GEA Group Aktiengesellschaft · Annual Report 2009

efficiency in food and energy processes.

GEA Group: Key IFRS figures

(EUR million)	2009	2008	Change (%)
Results of operations			
Order intake: Energy and Farm Technology	1,330.8	1,645.6	-19.1
Order intake: Process Technology	2,760.4	3,346.6	-17.5
Order intake GEA Group	**4,080.7**	**4,983.9**	**-18.1**
Revenue: Energy and Farm Technology	1,483.7	1,818.6	-18.4
Revenue: Process Technology	2,904.4	3,338.1	-13.0
Revenue GEA Group	**4,411.2**	**5,179.0**	**-14.8**
Order backlog	2,164.1	2,450.7	-11.7
EBITDA GEA Group before restructuring expenses	**433.7**	**585.9**	**-26.0**
in % of revenue	9.8	11.3	-
EBITDA: Energy and Farm Technology	103.6	190.8	-45.7
EBITDA: Process Technology	272.7	415.5	-34.4
EBITDA GEA Group	**368.7**	**585.9**	**-37.1**
EBIT GEA Group before restructuring expenses	**333.2**	**504.2**	**-33.9**
in % of revenue	**7.6**	**9.7**	**-**
EBIT GEA Group	**268.2**	**504.2**	**-46.8**
in % of revenue	6.1	9.7	-
EBT GEA Group	**209.2**	**458.8**	**-54.4**
Profit after tax from continuing operations	161.4	349.0	-53.8
Profit or loss after tax from discontinued operations	0.3	-248.0	-
GEA Group profit for the period	**161.7**	**101.0**	**60.1**
Net assets			
Total assets	4,994.4	5,128.3	-2.6
Equity	1,735.0	1,455.4	19.2
in % of total assets	34.7	28.4	-
Working capital (reporting date) [1]	481.7	790.4	-39.1
Net liquidity/net debt [2/3]	47.1	-60.2	-
Gearing in % [2/4]	-2.7	4.1	-
Financial position			
Cash flow from operating activities	540.6	388.9	39.0
Capital employed (reporting date) [5]	2,846.7	2,884.5	-1.3
Capital Employed (average)	2,883.1	2,803.8	2.8
ROCE in % [6]	9.3	18.0	-
Capital expenditure on property, plant, and equipment	135.4	165.6	-18.2
Employees (reporting date) [7]	20,693	21,327	-3.0
GEA Shares [8]			
Earnings per share from continuing operations	0.87	1.89	-53.9
Earnings per share from discontinued operations	0.00	-1.35	-
Earnings per share	**0.87**	**0.54**	**61.3**
Weighted average number of shares outstanding (million)	183.8	183.9	-0.1

1) Working capital = inventories + trade receivables - trade payables - advance payments received

2) Including discontinued operations

3) Net liquidity (+) or net debt (-) = cash and cash equivalents + marketable securities - liabilities to banks

4) Gearing = net debt (+) or net liquidity (-) / equity

5) Capital employed = noncurrent assets + working capital

6) ROCE = EBIT / capital employed (average)

7) Full-time equivalents (FTEs) excluding apprentices / trainees and inactive employment contracts

8) EUR

See inside back cover for index

Jürg Oleas,
Chairman of the Executive Board,
GEA Group Aktiengesellschaft

Dear Shareholders,

Fiscal year 2009 was characterised by difficult conditions worldwide, with the financial and economic crisis impacting almost all economies. Only China – which is now GEA's third-largest market – and India recorded virtually uninterrupted growth, although these countries also saw a shift towards more domestic demand driving their economies.

GEA's business, too, was of course affected by the financial and economic crisis. As a result, our order intake fell to EUR 4.1 billion in the past year. However, our high order backlog at the beginning of 2009 meant that this decline only impacted on revenue with a delay. Despite the crisis, we have continued our systematic focus on margins. Our priorities remain price quality and secure contractual conditions. This is why we again did not accept certain orders in 2009 despite the difficult economic situation. Owing to this focus on margins, a strong product range, and comparatively stable customer industries GEA performed well compared to the mechanical engineering sector in general.

