

BIOMÉRIEUX



ADVANCING DIAGNOSTICS TO IMPROVE PUBLIC HEALTH

A world leader in the field of *in vitro* diagnostics for over 45 years, bioMérieux is present in more than150 countries through 39 subsidiaries and a large network of distributors. In 2010, revenues reached €1.357 billion with 87% of sales outside of France.

bioMérieux provides diagnostic solutions (reagents, instruments, software) which determine the source of disease and contamination to improve patient health and ensure consumer safety. Its products are used for diagnosing infectious diseases and providing high medical value results for cancer screening and monitoring and cardiovascular emergencies. They are also used for detecting microorganisms in agri-food, pharmaceutical and cosmetic products.

bioMérieux is listed on the NYSE Euronext Paris market.



INTERVIEW

with ALAIN MÉRIEUX, President of Institut Mérieux and JEAN-LUC BÉLINGARD, Président Directeur Général of bioMérieux

The year 2010 was marked by a change in governance for bioMérieux. What was behind this decision?

ALAIN MÉRIEUX: After 47 years as Président Directeur Général of bioMérieux, I wanted to take the necessary measures to ensure my succession and the future of the Company, in accordance with the principles that my family and I have upheld since its creation.

The new organization that I put in place will enable the Company to make the changes that have become necessary in a new and particularly complex scientific and international environment.

With serenity and in full agreement with Alexandre and the Board of Directors, I have asked Jean-Luc Bélingard, in whom I have absolute confidence, to be Président Directeur Général. He has been a member of the Board for many years and has intimate knowledge of the company and its challenges.

Thanks to his particularly rich career in world-class biological and pharmaceutical groups, he benefits from an internationally-recognized experience in diagnostics. We share the same long-term bioindustrial vision and I am confident that he will be successful in the mission with which I have entrusted him, especially in the areas of strategy and innovation.

How do you evaluate the Group's situation today?

ALAIN MÉRIEUX: Despite a difficult global healthcare environment, bioMérieux has performed well, in line with the evolutions observed in recent years. In 2010, the Company consolidated a certain number of its

bases and entered into new collaborations that will reinforce this foundation and allow bioMérieux to meet the complex challenges it faces. Today bioMérieux can rely on an exceptional international network, particularly in emerging markets, with the creation of a corporate hub in China. This international balance of activity is the product of a strategy I have carefully upheld for many years. bioMérieux benefits from a high-level and very adaptable biomanufacturing network, resulting from a consistent and ambitious investment policy. Finally, bioMérieux's internal innovation strategy and its numerous partnerships with academic research and the international healthcare community contribute to a portfolio of promising projects, supporting our mission to serve medicine and public health worldwide.

What are the big issues in diagnostics today?

JEAN-LUC BÉLINGARD: Our profession is changing. We are confronted with four revolutions – medical, scientific, geographical and economic – which means that we need to re-think traditional models but also provides us with new opportunities.

Medicine is undergoing a paradigm shift. Initially focused on treating disease, it is increasingly taking into account the patient as a whole and his or her specificities. In diagnostics this means that, beyond simple results, we need to provide clinicians with increasingly relevant information that will enable a holistic and personalized approach to the patient's illness.

Parallel to this evolution, rapid scientific and technological advances are opening considerable perspectives for medical practice. Calling upon disciplines beyond biology, such as sequencing, nanotechnologies or imaging, they are modifying our competitive environment with the arrival of players outside our original field. We must integrate this new reality into our scientific and technological innovation policy in order to broaden our capabilities and continue to succeed in our mission to improve medicine.

These changes are taking place in a new, multipolar, international context, where the potential of emerging markets is being confirmed at a time when Western countries are loosing momentum. Finally, the economic tension across healthcare systems exerts strong pressure on prices. To ensure their future, healthcare systems will require demonstration of the economic value of products. Diagnostics, by providing relevant results, are valuable tools for controlling healthcare costs but the economic utility of each product will need to be proven.

What are bioMérieux's strengths and perspectives in the face of these challenges?

JEAN-LUC BÉLINGARD: bioMérieux benefits from a recognized expertise in infectious diseases and has a broad product offering in this field. The world leader in clinical and industrial microbiology, the Company continued to gain market share in these applications. In addition, the VIDAS[®] immunoassay range and its high medical-value tests achieved particularly strong performance in 2010.

The Company has a solid foundation with significant capabilities in R&D, in commercial and in industrial operations - all assets for its future development. These bases are reinforced by an active policy of forming alliances and partnerships in different fields; important advances were made on this front in 2010.

To meet these challenges, bioMérieux can count on its employees, who demonstrated their strong commitment and capacity for mobilization throughout a difficult 2010.

Finally and above all, the stability and support of bioMérieux's shareholders is a major asset since they ensure the long-term vision that is essential to any innovation and development strategy that is sustainable.

The field of diagnostics is complex, but I am confident in bioMérieux's ability to successfully meet these challenges. I am proud to contribute to the future of a world leader, which is part of the French entrepreneurial tradition. I would like to take this opportunity to salute Alain Mérieux, who embodies this vision and has made this Company a major player in the field of public health.



STEADY GROWTH IN LINE WITH PAST PERFORMANCE

In 2010, in a fragile economic environment in Western Europe and North America, bioMérieux's sales grew 4.9% like-for-like, or 6.4% excluding the H1N1 pandemic impact. This performance, in line with bioMérieux's past sales growth rates, resulted from the vitality of our commercial network in emerging markets and from our strong growth drivers: clinical microbiology, the VIDAS[®] range and industrial applications. The growth in our operating margin (+12.2% for operating income before non-recurring items) demonstrates the robustness of our business model.



STÉPHANE BANCEL Chief Executive Officer

During the year, bioMérieux achieved significant milestones in its innovation and globalization strategy, reinforcing its product pipeline and expanding its international footprint. In R&D, our projects are advancing according to our development plan and we have enhanced our portfolio by signing strategic partnerships in rapidly growing sectors.

The agreement signed with Biocartis provides access to a particularly innovative platform in clinical molecular biology. We initiated another partnership in the field of molecular biology with Idaho Technology to develop a platform dedicated to industrial applications. Our partnership with Royal Philips Electronics will enable us to strengthen our position in point-of-care testing and expand our high medical-value product offering. The partnerships signed with Shimadzu and AnagnosTec will allow bioMérieux to provide customers with solutions for bacterial identification using mass spectrometry.

Finally, through the partnership signed with Knome, we are entering the strategic field of gene sequencing to create new generations of diagnostic solutions for infectious diseases and cancers.

In terms of international development, bioMérieux expanded its presence in China in 2010, with the acquisitions of Meikang Biotech and Shanghai Zenka Biotechnology. These new assets reinforce the Company's base in this country and the corporate hub being established in Shanghai.

Numerous advances were made in both commercial and bioindustrial operations.

17 new products were brought to market during the year in clinical and industrial product lines. The launch of Myla[™] middleware is a critical component of the Company's Full Microbiology Lab Automation (FMLA[™]), with the dual objective of reducing time-to-results and increasing productivity in the laboratory.

The Company continued to optimize its bioindustrial network and extended the deployment of the global information system, SAP, an essential tool for its future development.

2010 was undisputedly an important milestone in bioMérieux's development and evolution.

STEADY ORGANIC SALES GROWTH*

Net sales for the year amounted to €1,357 million, up 10.9% from the €1,223 million generated in 2009. Growth stood at 4.9%, at constant exchange rates and scope of consolidation (like-for-like). Excluding the H1N1 pandemic impact, organic growth would have been 6.4% in 2010.

The vitality of bioMérieux's growth drivers (clinical microbiology, the VIDAS[®] range and industrial applications) contributed to the Group's performance.

Sales of clinical applications increased 4.3% over the year. Clinical microbiology, representing 51% of the Group's total consolidated sales, grew by 7.6%, about twice as much as the market. Sales of the VIDAS[®] immunoassay range rose by a robust 9.2%.

Industrial application sales increased 8.1%, boosted by strong demand in the agri-food sector.

Sales of reagents and services increased 4.6%, excluding the H1N1 impact, accounting for 88.2% of the total. Reagent prices remained stable over the year, despite increased pressure from government authorities on healthcare industry players in developed countries.

Instrument sales gained nearly 20%, driven by vigorous demand in emerging markets, and represented 11.8% of total sales, a percentage in line with performances before the economic crisis.

While growth slowed in Western Europe and North America, 2010 demonstrated the potential of emerging markets, particularly in Asia-Pacific and in Latin America, which together accounted for 23% of total consolidated sales for the year. Organic growth in the Emerging 7^{**} stood at 27%, excluding the H1N1 impact.

INCREASED PROFITABILITY

In a challenging economic environment, bioMérieux further improved profitability. After R&D tax credits, operating income before non-recurring items rose by 12.2% to €254 million, or 18.7% of sales *versus* 18.5% in 2009.

In 2011, bioMérieux will be stepping up its R&D activities and preparing for the launch of a new Services business and the commercialization of new systems in 2012 and 2013. The Company is therefore targeting a 2011 objective for operating income before non-recurring items, including R&D tax credits, of €255 million to €270 million. Backed by a robust business model, bioMérieux confirms the ambitious objectives set out in its 2015 strategic plan.



