Repayments of financial debts | (1,007,961) | (766,875) |
| **Cash flow from financing activities** | **(28,537,118)** | **(64,016,295)** |
| Exchange gains (losses) from balances conversion into | - | - |
| foreign currencies | (22,388,125) | (34,254,219) |
| Increase (decrease) in cash equivalents, net | 36,139,942 | 70,394,161 |
| **Cash and cash equivalents at the beginnning of the period** | **13,751,817** | **36.139.942** |

## Statement of Changes in the Shareholder's Equity during the Period Ending December 31, 2008

| (thousands of euro) | Capital stock | Share premium reserve | Treasury shares on hand | Legal reserve | Sundry reserves and retained aernings | | | | | | Net income (loss) for the period | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Reserve for treasury shares | Cash flow hedge reserve | Revaluation reserve | Purchase of treasury shares reserve | Other | Total | | |
| **Balance at December 31, 2007** | **12,220** | **42,994** | **(8,303)** | **2,444** | **8,303** | **-** | **1,727** | **-** | **17,174** | **27,204** | **21,708** | **98,267** |
| Appropriation of 2007 income : | | | | | | | | | 21,708 | 21,708 | (21,708) | - |
| Dividends paid : | | | | | | | | | | | | |
| - euro 1,000 for no. 15.271.350 ordinary shares (of which treasury shares 700.000) | | | | | | | | | (14,571) | (14,571) | | (14,571) |
| - euro 1,000 for no. 7.460.619 saving shares (of which treasury shares 82.000) | | | | | | | | | (7,379) | (7,379) | | (7,379) |
| Proceeds of treasury shares | | | | | | | | | - | - | | - |
| Capital Gain on proceeds of treasury shares | | | | | | | | | | - | | - |
| Reserve for *cash flow hedge* (IAS 39) | | | | | | - | | | | - | | - |
| Revocation of purchase treasury shares' approval | | | | | | | | - | - | - | | - |
| Consolidation Reserve Taiwan Branch | | | | | - | | | | (5) | (5) | | (5) |
| Purchase treasury shares | | (3,335) | (3,335) | | 3,335 | | - | - | - | 3,335 | | (3,335) |
| Retained Earnings | | | | | | | - | | - | | | - |
| Net income for the period | | | | | | | | | | | 26,398 | 26,398 |
| **Balance at December 31, 2008** | **12,220** | **39,659** | **(11,638)** | **2,444** | **11,638** | **-** | **1,727** | **-** | **16,927** | **30,292** | **26,398** | **99,375** |

## Statement of Changes in the Shareholder's Equity during the Period Ending December 31, 2007

| (thousands of euro) | Capital stock | Share premium reserve | Treasury shares on hand | Legal reserve | Sundry reserves and retained aernings | | | | | | Net income (loss) for the period | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Reserve for treasury shares | Cash flow hedge reserve | Revaluation reserve | Purchase of treasury shares reserve | Other | Total | | |
| **Balance at December 31, 2006** | **12,220** | **48,679** | **(2,618)** | **2,444** | **2,618** | **89** | **2,599** | **-** | **23,587** | **28,893** | **24,227** | **113,845** |
| Appropriation of 2006 income: | | | | | | | | | 24,227 | 24,227 | (24,227) | - |
| Dividends paid:<br>- euro 1,4000 for no. 15.271.350 ordinary shares (of which treasury shares 302.028) | | | | | | | | | (20,957) | (20,957) | | (20,957) |
| - euro 1,4160 for no. 7.460.619 saving shares (of which treasury shares 10.013) | | | | | | | | | (10,550) | (10,550) | | (10,550) |
| Proceeds of treasury shares | | | | | | | | | - | - | | - |
| Capital Gain on proceeds of treasury shares | | | | | | | | | | - | | - |
| Reserve for *cash flow hedge* (IAS 39) | | | | | | (89) | | | | (89) | | (89) |
| Revocation of purchase treasury shares' approval | | | | | | | | - | - | - | | - |
| Consolidation Reserve Taiwan Branch | | | | | - | | | | (5) | (5) | | (5) |
| Purchase of treasury shares | | (5,685) | (5,685) | | 5,685 | | - | - | - | 5,685 | | (5,685) |
| Retained Earnings | | | | | | | (872) | | 872 | | | - |
| Net income for the period | | | | | | | | | | | 34,022 | 34,022 |
| Advance dividend | | | | | | | | | | | (12,314) | (12,314) |
| **Balance at December 31, 2007** | **12,220** | **42,994** | **(8,303)** | **2,444** | **8,303** | **-** | **1,727** | **-** | **17,174** | **27,204** | **21,708** | **98.267** |