It had been apparent since fall 2008 that 2009 would be a difficult year. Economic forecasts were extremely mixed and had to be reduced at ever shorter intervals. We therefore began developing and implementing an extensive package of measures at an early stage. Our cautious assessment of the situation, which was not always shared by external observers, was subsequently confirmed. The implementation of our measures allowed us to prevent an even sharper decline in our earnings in 2009. In addition to stabilizing earnings, we focused in particular on safeguarding liquidity. Despite the cash outflow from discontinued operations, we turned our low net debt from the previous year into net liquidity at the end of 2009.

At group level, we generated earnings before interest, tax, and restructuring expenses of EUR 333 million. Although this is a decline as against the previous year, we see it as a significant success in view of the overall conditions. At EUR 0.87, earnings per share for fiscal year 2009 actually increased compared with 2008. The fact that the losses incurred from discontinued operations were offset by the reversal of provisions had a positive effect here. Given the clear improvement in cash flow, the Executive Board and Supervisory Board will propose a dividend of EUR 0.30 per share for the past fiscal year to the Annual General Meeting, despite the ongoing difficult business environment. This is in line with our stated goal of distributing a third of the group's earnings to you, our shareholders.

Securing strategic options

We systematically implemented the program of measures to adjust our capacity that we initiated in the fourth quarter of 2008. In addition to reducing overtime and contract workers, unfortunately we were forced to respond to the changing economic conditions by lowering our core workforce. Such drastic measures are always painful for us, too. We hope that the staff affected find a new career opportunity as quickly as possible. If the signs of stabilization in our operating environment are not confirmed in the course of 2010, we will be unable to avoid extending the scope of our package of measures.

To strengthen GEA's development opportunities, the Executive Board and Supervisory Board also resolved a fundamental reorganization of the group's segments in 2009. The operations of the nine existing divisions, which were reported in two segments, will be reorganized into five new segments without changing the group's overall portfolio. In particular, this allows GEA to bundle its heat exchanger business, which was previously spread across the two segments. Over the years, acquisitions, product development, and the growing internationalization of the business led to overlapping within the former organizational structure. We expect the reorganization to result in substantial synergies, especially in the areas of sales, purchasing, and production. This will enable the group to coordinate and implement investments and product development more effectively than before.

In the course of this reorganization, we will also reduce the number of legal business units, which will further decrease the complexity of the group. The elimination or streamlining of lower administrative levels will save administration costs. The larger areas of responsibility created by the merger of legal units will also increase our attractiveness as an employer.

We will continue our strategy of acquiring companies – especially in the food processing and energy technology segments – that complement existing technological processes or open up new markets. We again made four acquisitions in the past fiscal year.

Liquidity

Cash flow from operating activities was an extremely encouraging EUR 541 million in fiscal year 2009. In addition to the significant reduction in working capital, this was driven by the systematic streamlining of capital expenditure on property, plant, and equipment, which however still remained well above the depreciation charges. Our net liquidity amounted to EUR 47 million at the end of 2009, up EUR 107 million on the net debt recorded at the previous reporting date. In December 2009, we agreed an additional credit line with the European Investment Bank to further safeguard our financial flexibility. We are also in negotiations with various banks to replace or extend credit lines that expire in 2011.

Employees

As in the past two fiscal years, we again resolved to pay our employees an extraordinary bonus for 2009, with the exception of senior managers. The total amount of the bonus is EUR 2.6 million. On behalf of all Executive Board members, I would like to take this opportunity to thank our staff for their unwavering commitment despite the difficult conditions. We are impressed with how they have mastered the challenges facing the Company and contributed to its success.

The fourth tranche of the Performance Share Plan, offered to senior managers for the period from 2009 to 2012, was subscribed for by around 60 percent of the 311 eligible participants at the reporting date. As it was the case for previous tranches, the requirement for participation is that managers purchase GEA shares via the stock exchange from their own funds and hold them at least three years. In this context, the first tranche from 2006 was paid out in 2009. The extremely high participation rate from the outset reflects the high level of confidence that our managers have in the Company's medium- and long-term success.