STEADY ORGANIC SALES GROWTH⁽¹⁾

(1) Growth in sales at constant exchange rates and scope of consolidation and, in 2009 & 2010, without H1N1 impact

* Unless indicated otherwise, growth in sales is at constant exchange rates and scope of consolidation

** Emerging 7: Brazil, China, India, Indonesia, Mexico, Russia, Turkey

2010 RESULTS AND MILESTONES





During the year, bioMérieux achieved significant milestones in its innovation and globalization strategy, enhancing its product pipeline and expanding its international footprint.

2 companies were acquired in China:

Meikang Biotech^{*}, a Shanghai-based rapid test manufacturer and Shanghai Zenka Biotechnology, specialized in microbiology culture media.

6 strategic partnership agreements were signed:

- in mass spectrometry for bacterial identification in microbiology laboratories, with Shimadzu and AnagnosTec;
- in hospital Point-of-Care, with Royal Philips Electronics;
- in molecular biology, with Biocartis and Idaho Technology;
- in gene sequencing for *in vitro* diagnostics, with Knome.

2 license agreements for cardiovascular disease biomarkers were signed:

- with BG Medicine, to use galectin-3, a new marker for the development and progression of heart failure;
- with Siemens Healthcare Diagnostics, to develop a VIDAS[®] test for high sensitivity measurements of C-reactive protein (hsCRP).
- I new theranostics agreement was signed with GlaxoSmithKline to develop a molecular test for use in metastatic melanoma (skin cancer).

OPERATING HIGHLIGHTS

17 new products were brought to market during the year. The beta version of the Myla[™] middleware, a critical component of the Company's Full Microbiology Lab Automation (FMLA[™]) solutions and services, was also launched.

- Advances were made in the Group's ambitious operations development plan:
 - 2 new production units started operating in China,
 - the Global Enterprise Resource Planning (ERP) system was deployed in 5 countries.

A new corporate governance was established.

Following Alain Mérieux's proposal, the Board of Directors, at its meeting of December 17, 2010, appointed Jean-Luc Bélingard as Président Directeur Général of bioMérieux, effective January 1, 2011. The Board confirmed Alexandre Mérieux in his role as Directeur Général Délégué and Stéphane Bancel as Chief Executive Officer.

NEW PRODUCTS

- AMARAMA

Some fundamental trends were confirmed in 2010:

- the robustness of microbiology, with a market share that has risen to about 41% and sales growth of nearly 8%;
- very good results in mature markets for high medical-value tests, one of bioMérieux's strategic priorities. High medical-value tests enable better patient care and optimize the control of healthcare costs by providing valuable information for clinical decision-making;
- rapid expansion in industrial applications, particularly for the agri-food sector. This activity complements the Group's public health mission by preventing microbiological risks associated with agri-food and pharmaceutical products.

To meet the needs of clinicians and the agri-food and biopharmaceutical industries, 17 products were launched across all ranges including:

- the commercialization of the first mass spectrometry system resulting from a distribution agreement with Shimadzu;
- Myla[™], a new informatics solution to optimize workflow in microbiology laboratories and make the most relevant clinical results available to clinicians faster;
- new products for the agri-food and biopharmaceutical industries.

Instrument installations increased in 2010, boosted by demand in emerging markets where the equipment level is still low. With 4,200 new instruments, bioMérieux's global installed base came close to 60,000 instruments.

CLINICAL DIAGNOSTICS

Global sales in clinical applications rose 4.3%.

Microbiology, bioMérieux's area of expertise, representing 51% of sales, grew nearly 8% - a rate 2 times higher than that of the market. Microbiology sales were spurred by the automated VITEK[®] and BacT/ALERT[®] ranges. Culture media, particularly the ranges used in routine work, faced strong competition and therefore only registered a slight increase. The Full Microbiology Lab Automation (FMLA[™]) offering took off at a slower rate than anticipated due to healthcare budget constraints and the significant implications on laboratory organization. Nonetheless, this offering was reinforced in 2010 with the launch of Myla[™], an informatics solution for microbiology laboratories.

Immunoassays recorded growth of 3.2%. VIDAS[®] and mini VIDAS[®] sales were exceptional, reaching 9.2% thanks to the success of high medical-value assays and demand in emerging markets. Microplate performance was satisfactory, notably in Europe – Middle East – Africa, where the market is intensely competitive.



* bioMérieux estimates based on company reports, financial research and internal analysis and on a report from a major U.S. independent diagnostics consulting firm \notin /\$ = 1.33 in 2010

A FIRST STEP IN MASS SPECTROMETRY

Eager to swiftly offer mass spectrometry identification solutions to its customers, bioMérieux signed two partnership agreements in 2010, with Shimadzu and AnagnosTec. Mass spectrometry makes it possible to identify bacteria and yeast within minutes, considerably facilitating treatment decisions.

In mid 2010, Shimadzu and bioMérieux entered into a partnership to commercialize a mass spectrometry system for bacterial identification in microbiology laboratories. In collaboration with Shimadzu, bioMérieux adapted **MALDI-TOF linear mass spectrometry** technology for optimized integration into the microbiology laboratory workflow. In parallel, bioMérieux acquired AnagnosTec's microbial mass spectra database. In the last quarter, bioMérieux commercialized the Shimadzu mass spectrometry system in Europe, with the AnagnosTec database, for Research Use Only (RUO).

Since antibiotic susceptibility tests cannot be performed with MALDI-TOF technology, bioMérieux is currently developing a solution integrated into its **VITEK® 2** range, via the **Myla™** middleware, that will enable customers choosing identification by mass spectrometry to perform antibiograms. This solution will considerably facilitate workflow and will feature a digital sample preparation station for easy use, to ensure sample traceability and the quality of results. It will be launched in 2011 as VITEK® MS, and marked IVD/CE. U.S. Food and Drug Administration approval will also be sought.





For several years now, bioMérieux has been working towards the full automation of the microbiology laboratory. This strategy resulted in the 2008 launch of FMLA, which aims to accelerate time to results and address laboratory productivity and management issues. A new milestone was achieved with the development of Myla middleware, presented at ECCMID* and ASM** in 2010. Myla was designed to significantly improve operational efficiency in the lab and make the most relevant information readily available to biologists and clinicians so they can act swiftly for better patient care.

This new middleware offers rich connectivity between bioMérieux instruments and the laboratory information system. Myla will ultimately enable connectivity with other laboratory instruments and the hospital information system. Myla also enables faster time to results with real-time collection, consolidation and delivery of clinically relevant test results. With this tool, laboratory managers and technicians can work from a dashboard providing a comprehensive view of all testing activities in the lab. It will thus be possible to adjust resources to anticipate bottlenecks and improve efficiency. Myla will be web enabled, simplifying access to results. Microbiologists will have access to relevant information, even from remote sites, without losing time. The software will also be able to send real-time alerts on the evolution of bacterial resistance, so that hospitals can immediately implement prevention and control actions.



From left to right: Charles G. McCurdy, Chairman and CEO, Canon Communications; Dr. Fred Davis, Managing Director and President, Invetech; Lusia Guthrie, CEO & Managing Director, LBT Innovations; Doug Flammang, VP Microbiology Core Business Programs, bioMérieux.

AN AWARD FOR PREVI™ ISOLA

The automated culture media streaking system, PREVI[™] Isola, won the 2010 Gold Medical Design Excellence Award for contributions and advances in the design of medical products. Based on an invention by Australian microbiologist John Glasson and engineer Lachlan Smith, PREVI Isola was designed to revolutionize front-end media processing tasks. bioMérieux worked with LBT Innovations Ltd, the technology's developer, and Invetech Pty Ltd., for automation engineering, to adapt the design to meet microbiologists' needs. The system is a critical component in bioMérieux's complete range of solutions and services for Full Microbiology Laboratory Automation (FMLA[™]).

** ASM: American Society for Microbiology

^{*} ECCMID: European Congress of Clinical Microbiology and Infectious Diseases

NEW TESTS FOR VIDAS®

The VIDAS[®] range, which achieved strong growth during the year, was enriched in 2010 with new parameters for the diagnosis of Lyme disease: **Lyme IgM** and **Lyme IgG**. This pathology transmitted by ticks is particularly present in Europe and the United States. Left untreated and in the absence of spontaneous healing in its first stage, the disease can have an acute or chronic effect on most human organs.

The VIDAS range, launched nearly 20 years ago, now has a menu of 91 clinical parameters available on the 24,000 VIDAS and mini VIDAS[®] instruments installed worldwide.

Some of these parameters, such as VIDAS[®] B.R.A.H.M.S PCT, meet major healthcare needs and have shown exceptional growth since their launch.

BACTERIAL RESISTANCE: A PRIORITY

With its expertise in infectious diseases, bioMérieux is intensifying its actions to fight bacterial resistance and healthcare-associated infections.

In 2010, bioMérieux launched a molecular test for the detection of the KPC (*Klebsiella pneumoniae* Carbapenemase) mechanism of resistance in Research Use Only (RUO) format on the EasyQ[™] platform. This test is a major asset in the fight against healthcare-associated infections and multi-resistant bacteria in high-prevalence regions such as the United States, Latin America or Greece.

As soon as the first publications concerning NDM-1 came out, bioMérieux was able to provide screening and detection solutions for this novel pathogenic agent. In a situation where very few antibiotics can effectively treat infected patients, screening becomes an ever more important prevention tool.