Summary of main data
of subsidiaries Financial
Statements as of
December 31, 2008

## Balance Sheets 2008

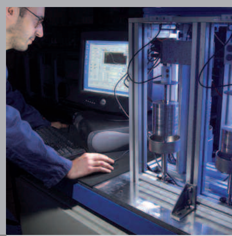
| | Subsidiaries | | | | |
|---|---|---|---|---|---|
| | SAES Advanced Technologies S.p.A. | SAES Getters USA, Inc. | SAES Getters Korea Corporation | SAES Getters Japan Co., Ltd. | SAES Getters Singapore PTE, Ltd. |
| | (thousands of euro) | (US dollars) | (thousands of Won) | (thousands of Yen) | (US dollars) |
| Property, plant and equipment, net | 28,146 | 1,234,431 | 3,912,099 | 3,217 | 15,312 |
| Intangible assets, net | 3,466 | 65,707 | 6,095,955 | 140 | 9,448 |
| Other non current assets | 65 | 29,815,381 | 212,819 | 39,682 | 41,098 |
| Current assets | 20,507 | 6,333,006 | 26,358,757 | 900,577 | 814,033 |
| **Total assets** | **52,184** | **37,448,525** | **36,579,630** | **943,616** | **879,891** |
| Shareholders' equity | 32,375 | 18,454,941 | 31,825,100 | 455,202 | 604,135 |
| Non current liabilities | 3,441 | 1,333,502 | 138,139 | 6,263 | 5,694 |
| Current liabilities | 16,368 | 17,660,082 | 4,616,391 | 482,151 | 270,062 |
| **Total liabilities and shareholders' equity** | **52,184** | **37,448,525** | **36,579,630** | **943,616** | **879,891** |

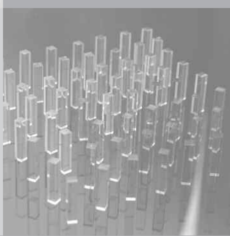
## Income Statements 2008

| | Subsidiaries | | | | |
|---|---|---|---|---|---|
| | SAES Advanced Technologies S.p.A. | SAES Getters USA, Inc. | SAES Getters Korea Corporation | SAES Getters Japan Co., Ltd. | SAES Getters Singapore PTE, Ltd. |
| | (thousands of euro) | (US dollars) | (thousands of Won) | (thousands of Yen) | (US dollars) |
| **Total net sales** | **65,624** | **10,678,777** | **31,081,007** | **5,399,330** | **1,259,514** |
| Cost of sales | (24,509) | (3,224,518) | (12,501,569) | (4,557,603) | (932,984) |
| **Gross profit** | **41,115** | **7,454,259** | **18,579,438** | **841,727** | **326,530** |
| Research & development expenses | (1,873) | (108,252) | - | - | - |
| Selling expenses | (1,763) | (1,772,498) | (483,450) | (355,505) | (632,110) |
| General & administrative expenses | (3,852) | (615,220) | (1,485,292) | - | - |
| Total operating expenses | (7,488) | (2,495,969) | (1,968,742) | (355,505) | (632,110) |
| Other income (expenses), net | (3,926) | (408,461) | (901,544) | (32,239) | 213,342 |
| **Operating income** | **29,701** | **4,549,828** | **15,709,152** | **453,983** | **(92,238)** |
| Interest and other financial income (expenses), net | 68 | 3,840,598 | 1,083,140 | (14,715) | 10,661 |
| Foreign exchange gains (losses), net | (1,133) | (383,614) | 5,674,741 | (38,355) | 4,827 |
| **Income before taxes** | **28,636** | **8,006,812** | **22,467,033** | **400,913** | **(76,750)** |
| Income taxes | (9,239) | (2,765,000) | (6,206,600) | (171,223) | 51,182 |
| **Net income (loss)** | **19,397** | **5,241,812** | **16,260,433** | **229,690** | **(25,568)** |