Innovations – the foundation for the future

In the face of global competition, engineering companies can only be successful in the long term by enhancing their technologies and processes on an ongoing basis. One of our main priorities is therefore to systematically implement and promote a culture of innovation. Among the group's many activities in this area, I would like to highlight our uniform group-wide ideas for improvement scheme. Our "i^2m" Ideas and Improvement Management system allows our staff to actively contribute to improvements in all areas of the Company. And they again did this successfully in 2009. Throughout the Group, a total of more than 15,000 ideas were developed – which is an excellent result in view of the number of employees in Germany and abroad. The benefits obtained from these ideas were approximately 40 percent higher than in the previous year. I would like to thank our staff for their efforts here as well.

Portfolio management

The closure of Ruhr-Zink at the end of 2008 marked the end of a radical portfolio restructuring program within the group. Going forward, we aim to further develop our activities in the area of food processing and energy technology in particular.

Outlook

We are extremely well equipped to meet the challenges of the future. While GEA's order intake for fiscal year 2009 was down by 18 percent year-on-year, the decline in the entire German mechanical engineering sector amounted to 38 percent in the past year, according to the German Engineering Federation (VDMA). GEA's product portfolio therefore proved less prone to economic factors than that of the mechanical engineering sector as a whole.

Overall, we believe that business volumes in our markets have bottomed out. However, we forecast that the group's sales markets remain volatile in the short term from both a sector-specific and a regional perspective.

In fiscal year 2010 we expect

- an increase in investment in the food industry based on continued growth in demand for processed foods,

- an upturn in investment in the energy market, especially in the oil and gas business, due to assumed medium-term price rises,

- growing interest in energy-efficient process solutions that boost demand for GEA's engineering solutions and products,

- an increase in the price of key materials, which will reduce the current reluctance to invest in anticipation of falling plant prices, and

- continued low interest rates.

Provided that the trends described above will materialise, demand for GEA Group's products and services should increase compared with the third and forth quarters of 2009. Consequently, we expect a moderate increase in order intake, a corresponding stabilization of revenue, and therefore margins to at least match the fiscal year 2009 level.

However, it is expected to take two to three years for the effects of the global financial and economic crisis to be overcome in all segments and therefore in the group.

It remains to be seen how GEA's key sales countries control their heavily increased debt without implementing spending cuts that may again lead to the global economy slowing down.

In view of the measures we have initiated to reduce complexity, we believe that we can achieve a sustainable EBIT margin of 12 percent across the economic cycles.

Sincerely,

Jürg Oleas
Chairman of the Executive Board


GEA

More Than Just Hot Air

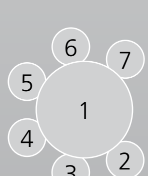
Cooling towers are commonly found in power plants and many processes of the chemicals and manufacturing industries. At the same time, they are increasingly used in building engineering to provide dry cooling for air conditioning systems. Given such diversity of use, their design and operating principle can vary greatly, depending on the actual application.

GEA has been supplying cooling systems worldwide for many decades now – consistently in line with the highest quality standards and the very latest knowledge. To ensure that every customer need can be met in full, GEA offers the entire spectrum of cooling tower technology, including standardized cell cooling towers made of prefabricated components, cell and natural draft cooling towers constructed onsite, and dry cooling towers of the Heller type.

Natural draft cooling towers are typically used for large power plants, whereas forced and induced draft cooling towers offer an attractive solution for industrial applications or power generation facilities located in areas with difficult weather conditions. With the use of multi-cell cooling towers, cooling performance can be flexibly tailored to process requirements and to the ambient conditions. In addition, a multi-cell design guarantees high availability, since individual cells can be maintained and, if necessary, drained during ongoing operation.

Stricter water protection regulations have had a significant impact on the planning and construction of power plants and industrial facilities. The use of more-efficient cooling towers has further lowered the temperature of cooling water discharged into waters, thus reducing the thermal pollution of rivers and seas.