« BE S.M.A.R.T. » : RAISING AWARENESS ABOUT RESISTANCE

Beyond offering a wide and diverse range of products aimed at fighting bacterial resistance, bioMérieux is engaged in external and internal awareness campaigns targeting healthcare professionals and Company employees. Launched at the ECCMID, the BE S.M.A.R.T. (Solutions to Manage the Antimicrobial Threat) campaign develops educational material (works of reference, informational letters, a website, bioMérieux University training modules ...). The initiative includes partnerships with scientific organizations dedicated to this fight, such as ONERBA (Observatoire National de l'Epidémiologie de la Résistance Bactérienne aux Antibiotiques, the French National Institute for the Epidemiology of Bacterial Resistance to Antibiotics) or the APUA (Alliance for the Prudent Use of Antibiotics) in the U.S.

Today, bioMérieux offers different solutions to meet NDM-1 screening and detection needs:

- chromIDTM ESBL, chromogenic medium for screening extended spectrum beta-lactamaseproducing enterobacteria (including NDM-1) that cause resistance to the beta-lactamine antibiotic family;
- VITEK[®] 2, for detecting resistance to carbapenems;
- Etest[®] MBL, for detecting MBL (metallo-betalactamase) resistance.

The first known strain of NDM-1 producing bacteria was in fact detected by a bioMérieux product: the Etest MBL(IP/IPI). The presence of this bacteria must still be confirmed with a molecular test.



NEW PERSPECTIVES FOR POC* TESTING

The acquisition of the Chinese company Meikang Biotech has given bioMérieux access to a vast range of rapid tests. Complementing the agreement signed with Philips (see page 21), the integration of Meikang is another step towards bioMérieux's goal to bring diagnosis closer to the patient. These rapid tests offer clinicians great flexibility for faster medical intervention and improved patient care. Beyond the hospital environment, they open possibilities for decentralized diagnostics even in the doctor's office. The products resulting from the acquisition of Meikang are planned for launch in 2011, with applications in infectious diseases, cancer and cardiovascular diseases.

* Point-of-Care: diagnostic tests performed at the patient's point of care

INDUSTRIAL MICROBIOLOGICAL CONTROL



Industrial applications, representing 16% of Group sales, grew by 8.1% in 2010, driven by vigorous sales in the agri-food sector. In addition to emerging markets, growth was spurred by certain European countries such as Italy, Germany or Poland. bioMérieux was adept at navigating a challenging international environment impacted by the economic crisis. Thanks to automated solutions and innovative products, bioMérieux was able to meet its customers' growing demands for economic savings and increased productivity, thus reinforcing its position as a world leader.

In 2010, bioMérieux achieved solid performance in several ranges: VITEK[®] 2 Compact, BioBall[®] and TEMPO[®], for the automated enumeration of quality indicator organisms.

bioMérieux launched new, innovative products across its markets and signed a strategic partnership agreement to expand its range of automated systems. In 2010, the quality of bioMérieux products was once again recognized with new international certifications and awards.

THE AGRI-FOOD INDUSTRY



New media for the detection of *Campylobacter*

bioMérieux launched a new ready-to-use culture media, **CampyFood Broth** (CFB), for the detection and enumeration of *Campylobacter*. This innovative broth offers the agri-food industry a simple, complete and high quality solution, contributing to product safety against a particularly dangerous pathogen. *Campylobacter*, primarily *C. jejuni*, is the main bacteria responsible for gastroenteritis and the third leading cause of death from foodborne infections in the world.

CampyFood broth is presented in the innovative form of practical, ready-to-use mini-pouches. Compared to other methods, this saves preparation time, reduces waste and lowers the risks associated with handling glass containers.



International recognition for the TEMPO[®] range

The TEMPO® STA test, an automated test to control quality indicators for the rapid enumeration of Staphylococcus aureus in food products, received two new international certifications in 2010: AFNOR Validation according to the ISO 16140 norm, and AOAC RI (Research Institute) validation. The rigors of these third party validations provide food professionals with added assurance of the high performance of this test with significant health implications. Food products contaminated with certain strains of Staphylococcus aureus can lead to serious foodborne illness in humans. TEMPO STA provides results in 24 hours without any need for confirmatory testing, compared to traditional methods, which take anywhere from 48 hours to 4 days for results. These international validations confirm the value of this test for bioMérieux's agri-food customers.

TEMPO® YM (Yeast/Mold) was certified by AOAC RI. This automated test detects the presence of yeasts and molds in food in 72 hours, whereas traditional methods take 5 to 7 days. By producing rapid and reliable results, this test has important financial implications for manufacturing processes.



An award for "phage" innovation

The company Hyglos GmbH received the 2010 Food Safety Innovation Award for the technology used in bioMérieux's **VIDAS**[®] **UP E. coli O157** (including H7). This prize, granted by the IAFP (*International Association of Food Protection*), was awarded to the team of scientists responsible for the development of phage recombinant proteins. Bacteriophages offer best-in-class specificity and sensitivity for the targeted capture and detection of bacteria from a food sample.

Through the Hyglos and bioMérieux partnership, this novel technology was integrated into the VIDAS[®] platform to address the food industry's need for highly specific assays able to detect small amounts of critical pathogens. VIDAS[®] UP E. coli O157 (including H7) can detect even low levels of contamination by *E. coli* O157:H7, a potentially lethal strain that has caused many food outbreaks.



New certification for VIDAS[®] LSX (*Listeria* Xpress)

This automated test for the fast detection of *Listeria* species was granted Official Methods of Analysis (OMA) approval by AOAC International on a wide variety of food products. This added level of certification assures VIDAS LSX users that the test meets stringent AOAC standards for excellence in pathogen detection. This test had previously received AOAC RI validation and AFNOR Validation according to the ISO 16140 standard.

BIOPHARMACEUTICAL INDUSTRY



LockSure[®] Plate Technology: secure handling of culture media

bioMérieux has developed a new technology intended to make the use of culture media safer. The **LockSure**[®] system effectively allows for 3P[™] Petri dishes to be locked during transport from the sampling site to the laboratory, notably avoiding the risk of environmental contamination in the event of accidental opening. Launched worldwide in 2010, this new system addresses one of the pharmaceutical industry's most important challenges: sterility control.



BacT/ALERT® 3D Dual-T: An innovation in microbiology

Launched in 2010, **BacT/ALERT® 3D Dual-T** is the first fully automated microbial detection system that follows the recommendations of the American and European Pharmacopoeias for dual-temperature incubation. Based on microbial growth, it has applications in the biopharmaceutical industry for sterility testing. Samples can be simultaneously incubated at 20-25 °C and 30-35 °C for rapid microbial detection, offering an alternative to traditional sterility test methods.



A new custom service: BioBall[®] Plant Isolate Service

bioMérieux now provides a new service to pharmaceutical laboratories, offering them the possibility of ordering their own reference strains in the BioBall[®] format. The products in the BioBall range contain a precise number of viable microorganisms in a small, water-soluble ball. This technology is used for quantitative quality control of microbiological testing methods. The **BioBall Plant Isolate Service** provides customers with custom BioBalls containing their own strains in a standardized, practical and easy-to-use format.

INNOVATION



Innovation is central to bioMérieux's R&D strategy. Developing new solutions for fighting **infectious diseases, cardiovascular disease and cancer** are the Group's three public health priorities.

bioMérieux aims to provide clinicians with high medical-value information, optimizing therapeutic decisionmaking for improved patient care. Delivering relevant information faster for better patient management and effective prevention measures is also one of the Company's most important goals.

In a rapidly evolving and complex world confronted by the emergence and global spread of new pathogens (such as the new multi-resistant NDM-1 bacteria), healthcare actors, clinicians, biologists and industry must be highly vigilant and quick to respond. At the same time, major scientific and technological advances are transforming traditional models, presenting the healthcare industry with extraordinary opportunities. This trend can be seen in the diagnostics market, with the development of new technologies and new offerings, on the one hand, and new economic constraints generated by an explosion of healthcare needs and budget restrictions, on the other.

Understanding these changes, seizing opportunities and integrating new technologies to develop innovative products that improve healthcare: these are the challenges that bioMérieux's R&D is striving to meet.

bioMérieux makes a serious investment in R&D: 149 million euros in 2010, or 11% of annual revenues, with over 900 employees worldwide across 10 research sites. In addition to internal programs, bioMérieux engages in international interdisciplinary partnerships with both public and private research organizations, the hospital community, biotechnology companies, the pharmaceutical industry and new players in diagnostics from the fields of information technology and image processing.

Thanks to this strategy, bioMérieux has a promising portfolio to drive future development. 2010 was a particularly productive year for expanding the product portfolio:

- new generations of the platforms that have built bioMérieux's success are under development, with high medical-value parameters that bring strategic information to clinicians;
- the Group's position was reinforced in molecular diagnostics through an agreement with Biocartis and, in the field of sequencing, a partnership with the American company Knome;
- a partnership was initiated with Philips to bring new diagnostic solutions for the patient's Point-of-Care;
- new theranostic tests for more personalized medicine are being developed through an agreement with GSK;
- the collaboration with the CEA* is making headway in the integration of new mass spectrometry and image processing technologies for microbiology applications.

IN-HOUSE R&D BUILDING THE FUTURE

bioMérieux is continually investing to improve the performance of the systems on which its reputation is founded, enriching their menus with high medicalvalue tests.