| Subsidiaries | | | | | | |
|---|---|---|---|---|---|---|
| SAES Getters (Deutschland) GmbH | SAES Getters (GB), Ltd. | SAES Getters International Luxembourg S.A. | SAES Getters (Nanjing) Co., Ltd. | SAES Opto S.r.l. | SAES Getters Export, Corp. | Memry GmbH |
| (thousands of euro) | (GB pounds) | (thousands of euro) | (chinese Renminbi) | (thousands of euro) | (US dollars) | (thousands of euro) |
| 17 | 5,527 | - | 42,223,501 | - | - | 227 |
| - | - | - | 5,225,684 | 28 | - | 10 |
| 36 | - | 38,598 | 158,859 | 1,304 | - | - |
| 403 | 62,504 | 4,175 | 115,538,193 | 262 | 9,543,692 | 451 |
| **456** | **68,031** | **42,773** | **163,146,237** | **1,594** | **9,543,692** | **688** |
| 386 | (209,908) | 42,563 | 151,189,423 | 827 | 3,845,616 | 326 |
| 16 | - | - | 969 | 2 | - | 122 |
| 54 | 277,939 | 210 | 11,955,845 | 765 | 5,698,076 | 240 |
| **456** | **68,031** | **42,773** | **163,146,237** | **1,594** | **9,543,692** | **688** |

| Subsidiaries | | | | | | |
|---|---|---|---|---|---|---|
| SAES Getters (Deutschland) GmbH | SAES Getters (GB), Ltd. | SAES Getters International Luxembourg S.A. | SAES Getters (Nanjing) Co., Ltd. | SAES Opto S.r.l. | SAES Getters Export, Corp. | Memry GmbH |
| (thousands of euro) | (GB pounds) | (thousands of euro) | (chinese Renminbi) | (thousands of euro) | (US dollars) | (thousands of euro) |
| **889** | **123,004** | **-** | **86,550,018** | **393** | **-** | **1,298** |
| - | - | (141) | (53,487,020) | (357) | - | (944) |
| **889** | **123,004** | **(141)** | **33,062,998** | **36** | **-** | **354** |
| - | - | - | - | - | - | (78) |
| (459) | (179,918) | - | (6,900,084) | (307) | 2,634,193 | (182) |
| - | - | (480) | (9,704,403) | (118) | - | (303) |
| (459) | (179,918) | (480) | (16,604,487) | (425) | 2,634,193 | (563) |
| - | 12,372 | (107) | (587,219) | (125) | 1,287,266 | 2 |
| **430** | **(44,542)** | **(728)** | **15,871,292** | **(514)** | **3,921,459** | **(207)** |
| | | | | | | |
| 2 | (12,006) | 12,188 | 652,404 | (1,258) | (78,343) | (6) |
| - | (44,599) | (15) | (831,114) | - | - | (9) |
| **432** | **(101,147)** | **11,445** | **15,692,582** | **(1,772)** | **3,843,116** | **(222)** |
| (137) | - | (1,140) | (2,813,001) | 136 | - | 23 |
| **296** | **(101,147)** | **10,305** | **12,879,581** | **(1,636)** | **3,843,116** | **(199)** |





Certification of the financial statements of the parent company

## Certification of the financial statements of the parent company pursuant to article 81-ter of CONSOB Regulation No. 11971 of May 14, 1999, as amended

1. The undersigned, Giulio Canale, in his capacity as Managing Director and Chief Financial Officer, and Michele Di Marco, in his capacity Officer Responsible for the preparation of the Corporate Financial Reports of SAES Getters S.p.A., hereby certify, pursuant to the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

   - the adequacy for the characteristics of the enterprise and

   - the effective application

   of the administrative and accounting procedures for the formation of the Financial Statements during the period from January 1 to December 31, 2008.

2. The following remarks apply to this situation:

   2.1. *The Administrative and Accounting Control Model of the SAES Group*
   - On May 14, 2007, the Board of Directors of SAES Getters S.p.A. approved the Administrative and Accounting Control Model, the adoption of which is aimed at ensuring that SAES Getters complies with the provisions of Law No. 262 of December 28, 2005 (hereinafter the "Savings Law"), implemented in December 2006 through the approval of Legislative Decree No. 303/06, and, specifically, obligations pertaining to the preparation of corporate accounting documents and all documents and communications of a financial nature disseminated to the market.
   - The Control Model, which refers to the organizational structure of the SAES Group:
     . sets the roles and responsibilities of the entities involved in various capacities in the process of forming and/or controlling the financial information of the SAES Group and introduces the role of manager in charge of the preparation of corporate accounting documents (hereinafter the “Officer Responsible”);
     . describes the elements that comprise the administrative and accounting control system, citing the general control environment underlying the Internal Control System of the SAES Group, in addition to specific components pertaining to administrative and accounting information;
     . regarding this latter aspect in particular, calls for the integration of the Group Accounting Principles and IAS Operating Procedures with a system of administrative and accounting procedures and the related control matrices;
     . establishes the conditions and frequency of the administrative and accounting risk assessment process in order to identify the processes of greatest relevance to accounting and financial information.