Accordingly, a novel blood culture platform, drawing on the advances made by **BacT/ALERT**[®], is under development and should be available in 2013.

The new generation of **VIDAS**[®], the world's immunoassay platform, is also being finalized and should be available in 2012. VIDAS has been meeting the specific needs of numerous small and medium-sized clinical (with a large menu of 91 parameters) and industrial laboratories for 20 years. The system achieved remarkable sales performance in 2010.

The main innovations of the new generation platform will be: total traceability of the primary sample and reagents, software that has been completely re-thought and a new automated loading module. In addition to the current panel, including the latest tests like Lyme IgM and IgG, new tests will be available such as hepatitis C and vitamin B12/folate. VIDAS® New aspires to consolidate the current installed base and conquer new markets, especially in developing countries.

NEW HIGH MEDICAL-VALUE VIDAS[®] BIOMARKERS IN CARDIOLOGY

In 2010, bioMérieux signed a license agreement with Siemens Healthcare Diagnostics for the development of a VIDAS test for high sensitivity measurements of C-reactive protein (hsCRP), used in cardiovascular risk identification, stratification and prevention.

A license was also signed with BG Medicine for the use in bioMérieux systems of galectin-3, a novel marker of the development and progression of heart failure. These new tests reinforce the broad VIDAS panel of high medical-value tests.



MOLECULAR DIAGNOSIS: NEW APPROACHES TO FIGHT INFECTIOUS DISEASES AND CANCER



SIMPLIFYING MOLECULAR DIAGNOSIS: THE BIOCARTIS PARTNERSHIP

In November 2010, bioMérieux entered into a strategic agreement to co-develop assays on Biocartis' fully integrated molecular diagnostics system, which the two companies will co-distribute starting in 2012. bioMérieux has also taken a €9 million equity stake in Biocartis.

Under the agreement, bioMérieux will have worldwide exclusive rights to develop and commercialize microbiology assays on the platform. It will also have access to the platform for certain assays for oncology and theranostics, one of the Group's strategic priorities.

This innovative platform fully integrates all the steps of a multiplexed molecular assay, from sample-in to data-out, in a sealed disposable cartridge, which avoids any contamination risk. Providing rapid results, the system is able to perform complex tests on a wide variety of samples, including oncology assays on tissue. The Biocartis platform does not require molecular biology experience or infrastructure with highly skilled technicians, and involves only 1-2 minutes hands-on time. Its ease-of-use will enable molecular diagnostics to be decentralized and conducted outside of the laboratory, with obvious benefits for patient care in Intensive Care Units, Emergency Departments, Operating Rooms, Maternity Wards, etc. The platform's high medical-value tests performed at the patient's Point-of-Care will make it possible to treat patients more quickly and contribute to better control of healthcare-associated infections.

A world leader in microbiology, bioMérieux will enhance the Biocartis platform's broad menu with an exclusive line of tests for healthcare-associated infections and sepsis, with the first products available in 2012. Oncology and theranostics assays on the system are planned for 2015.

INDUSTRIAL APPLICATIONS: A DEDICATED MOLECULAR BIOLOGY PLATFORM



At the end of 2010, bioMérieux and U.S.-based Idaho Technology Inc. signed an agreement for the development of a molecular biology platform for industrial applications. The new system will reinforce bioMérieux Industry's automated range while meeting current customer demand and preparing for evolutions in the market.

SEQUENCING: A POTENTIAL TECHNOLOGY FOR TOMORROW'S DIAGNOSTICS



Progress in genome sequencing and analysis is offering major possibilities for the diagnosis and treatment of human disease. As DNA sequencing costs drop, and the tide of useful data rises, these advances have the potential to revolutionize clinical practice.

In infectious disease, high-throughput genome sequence analysis can help rapidly identify microbes responsible for infections, and reveal underlying mechanisms of antimicrobial resistance. In oncology, tracking genetic differences that distinguish tumors from other tissues can help drive treatment strategies, and monitor their effectiveness. Genomic sequencing can also be used in the development of theranostics for personalized medicine.



A first step in sequencing with Knome

Multiplex DNA sequencing is part of bioMérieux's innovation strategy and the Company signed a partnership agreement in April 2010 with the North American company Knome, specialized in sequencing and genome analysis.

With this collaboration, bioMérieux intends to develop next-generation infectious disease and cancer diagnostics using Knome's sequence analysis technology and bioinformatic tools. The use of genome analysis will lead to high performance diagnostic tools that provide a greater depth of information faster, making it possible to answer "open" questions addressing multiple factors, as opposed to the more narrow scope of information that current technologies can provide. bioMérieux will have exclusive rights to license Knome's proprietary genome analysis platform for use in the *in vitro* diagnostics market.

CLOSER TO THE PATIENT, HIGH MEDICAL-VALUE DIAGNOSTICS



At the beginning of 2010, bioMérieux and Philips signed an agreement to jointly develop fully automated handheld diagnostic testing solutions for hospital use that can be deployed at the Point-of-Care - i.e. close to the patient. In critical care settings within hospitals (for example, Emergency Departments, Coronary Units and Intensive Care Units), there is a need for diagnostic tools that can assist clinicians by enabling fast and accurate patient triage and reducing the delays involved in laboratory-based testing by diagnosing, for example, acute coronary syndromes in the event of a heart attack. Such tests will enable faster treatment and improve patient outcomes. They will also have a direct impact on the reduction of healthcare costs.

The fully automated handheld testing devices that are being co-developed by the two companies will be based on bioMérieux's immunoassay technology and Philip's new patented Magnotech biosensor platform. They will enable clinicians to perform high medical-value tests at the patient's point of care for emergency biomarkers of cardiovascular disease, among others. The tests have the potential to match the analytical performance of tests run on systems in central laboratories.

This new alliance unites Philips' strengths in medical technology, patient monitoring and healthcare IT, including solutions aimed at helping clinicians to make more informed decisions, with bioMérieux's expertise in the development of biomarkers. The first systems could be available in 2013.

FOSTERING MORE PERSONALIZED MEDICINE

Enriching bioMérieux's theranostics portfolio

In May 2010, bioMérieux and GlaxoSmithKline (GSK) concluded an agreement to develop a novel molecular test for cancer. In this new collaboration, which follows a first partnership signed in 2009 in the field of breast cancer, the two companies will develop a theranostic test to aid oncologists in choosing the appropriate treatment for metastatic melanoma.

The new assay is intended to new detect mutations in the BRAF gene. The assay will be used to test phase II and III metastatic melanoma patients to select those eligible for treatment with GSK's BRAF or MEK inhibitor compounds. GSK will bring its extensive experience in oncology and clinical evaluation to this companion test development project, which advances bioMérieux's personalized medicine strategy.

Developments in the ADNA program

bioMérieux has been a partner in the ADNA program for personalized medicine since its inception in 2006. This ambitious program, supported by OSEO, is coordinated by the Institut Mérieux and brings together bioMérieux and GenoSafe, in diagnostics, and Généthon and Transgene, in therapy, as well as other partners in the Rhône-Alpes region. ADNA seeks to develop a more personalized form of medicine, focusing on infectious diseases, cancers and rare genetic diseases and providing innovative theranostic products and services for healthcare professionals. bioMérieux is working on projects with the CEA, the CNRS, the Lyon Civil Hospitals, STMicroelectronics, and Claude Bernard University. In 2010, the ADNA program was reinforced by new scientific collaboration agreements with the Institut Pasteur and the CEA.

The program was also expanded and adapted in 2010, integrating complementary technologies for the discovery and validation of biomarkers for infectious diseases and cancer. The program now includes proteomics and immunoanalysis, in addition to molecular biology platform projects for genomic and gene expression analysis using microsystems and biochips.

This research has resulted in a deeper understanding of certain biomarkers of infectious diseases for better patient care, particularly in the diagnosis and evaluation of prognosis for septic shock. Biomarkers for prostate cancer will also be validated through this program.

New clinical results for bioTheranostics

bioTheranostics presented findings from clinical studies using its diagnostic test for breast cancer, Breast Cancer IndexSM (BCI). Data from the studies were presented at the 33rd Annual San Antonio Breast Cancer Symposium (SABCS), and the annual American Society of Clinical Oncology (ASCO) meeting, in Chicago.

At ASCO, scientists from bioTheranostics and the Sarah Cannon Research Institute presented interim results from a prospective trial examining treatment of carcinoma of unknown primary (CUP) site directed by **CancerTYPE ID**[®]. The study evaluated the efficacy of treatment in CUP patients directed by a molecular classifier.

bioTheranostics also announced the commercial launch and availability of **the company's BRAF mutation test**. BRAF mutations are found in colorectal, melanoma, ovarian and thyroid cancers.

NEW TECHNOLOGIES: A VERY PRODUCTIVE COLLABORATION WITH THE CEA

A bioMérieux partnership agreement with the CEA, signed in 2009, came into action in 2010 with different multidisciplinary programs on new image processing and spectroscopy technologies to improve and accelerate diagnosis and the management of infectious diseases. Current projects focus on rapid bacterial detection and identification methods.

Significant steps were made by teams in the field of mass spectroscopy that pave the way for particularly interesting applications for bioMérieux in the mid- to long-term.



THE FUTURE LAB

bioMérieux created the Future Lab as an original means to boost the efficacy of its development programs and validate innovative concepts with customers.

The Future Lab is, above all, a space dedicated to multidisciplinary research where scientists and engineers can work together to conceive new generation technologies, in conditions that foreshadow the clinical laboratory of tomorrow. New image processing has been applied to automated Petri dish reading, making it possible to imagine solutions that will accelerate diagnosis. These solutions will transform the Petri dish into a real digital object, while conserving the biological advantages of culture media. New functions are being developed, from an interactive graphic interface to automated handling. Future developments should make it possible to read microcolonies, which are undetectable to the human eye, providing preliminary results at a very early stage of culture for faster patient treatment decisions.

Promising results for the DIAGRAM project

Launched in 2009, this project coordinated by bioMérieux within the framework of the French government's Nano-INNOV plan, brings together the CEA, the University of Troyes and the HORIBA Jobin Yvon company, specializing in optical spectroscopy. Using Raman spectrometry, DIAGRAM aims to pave the way for the development of rapid, non-destructive, ultra-sensitive identification methods. In 2010, this program was completed, yielding promising results and interesting possibilities for clinical and industrial applications. Several patents were also submitted in 2010.

It is also a think tank, open to outside visitors. Far beyond a classic showroom, this avant-garde laboratory will help generate concrete improvements through constructive exchanges between scientists and the end users. Built in 2010 at the Marcy l'Etoile site, the Future Lab will be inaugurated in 2011.

INTERNATIONAL



bioMérieux's international development strategy, which enables the Company to take advantage of growth opportunities wherever they appear, once again demonstrated its strength in 2010.

In a particularly difficult healthcare environment in Western Europe and North America, emerging markets, which represent over a quarter of the Group's sales, made remarkable progress in both clinical and industrial applications. This growth was due to the significant public health needs in these countries and ambitious government programs to expand access to healthcare. The Emerging 7^{*} registered growth of 27%, excluding the influenza A (H1N1) impact, and China established itself as the Group's 5th largest subsidiary.

This success was due to bioMérieux's presence in over 150 countries through 39 subsidiaries and a network of distributors that was particularly dynamic in 2010.



Sales in the **Asia-Pacific** region grew by nearly 19% (or 22%, excluding the H1N1 impact), and were particularly dynamic in China (over 30%), India (29%), South Korea and Indonesia. Japan was part of this trend, with sales growth bolstered by the collaboration and distribution agreements with Sysmex Corporation.

Once again, China demonstrated its development potential. The country's ongoing healthcare system reform aims to decentralize a large proportion of healthcare and diagnostics in city hospitals. This is creating significant opportunities for bioMérieux systems: in particular for the VIDAS[®] range, which gained 69% in sales in 2010. New possibilities in the areas of rapid tests and culture media were forged through the acquisitions of Meikang Biotech and Shanghai Zenka Biotechnology. Industrial applications achieved excellent growth rates, thanks to a favorable environment created by the government's program to reinforce food safety.

Present in China for 20 years and strengthened by recent investments, bioMérieux China established itself not only as the 5th largest subsidiary but also the Group's third bioindustrial hub.

Across the Asia-Pacific region, where equipment is in high demand, growth was driven by instrument sales. In clinical applications, the microbiology and VIDAS immunoassay ranges registered high performances, while competitive pressure remained intense in the microplates market. bioMérieux held a leadership position in immunoassays in India. Industrial applications continued to develop at a rapid pace, with an increase of nearly 20%.



Sales in Latin America increased over 10%. Excluding the H1N1 impact, growth climbed over 20%, with all countries in the region reporting solid gains. In Brazil, the largest market of the region, sales continued at a brisk pace with an increase of 17%.

In clinical applications, the microbiology, VIDAS immunoassay and molecular biology ranges all contributed to growth, while sales of rapid tests declined due to the end of the H1N1 pandemic. Lifted by the region's economic development, sales for industrial applications rose 33%.



In **North America**, sales rose 3.5%, in what remains a fragile economic context with a healthcare sector shaped by uncertainties due to the ongoing U.S. healthcare reform. This increase accelerated over the last quarter.

In clinical applications, sales of the VITEK[®] 2 range continued to grow, benefiting from high instrument demand in the 1st semester, continued conversions of first-generation instruments and new customers. VIDAS sales climbed swiftly, reflecting the success of high medical-value assays (VIDAS[®] B.R.A.H.M.S PCT and VIDAS[®] NT-proBNP) and its positioning in physician office labs. Following the launch of chromID[™] MRSA in the United States in 2009, bioMérieux continued to provide innovative solutions in culture media in 2010 with the commercialization of chromID[™] VRE, another high medical-value chromogenic medium.





In **Europe – Middle East – Africa**, sales rose 1.8% with great variations in performance between countries: decreased growth in the mature markets of Western Europe, with the exception of Italy and Germany, and rapid expansion in certain countries, especially in emerging markets.

EUROPE

In Western Europe, where the economic environment weakened over the course of the year due to government budget restrictions, sales generally decreased. However, performances in this region were highly contrasted:

- satisfactory progress in Italy (6%), Germany and Poland, above market growth;
- a decline in sales in Spain, the United Kingdom, Belgium, Portugal and Greece, directly related to economic difficulties in these countries;
- a slight dip in France, due to the current consolidation of laboratories, which impacted routine VIDAS[®] sales. Nonetheless, sales of high medical-value VIDAS tests were robust and growth in clinical microbiology was spurred by the automated ranges.

In Turkey, Russia, the Middle East and Africa, sales continued to climb swiftly with growth of 16%, despite a decrease in sales in South Africa, following the end of the contract with the National Health Laboratory Services for supplying reagents for HIV viral load measurement.



BIOINDUSTRIAL POTENTIAL



bioMérieux's ambitious bioindustrial strategy ensures that its products are of the highest quality and readily available to healthcare providers around the world. In 2010, several programs designed to streamline the Company's global manufacturing were successfully completed.

This year's highlights included structuring and strengthening the Chinese bioindustrial hub, successful activity transfers in Europe and the United States, and the remarkable adaptability demonstrated by the Company's biomanufacturing network. In 2010, bioMérieux consolidated its bioindustrial assets and laid the foundation for future expansion.

In 2010, bioMérieux invested 87 million euros to improve its bioindustrial capacities, which involve over 2,400 people across 18 sites worldwide.

HIGHLY FLEXIBLE BIOMANUFACTURING

bioMérieux demonstrated the remarkable flexibility of its biomanufacturing network, adapting to a highly variable year, with sales below forecasts in the first semester and accelerating significantly over the last six months. This capacity is an important strategic asset in an environment subject to rapidly changing epidemiology and economic shifts that can require the mobilization of the Company's entire biomanufacturing network.

The Florence and Saint Louis sites increased instrument production by 50% in 2010, especially for VIDAS[®] systems. bioMérieux manufacturing also had to adapt to significant variations in the demand for VITEK[®] and VIDAS reagents.

A special organization of the teams and rigorous quality control made this kind of flexibility possible. It is also the result of the Group's ambitious bioindustrial investment policy over the years.

SUSTAINED INVESTMENTS



In 2010, bioMérieux pursued its industrial investment policy not only in China but across locations in Europe and North America. The Durham site initiated a major industrial project that should become operational during 2011: the production of new bottles for the BacT/ALERT[®] system. The Saint Louis site saw the completion of a new building for microbiology instrumentation and reagent R&D.

A manufacturing facility dedicated to products for the pharmaceutical industry is under construction at the Craponne site.

New buildings constructed in 2010 were designed using environmental technologies such as green roofs, which provide better insulation, and doubleflow ventilation to further improve energy efficiency. (see Initiatives chapter page 37)

STRUCTURING AND STRENGTHENING THE CHINESE BIOINDUSTRIAL HUB



After the creation of a corporate Manufacturing group in Shanghai and the production of the first products by the joint venture with Shanghai Kehua Bio-engineering in 2009, bioMérieux's position in China was further strengthened in 2010 by the acquisition of the rapid test manufacturer, Meikang Biotech, based in Shanghai. With this company, bioMérieux gained new production and R&D capacities and a strategic base in China.

The Shanghai site houses R&D laboratories and 9,000 m² of offices and GMP and ISO certified manufacturing facilities. Production activities at this site, which are currently dedicated to rapid tests in the fields of infectious diseases, cardiovascular diseases and cancer, will be expanded to other products in the coming years, to meet the needs of both the Chinese and global markets.

bioMérieux's position in the field of microbiological culture media was enhanced by the acquisition of Shanghai Zenka Biotechnology, a company which has products that are registered and approved for commercialization in China. Thanks to the transfer of knowledge and raw material from the French Craponne site, the first culture media bearing the bioMérieux label were manufactured in China in 2010.

bioMérieux is progressively structuring its activities in China to create a fully integrated corporate hub with R&D, Manufacturing, Quality Assurance, Regulatory Affairs, Marketing and Logistics. bioMérieux also intends to establish its Greater China headquarters at the Shanghai campus, along with its Asia-Pacific office for field support that will include a training center for customers and distributors in the region.

After France and the United States, this region with huge potential is now home to bioMérieux's third corporate hub.