   2.2. *Administrative and accounting procedures and control matrices of SAES Getters S.p.A.*
   - On June 21, 2007, the Officer Responsible issued thirteen Administrative and Accounting Procedures pertaining to the most significant processes within SAES Getters S.p.A., which were selected following the risk

assessment conducted on the basis of the 2006 Financial Statements.

- As required by the Administrative and Accounting Control Model, the Officer Responsible, with the support of the Internal Audit Department, conducted an updated risk assessment on the basis of the Parent Company's 2008 Financial Statements, which confirmed the selection of significant processes to be governed by specific administrative and accounting procedures.
- The Officer Responsible, supported by the Internal Audit Department, identified the main control activities to be used to verify the application of each procedure.
- These activities were then divided according to who, on the basis of the current organizational structure, is responsible for control (known as the "control owner"), and the Officer Responsible sent to the control owners their own "control matrices", asking them to review effective application and confirm adequacy and efficacy, or report controls that had become inoperative, inadequate, or obsolete due to internal organizational developments.

*2.3. Results of the internal certification process of SAES Getters S.p.A.*

- The control owners signed and sent the Officer Responsible "internal certification letters" in which they confirmed that they had verified the activities / processes forming the object of the controls for which they were responsible and deemed them suitable and operationally effective to ensuring the reliability of the corresponding information flows and the processing of the associated data in accordance with the administrative and accounting procedures adopted by SAES Getters S.p.A.
- The control owners also enclosed a signed copy of their "control matrices" with their internal certification letters, reporting any anomalies detected and indicating any corrective action taken or to be taken, where possible.
- As of today's date, the Officer Responsible has received all twelve internal certification letters requested from the control owners of SAES Getters S.p.A. along with the duly completed matrices.
- The results of the process, which also took into account the reports received during the previous certification process by updating the associated procedures as necessary, were positive. The control owners reported few anomalies, and those that were reported were not deemed of an extent to compromise the reliability or completeness of accounting and financial information.
- The reports received were nonetheless also forwarded to the Internal Audit Department and will be contemplated in the process of revising administrative and accounting procedures planned for 2009, which will also account for the implementation of a new information technology system (ERP) at several Group companies.

*2.4. Results of the review by the Internal Audit Department of SAES Getters S.p.A.*

- The Officer Responsible requested the support of the Internal Audit Department both for verification of the correspondence of condensed reporting with Company records and accounting entries (see paragraph 3 of this Certification) and further verification of part of the controls included in administrative and accounting procedures by a department independent from the offices responsible for the controls.
- The first verification, which is conducted on a quarterly basis, concerned the correspondence of the general accounting ledger with the condensed

reports generated by the financial data consolidation system (these reports were the basis for the official Balance Sheet and Income Statement) and all other quantitative indications provided in corporate accounting documents.
The results of the reviews at the end of each quarter in 2008 were fully positive: all of the limited reconciliation issues reported were attributed to the reclassification methods of the chart of accounts.

- It was decided to conduct the second review in the context of the broader audit of the Procurement Department of SAES Getters S.p.A. The scope of this audit was also extended to a review of controls included in the matrix annexed to the Procurement administrative and accounting procedure.
  The Internal Audit Department conducted an assessment of critical issues and selected controls deemed key to the reliability and completeness of accounting and financial information.
  This activity also showed largely positive results, as reported by the Head of the Internal Audit Department, inasmuch as the anomalies detected were not such as to suggest that the procedure under review had not been correctly applied nor to result in risks as to the accuracy and completeness of accounting and financial information.

3. Furthermore, we certify that:

*3.1. the Financial Statements of the Parent Company for the year ended December 31, 2008:*

a) have been prepared in accordance with applicable international accounting standards recognized within the European Union pursuant to Regulation (EC) 1602/2002 of the European Parliament and the Council;

b) correspond to the results of accounting records and books;

c) have been drawn up in compliance with the provisions of the Italian Civil Code and, to the best of our knowledge, are suitable to providing a truthful, accurate representation of the issuer's earnings and financial position.

*3.2. The Report on Operations includes a reliable analysis of operating performance and income, as well as the issuer's situation, along with a description of the primary risks and uncertainties to which it is exposed.*

Lainate, (MI) Italy, March 13, 2009

Managing Director
Group Chief Financial Officer
Dr Giulio Canale

Officer Responsible for the preparation
of the corporate financial reports
Dr Michele Di Marco

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