SUCCESSFUL ACTIVITY TRANSFERS

Several activity transfers initiated in 2009 to streamline the Group's international biomanufacturing network were successfully completed in 2010. Molecular biology and immunoassay activities performed at the Boxtel site in the Netherlands (now closed) were fully relocated to the Grenoble and Shanghai sites, respectively. The Etest[®] range and associated R&D, previously handled by the Solna site in Sweden, is now housed and manufactured in a newly renovated building at the La Balme site. Culture media formerly manufactured in Toronto are now produced in Lombard and Portland.

Finally, as part of a restructuring of its culture media business in North America, bioMérieux announced end-2010 its intention to progressively cease activity at the Portland site. The production of routine culture media for clinical applications will be phased out while the manufacturing of other products will be transferred to other Group locations. These measures to improve the efficiency and productivity of bioMérieux's global production network are in keeping with the Group's strategy of providing industry customers the most extensive line of culture media on the market and concentrating on highmedical value chromogenic culture media for clinical applications.

GOOD QUALITY AND PERFORMANCE RESULTS

In 2010, the high level of compliance and quality of the Group's bioindustrial sites was once again recognized by international regulatory authorities.

The Marcy and Craponne sites passed FDA inspection with no observations. The Craponne site also successfully passed AQSIQ (Chinese regulatory authority) inspection. The ANVISA (Brazilian regulatory authority) inspected the Marcy, Craponne, Grenoble, La Balme, Shanghai and Saint Louis sites with positive results. Finally, all ISO certified sites and subsidiaries saw their certifications renewed in 2010.

The successful outcome of these inspections, which are very important for the distribution of bioMérieux products in promising international markets, attest to the vigilance of the Manufacturing, Quality Assurance and Quality Control teams across the Group's sites.



INDUSTRIAL EFFICIENCY: STRONG PERFORMANCE IN 2010

bioMérieux increased its Overall Equipment Effectiveness (OEE) by 4.5%. This industrial indicator, corresponding to the increase in production obtained without changing equipment, contributes to increasing a company's profitability. The performance registered by bioMérieux in 2010 was made possible by an effective Group-wide preventive maintenance policy.

SUCCESSFUL LAUNCH OF A NEW GLOBAL INFORMATION SYSTEM

2010 saw the successful launch of the new information management system, SAP, an essential tool for bioMérieux's future international development. Following validation of pilot phases in 2009, this global ERP (Enterprise Resource Planning) system became operational in the United Kingdom and Germany, in January, and in the United States and Canada, in July, while preparations were made for its launch in France. All countries made a successful transition to the new system, with orders, production and deliveries maintained on time.

This ambitious project was led by a corporate team of nearly 70 people and represented close to 46,000 working days for a significant number of bioMérieux employees in the different departments and sites involved. It required an unprecedented training program with nearly 2,500 people trained since the project was initiated in 2009. By end-2010, over 65,000 hours of user training had been given to facilitate the deployment of SAP.

The project represents a major investment for the Group. By providing real-time information on a global scale, SAP should increase bioMérieux's agility and responsiveness, facilitating rapid decision-making. This centralized resource planning platform will standardize processes, reduce risks and enable better coordination between commercial and industrial operations. It will also further enhance customer service.







bioMérieux's public health mission, its position as a world leader in certain markets and its international scope give the Company ethical, social and environmental responsibilities towards the communities with which it interacts:

- the bioMérieux community, providing Company employees with a workplace in which they can achieve personal and professional fulfillment, and an environment that is respectful of their local culture;
- patients of all countries, especially the most underprivileged, helping to improve access to healthcare and quality diagnostics is at the core of bioMérieux's public health mission;
- our suppliers, key partners in the Company's commitment to product quality;
- the national and local communities where bioMérieux sites are located;
- the future generations for whom we are helping to preserve the environment.

As a corporate citizen, bioMérieux serves these communities through global and individual initiatives. A member of the Global Compact since 2003, bioMérieux renewed its commitment to promote and uphold the Principles of this United Nations program through initiatives implemented in 2010.

During the year, bioMérieux University implemented an ambitious training program for all bioMérieux employees worldwide. Progress was made in several areas of the "BIOMÉRIEUX GOES GREEN" initiative, supporting the Company's commitment to environmental protection. Finally, bioMérieux joined forces with the Fondation Mérieux and the Institut Mérieux in a large-scale program to rebuild clinical biology capacities in Haiti and help the people of this country, devastated by the January 2010 earthquake.

BIOMERIEUX UNIVERSITY: SHARING OUR VISION

bioMérieux recognizes that one of its greatest strengths is found in the motivation and commitment of its teams and the quality of human relations within the Company. Significant investments are made each year in training for the 6,300 women and men who make up the Company.

Created in 2007, bioMérieux University aspires to reinforce the professionalism of employees, develop their capacity to adapt in a rapidly evolving professional environment, encourage them to take initiatives and perpetuate the entrepreneurial spirit that has been a hallmark of bioMérieux since the Company was founded. bioMérieux University's goal is to federate employees around a shared vision.

bioMérieux University now offers all employees a large range of technical and management courses, administered internally or by external providers.

It also proposes two cross-functional training modules:

- bioMérieux Manager Essentials: developed for employees with management responsibilities, comprising 25 days of training over a four-year period;
- bioMérieux Essentials: for all employees, with one or two days of training per year.

Available in France and the United States since 2007, these programs were expanded to China, Latin America and the rest of Europe in 2010, starting with managers.

bioMérieux University provides specific modules for each function. Programs developed in 2009-2010 include Marketing Excellence, Project Manager Essentials and Manufacturing Essentials. One of the principal training activities in 2010 was the vast training module that was essential to the successful deployment of bioMérieux's new global ERP system (see page 33).

In France, bioMérieux University offers employees without a degree the opportunity to take courses for credit towards a diploma. Eight employees participated in the VAE (accreditation for work experience) program and were able to reorient or develop their careers. In 2010, twelve employees attended training courses to become a laboratory assistant at the Jean-Baptiste de La Salle school in Lyon (France). As of end-2010, 50 employees had earned credentials under this plan since its inception.



BIOMÉRIEUX GOES GREEN

In 2010, bioMérieux upheld its commitment to the environment with the "BIOMERIEUX GOES GREEN" environmental action plan. Progress was made in five priority areas: reducing energy, water and paper consumption; reducing the overall amount of waste produced while increasing the portion used for energy recovery; and reducing emissions.

Different actions were implemented, including the drafting of an *Ethical and Sustainable Development Charter between bioMérieux and its Suppliers*, to engage suppliers in the Company's environmental approach. Another initiative is underway to take environmental criteria into consideration in the conception and development of new products and throughout their lifecycle. In addition, training modules on environmental issues were integrated into bioMérieux University programs.

SIGNIFICANT PROGRESS*

- ENERGY consumption as compared with sales (MWh/€m): -12%
- WATER consumption as compared with sales (m³/€m): -29%
- WASTE-TO-ENERGY & RECYCLED WASTE: > 50%
- PAPER CONSUMPTION

(absolute value): -21% in the United States and -11% in France

* Evolution from 2008 to 2010 – estimations and internal data covering 90% of the Group's subsidiaries

CONSERVING OUR RESOURCES

Integrating closed-loop cooling

A new closed-loop cooling system, initiated in 2009 at the Craponne (France) site, became functional in 2010 and should provide a 45,000 m³ annual decrease in water consumption. After Tres Cantos, Spain, in 2009 and Craponne in 2010, bioMérieux would like to expand the use of this type of system to all its sites.

"Green" buildings



bioMérieux systematically sets environmental objectives as part of its bioindustrial investment policy, such as using eco-efficient technologies – for buildings and equipment alike – to limit water consumption.

New buildings are equipped with plant-covered roofs that provide enhanced thermal insulation and with double-flow ventilation, thus contributing to improved energy efficiency. In 2010, the R&D building constructed in Saint Louis in 2009 was awarded the LEED GOLD* label.

Whenever possible, bioMérieux improves existing infrastructures to align them with its environmental policy. For example, in 2010, the Saint Louis site, in partnership with its energy provider, AmerenUE, equipped its warehouse lighting system with motion detectors, saving a potential 2.9 million kWh over the next five years. When the time comes to replace equipment, bioMérieux takes eco-efficiency into account. An example of this can be seen at the Marcy l'Etoile site, where old air compressors were replaced by new models with variable speed motors; the heat produced by this equipment is then used to heat adjacent offices.

New alternatives to paper

The project to make a large number of bioMérieux product package inserts and instructions for use (IFU) available online as electronic files continued. This practice has been authorized by European and North American authorities since 2007. User's manuals and software update installation procedures as well as reagent inserts, which are currently printed in several languages, will gradually become exclusively available online. This project has great implications for the reduction of paper consumption considering that 85% of bioMérieux sales occur in countries where the electronic format is accepted by the regulatory authorities, even if a hard copy is still required in certain countries or is necessary for users without Internet access. Starting with the TEMPO® and BacT/ALERT® lines for industry customers, inserts for the majority of bioMérieux products will progressively become available online.

Working towards this same objective, in 2010, bioMérieux implemented an Electronic Documentation Management solution for its Quality Management System, based on digital workflow that integrates electronic approval. With this system, employees can access original documents from remote stations via a web interface. This solution will significantly reduce the utilization, circulation and storage of paper documents.

BIOMÉRIEUX, A CORPORATE CITIZEN IN CHINA

Present for 20 years in China, bioMérieux plays a driving role in Sino-French healthcare cooperation, working closely with Chinese healthcare professionals and institutions to address major public health issues through a number of initiatives and partnerships. This commitment reached new heights with the World Expo 2010 in Shanghai and the participation of bioMérieux in the French Medical Days:

co-sponsorship of an emergency medicine seminar organized in May by the SAMU*, in the French Pavilion of the World Expo. This seminar was designed to promote academic cooperation between healthcare professionals of Shanghai Xinhua Hospital and the Paris hospitals. The objective was to educate Chinese healthcare professionals on how to diagnose, or safely exclude, outpatients with suspected venous thromboembolism, a condition that can lead to life-threatening complications;



- inauguration of a Sino-French satellite emergency laboratory in the Xinhua Hospital. Located within the biggest emergency department in Shanghai, the laboratory's mission will be to improve the diagnosis and management of disease for critical care patients. bioMérieux, a recognized provider of diagnostics for critical care settings, helped to fund and equip the laboratory with its fully automated VIDAS[®] immunoassay system;
- renewal and extension of the collaboration with the Fudan University Shanghai Cancer Hospital, which now includes the Institut Mérieux, bioMérieux and Transgene;
- A pilot program with the Shanghai Health Bureau and the Bioeconomics Department of Fudan University for decentralized diagnostic testing in community and County Healthcare Centers (CHC).

Better waste management

The shift towards an electronic format for documents also helps reduce the quantity of waste created when obsolete documents are destroyed.

bioMérieux aims to increase the proportion of waste that is recycled or used for energy recovery. Through better sorting practices, the Group has reduced the amount of waste sent to landfills while increasing the portion recycled or incinerated for energy recovery.

Reducing emissions

bioMérieux is committed to reducing emissions, particularly through better management of employee travel. Different measures have been taken towards this goal:

- a policy establishing a limit of 140g of CO₂/km for vehicles in the Company's automobile fleet;
- encouraging employees to carpool;
- limiting international travel by holding meetings in telepresence rooms at the Group's corporate sites.
 In 2010, a fifth telepresence room was equipped at the Shanghai campus.

COMMITTED TO HELPING THE UNDERPRIVILEGED



Upholding its mission to serve public health, bioMérieux continued its corporate sponsorship of the Fondation Mérieux and the Fondation Christophe & Rodolphe Mérieux, which are dedicated to the fight against infectious diseases in developing countries. It is important to note that the Fondation Christophe & Rodolphe Mérieux, which operates under the aegis of the Institut de France, is the main shareholder of the Institut Mérieux. In 2010, bioMérieux devoted 2.5 million euros in corporate sponsorship, most of which went to support these two foundations. During 2010, bioMérieux, the Fondation Mérieux and the Institut Mérieux engaged in a large-scale, long-term program in Haiti to contribute to the reconstruction of this country devastated by the January earthquake.

Different initiatives were undertaken to restore the country's clinical biology capacities, improve health-care and help Haitian women and children.

bioMérieux, in particular, restored the GHESKIO* clinical biology and BSL2/3 research laboratory to working condition after it was damaged by the earthquake. GHESKIO and the Fondation Mérieux have a long-standing partnership dedicated to the fight against AIDS in Haiti. Now that the laboratory is functioning once again, major public health needs generated by the catastrophe and amplified by the subsequent epidemics can be met.

The Foundations and bioMérieux also enhanced the laboratory's capabilities for tuberculosis diagnosis. Additional support was provided in bacteriology, with training on cholera and a research project on the etiology of pneumonia.

Within the framework of French aid to the Port-au-Prince Hospital, which was entirely destroyed by the earthquake, bioMérieux is rebuilding the hospital's clinical biology laboratory and providing the necessary diagnostic equipment. As part of this project, a fully equipped modular laboratory was delivered to Haiti in early 2011.

With the financial support of the Institut Mérieux and bioMérieux, the two Foundations have established certifying courses in biology for Haitian laboratory technicians, in partnership with the ESTBB^{**} and the Catholic University of Lyon. They have also reinforced micro-credit programs for seropositive women that were in place before the earthquake, and created homes for children.

Finally, on behalf of the Fondation Christophe & Rodolphe Mérieux, the Institut de France awarded the Christophe Mérieux prize (500,000 euros) to Professor Jean William Pape, the founder of the GHESKIO Centers, for his exemplary work in the fight against infectious diseases in Haiti.

^{*} GHESKIO: the Haitian Group for the Study of Kaposi's Sarcoma and Opportunistic Infections

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^{**} ESTBB: School of Biology Biochemistry Biotechnologies



CORPORATE GOVERNANCE

BOARD OF DIRECTORS

The Board met 6 times in 2010.

As of January 1, 2011, Jean-Luc Bélingard has replaced Alain Mérieux as chairman of the Board of Directors.

The Board of Directors is comprised of 9 members:

- Jean-Luc Bélingard Chairman
- Alain Mérieux
- Alexandre Mérieux Directeur Général Délégué
- Michel Angé
- Philippe Archinard
- Christian Bréchot
- Groupe Industriel Marcel Dassault represented by Benoît Habert
- Georges Hibon
- Michele Palladino

COMMITTEES OF THE BOARD OF DIRECTORS

The **Audit Committee** met 8 times in 2010. It is comprised of Michel Angé, its chairman, Benoît Habert and Georges Hibon.

The Human Resources Committee: Nominations and Compensation met twice in 2010.

Following the decisions taken by the Board of Directors on December 17, 2010 and March 8, 2011, the committee is now chaired by Alain Mérieux and comprised of Michele Palladino and Michel Angé, who replaces Georges Hibon.

STRATEGY COMMITEE

This committee is comprised of Alain Mérieux, its chairman, Stéphane Bancel, Jean-Luc Bélingard and Alexandre Mérieux.

MANAGEMENT COMMITTEE

The Management Committee, chaired by Stéphane Bancel, meets monthly.

In 2010 it is comprised of:

- **6** Stéphane Bancel Chief Executive Officer
- Thierry Bernard Corporate Vice President, Global Commercial Operations
- Eric Bouvier Deputy General Manager and Corporate Vice President, Immunoassays
- 2 Richard Ding Corporate Vice President, Business Development and Chief Executive Officer, bioTheranostics, Inc.
- Jean-Marc Durano Corporate Vice President, Manufacturing and Supply Operations
- Steve Harbin Corporate Vice President, Quality Management System, Regulatory Affairs & Product Quality, EHS, Global Internal Control and ERP
- Marc Mackowiak Chief Executive Officer, bioMérieux, Inc.
- Alexandre Mérieux Corporate Vice President, Industrial Microbiology
- Peter Kaspar Corporate Vice President, Microbiology
- Henri Thomasson Chief Financial and Legal Officer

On March 31, 2011, Alexandre Mérieux was named Corporate Vice President of the Microbiology Unit, replacing Peter Kaspar, who has retired. Steve Harbin is now Corporate Vice President of Manufacturing and Supply Operations, Quality Management, Regulatory Affairs & Information Systems. Jean-Marc Durano has become the Corporate Vice President of the Industrial Microbiology Unit. Two new members have joined the Management Committee: Michel Baguenault as Corporate Vice President of Human Resources and François Lacoste as Corporate Vice President of the Immunoassay Unit.

NET SALES (in millions of euros)

Excluding the H1N1 impact, 2010 sales growth (like-for-like) was in line with bioMérieux's usual sales performance. Growth was boosted by the vitality of the Company's commercial network in emerging markets and by its strong growth drivers (clinical microbiology, the VIDAS[®] range and industrial applications).



^{*} At constant exchange rates and scope of consolidation and excluding the H1N1 impact in 2009 and 2010

BREAKDOWN OF SALES BY REGION

2010 was shaped by budget restrictions in Western Europe and by challenging economic conditions in North America. In contrast, emerging markets expanded at a rapid pace. The Emerging 7 reported an organic growth of 27%, excluding the H1N1 impact, and China grew by more than 30%, making the subsidiary the Group's fifth largest.



BREAKDOWN OF SALES BY APPLICATION

The 3 main growth drivers achieved organic growth of over 7%: clinical microbiology (+7.6%), the VIDAS range (+9.2%), and industrial applications (+8.1%).



OPERATING INCOME BEFORE NON-RECURRING ITEMS (% of sales)

Operating income before non-recurring items continued to improve in 2010, reflecting the increase in gross profit and control of operating expenses.



NET INCOME (in millions of euros)

Net income represented 11.8% of sales.



R&D EXPENSES (in millions of euros)

In 2010, important strategic partnership agreements were signed, expanding the Group's R&D project portfolio.



KEY FIGURES



FREE CASH FLOW* (in millions of euros)

bioMérieux continued its ambitious investment plan announced in 2008, while dealing with longer payment periods in Southern Europe. Nevertheless, the Company generated a significant free cash flow.



CAPITAL EXPENDITURE (in millions of euros)

In line with the strategy announced in 2008, the level of industrial capital expenditure remained high, primarily covering the deployment of the global ERP system and programs to extend production capacity.



FINANCIAL STRUCTURE (in millions of euros)

Totally debt-free, the Company has significant financial latitude.



TOTAL WORKFORCE AS AT DECEMBER 31^{ST*}

The number of full-time-equivalent employees was consistent with 2009, following the consolidation of Meikang Biotech, Dima and Zenka (112 employees) and the closure of the Toronto, Solna and Boxtel sites (138 employees).



CONSOLIDATED INCOME STATEMENT

In millions of euros Ja	n 10-Dec 10	Jan 09-Dec 09
	12 months	12 months
Net Sales	1,357.0	1,223.4
Cost of sales	-634.9	-563.8
Gross profit	722.1	659.6
Other operating income	22.7	25.2
Selling and marketing expenses	-238.8	-217.1
General and administrative expenses	-103.2	-98.7
Research and development expenses	-149.2	-143.0
Total operating expenses	-491.2	-458.8
Operating income before non-recurring items	253.6	226.0
Other non-recurring income (expenses)	-9.6	-9.6
Operating income	244.0	216.4
Cost of net financial debt	-3.2	-2.5
Other financial items	0.6	1.4
Income tax	-81.4	-67.1
Investments in associates	0.0	0.0
Net income of consolidated companies	160.0	148.2
Attributable to the minority interests	1.3	0.4
Attributable to the parent company	158.7	147.8
Basic net income per share	4.03 €	3.75 €
Diluted net income per share	4.03 €	3.75 €

CONSOLIDATED BALANCE SHEET



ASSETS In millions of euros	Net 12/31/2010	Net 12/31/2009
NON-CURRENT ASSETS		
Intangible assets	122.7	93
Goodwill	188.7	166.9
Property, plant and equipment	340.1	312.8
Financial assets	26.6	10.5
Other non-current assets	28.0	27.0
Deferred tax assets	24.9	26.1
Total	731.2	636.3
CURRENT ASSETS		
Inventories and work in progress	179.5	158.6
Accounts receivable	403.0	346.6
Other operating receivables	48.0	45.9
Tax receivable	2.9	10.6
Non-operating receivables	0.8	2.4
Cash and cash equivalents	71.4	47.0
Total	705.5	611.1
Assets held for sale	12.0	13.4
Total assets	1,448.7	1,260.8
LIABILITIES AND SHAREHOLDERS' EQUIT	Y <u>12/31/2010</u>	12/31/2009
SHAREHOLDERS' EQUITY		
Share capital	12.0	12.0
Additional paid-in capital & Reserves	800.9	642.0
Net income for the year	158.8	147.8
Total equity before minority interests	917.7	801.8
Minority interests	4.4	4.6
Total shareholders' equity	976.1	806.4
NON-CURRENT LIABILITIES		
Net financial debt - long-term	7.5	8.4
Deferred tax liabilities	24.8	21.0
Provisions	31.6	35.7
Total	63.9	65.1
CURRENT LIABILITIES		
Net financial debt - short-term	39.6	40.7
Provisions	14.4	16.0
Accounts payable	128.9	116.6
Other operating liabilities	185.2	166.6
Tax liabilities	15.6	20.5
Non-operating liabilities	25.1	28.9
Total	408.8	389.3
Total liabilities and shareholders' equity	v 1.448.7	1,260.8

CONSOLIDATED CASH FLOW STATEMENT

In millions of euros	Jan 10-Dec 10 12 months	Jan 09-Dec 09 12 months	
Net income of consolidated companies	160.02	148.2	
Net depreciation and provisions, and others	88.3	58.9	
(Increase) / Decrease in fair value of derivatives	1.2	0.1	
Net realized capital gains (losses)	-0.4	-3.0	
Cash flow from operating activities	249.1	204.2	
Cost of net financial debt	3.2	2.5	
Current income tax expense	76.3	67.0	
Cash flow from operating activities before cost of net financial debt and income tax	328.6	273.7	
Increase in inventories	-13.1	-0.2	
Increase requirements in accounts receivable	-37.5	-28.4	
Increase (Decrease) in accounts payable and other operating working	capital 8.7	3.3	
Decrease / (Increase) in operating working capital	-41.9	-25.3	
Income tax paid	-74.5	-70.3	
Other	-14.4	12.0	
(Increase) / Decrease in non-current assets	1.2	-1.5	
Decrease / (Increase) in working capital requirements	-129.6	-85.1	
Net cash flow from operations	199.0	188.6	
Purchase of property, plant and equipment	-123.3	-119.6	
Proceeds on fixed asset disposals	10.0	10.2	
Purchase of financial assets / Disposals of financial assets	-14.0	8.3	
Impact of changes in the scope of consolidation	-12.3	0.1	
Other investing cash flows	-1.6	-2.5	
Net cash flow from (used in) investment activities	-141.2	-103.5	
Purchases and proceeds of treasury stocks	-0.8	4.7	
Dividends to shareholders	-36.4	-31.9	
Minority interests in capital increase	1.3		
Cost of net financial debt	-3.2	-2.5	
Change in confirmed financial debt	-6.7	-66.1	
Net cash flow from (used in) financing activities	-45.8	-95.8	
Net change in cash and cash equivalents	12.0	-10.7	
Analysis of net change in cash and cash equivalents			
Net cash and cash equivalents at the beginning of the year	14.2	31.5	
Impact of currency changes on net cash and cash equivalents	7.8	-6.6	
Net change in cash and cash equivalents	12.0	-10.7	
Net cash and cash equivalents at the end of the year	34.0	14.2	

THE BIOMÉRIEUX SHARE





The bioMérieux share was listed on July 6, 2004 at an offer price of 30 euros per share

SHARE VALUE

In euros	2010	Since July 6, 2004
Highest	92.40	92.40
Lowest	66.95	26.00
As at 12/31/2010 (2)	73.82	

Number of shares: 39,453,740

Market capitalization as at end 2010: 2,912 million euros

Average daily trading volume on NYSE Euronext in 2010: approximately 48,700 shares, for a value of 3.8 million euros.

The bioMérieux share is part of the following indexes: CAC Mid 60[®], SBF 120[®], CAC Mid & Small[®], CAC All-tradable[®] and CAC All-Share[®].

It is listed on the compartment A of Eurolist and is eligible for the Deferred Settlement Service (SRD). bioMérieux is also part of certain sustainability indexes: Gaia Index 2010/2011,

Ethibel EXCELLENCE, FTSE4Good.

2011 CALENDAR OF EVENTS

January 19th: 2010 business review March 8th: 2010 results April 21st: 2011 Q1 business review June 15th: Shareholders meeting July 19th: 2011 Q2 business review September 6th: 2011 first-half results October 20th: 2011 Q3 business review

INVESTOR RELATIONS CONTACT

Isabelle Tongio

BREAKDOWN OF CAPITAL

AS AT DECEMBER 31, 2010



SHARE CHARACTERISTICS

Market: NYSE Euronext Paris Stock symbol: BIM ISIN code: FR 0010096479 Reuters code: BIOX.PA Bloomberg code: BIM.FP

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GLOSSARY



ANTIBIOTIC SUSCEPTIBILITY TESTING

Determines the growth of a bacterium in the presence of antibiotics and classifies it as susceptible, resistant or intermediate.

BIOMARKER

Any indicator (nucleic acids, enzymes, metabolites and other types of molecules: histamines, hormones, proteins, etc.) present in the body or excreted by the body as a biological response to disease. A biomarker can make it possible to identify the presence, the effect and/or the measurement of specific phenomena, such as:

- the rapid or early detection of a disease, before the first symptoms appear;
- the progression of a disease;
- the impact of a drug or treatment.

CHROMOGEN

Molecule that gives off a color under certain conditions. When incorporated into a culture medium, it reveals the presence of an enzyme specific to a given bacteria, thereby indicating the bacteria that is cultured.

ENUMERATION

Counting how many microbes (bacteria or fungi) are present in a sample.

HEALTHCARE-ASSOCIATED INFECTION (NOSOCOMIAL INFECTION)

An infection that patients acquire during the course of receiving treatment for other conditions within a hospital or healthcare setting.

IMMUNOASSAYS

Detection of infectious agents (bacteria, viruses, parasites) and pathogen markers based on an antigen/antibody reaction.

IN VITRO DIAGNOSTICS

Analysis of biological samples (urine, blood, etc.) performed outside the human body.

MASS SPECTROMETRY

Technique used to identify a molecule and determine its chemical structure by analyzing the mass and the charge of its ions.

MICROBIOLOGY

Study of microorganisms. bioMérieux uses culture-based microbiology methods for the growth of bacteria from biological fluids, food and pharmaceutical samples. The bacteria are subsequently identified and their susceptibility to antibiotics tested in certain cases.

MOLECULAR BIOLOGY

Technique that can detect a bacterium, virus, yeast, parasite or a biomarker through the presence of DNA or RNA genetic sequences in a sample.

ONCOLOGY

Synonym of cancerology: the study of malignant tumors and processes in cancer.

PATHOGEN

That which causes or can cause disease.

PHAGE RECOMBINANT PROTEIN

Phage tail protein that has been obtained by a biological process. Bacteriophages: highly specific viruses that only infect bacteria. They are used for the targeted capture of bacteria and to isolate them from a sample.

SEPSIS

A widespread infection characterized by the presence of bacteria in the bloodstream (viruses or fungi can also cause sepsis) and the deterioration of the patient's general condition as a result of the infection (host response).

SPECTROSCOPY

Identification of substances through the analysis of their fluorescence spectrum.

THERANOSTICS

The association of a diagnostic test with a therapy. The foundation of personalized medicine.

Thanks to all of the bioMérieux employees who contributed to the Annual Report photos.

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