GEA not only designs and builds cooling towers. It also has its own center of excellence that develops and produces the cooling tower components actually responsible for the process of heat exchange. This ensures a high degree of operating security for GEA and its customers.



1. Increasingly stringent environmental controls are boosting demand for efficient cooling towers from GEA.
2. Heavy industry often involves extreme temperatures – GEA technology provides the cooling required for molten metals.
3. GEA cooling towers meet the highest environmental demands – a performance also prized by the petrochemical industry.
4. Components from GEA are also found increasingly in air conditioning systems for buildings.
5. Plastics are used in more and more areas – thanks to their modular design, GEA cooling towers are extremely flexible in application.
6. Reliable power supplies are one of the major challenges of our times – GEA has long been tackling this challenge and ensuring optimum efficiency.
7. GEA cooling towers help take the heat out of a host of processes in the chemicals industry.

GEA Shares

Performance of GEA Group shares on the capital markets

In 2009, the international stock markets were dominated by the global financial crisis and the associated economic developments. Investor uncertainty led to market indices trending downwards before bottoming out at the beginning of March. Although the two-month rally that followed temporarily reversed the price losses seen since the beginning of the year, the DAX and MDAX declined again in June.

Only in the second half of the year did a broad-based market recovery set in with stocks climbing to well above their opening prices for the year, buoyed up by better-than-expected corporate earnings and a brighter outlook for the economy. On December 28, the DAX (Xetra) topped the 6,000-point mark for the first time in 2009 before closing the year at 5,957 points. This represents an annual increase of 23.8 percent, as against 34.0 percent for MDAX.

GEA Group Aktiengesellschaft's shares mirrored this trend, recording their low for the year of EUR 7.34 on March 19, 2009. The markets rewarded both the increasing effect of GEA Group's capacity reduction and cost cutting measures and the new segment structure associated with the group reorganization in the third quarter with a rise in share prices. This led to the shares closing the year at their annual high of EUR 15.62. All in all, GEA Group Aktiengesellschaft's shares rose by 41.5 percent in the second half of the year, clearly outperforming the DAX (20.6 percent) and the MDAX (30.7 percent).

The group's shares closed at EUR 15.56 on December 30. Despite the heavy declines recorded at the beginning of the year, GEA Group's share price increased by 28.1 percent year-on-year. As a result, the share price has more than doubled since its annual low (+112 percent).

Shareholder structure

As of December 31, 2009, the disclosures in accordance with the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) received by GEA Group Aktiengesellschaft reveal that two major shareholders held more than 5 percent of the Company. Due to its acquisition of Barclays Global Investors, the US company BlackRock, Inc. has held more than 10 percent of the shares of GEA Group Aktiengesellschaft since December 1. Kuwait Investment Office is the second-largest shareholder with an equity interest of 8.3 percent. In contrast, Commerzbank AG successively reduced its equity interest of 7.8 percent as of January 2009 and sold the remaining 5 percent in full in the third quarter.

GEA Group Aktiengesellschaft held no treasury shares as of December 31, 2009. The number of outstanding shares was unchanged as against the previous year, at 183,807,845. Consequently, the Company's market capitalization was just under EUR 2.9 billion as of the end of December, up year-on-year (EUR 2.2 billion). GEA Group Aktiengesellschaft ranked 34th in the index listing of all listed German companies in the DAX, MDAX, TECDAX, and SDAX, measured in terms of market capitalization, that was published by Deutsche Börse at the end of the year (previous year: 32nd). In terms of stock exchange turnover, the Company was in 41st place (previous year: 41st). At 1.1 million shares, the average daily trading volume in 2009 was below the prior-year figure of 1.4 million shares. Trading in GEA Group Aktiengesellschaft shares accounted for approximately 4 percent of the total trading volume for all 50 MDAX stocks.

Investor relations activities

In 2009, as in the past, GEA Group's investor relations activities ensured a reliable, transparent exchange of information with market players on an ongoing basis. Institutional investors, retail shareholders and analysts received timely, comprehensive information about the Company during the reporting period. In 2009, the Company held 23 roadshows, visited 14 conferences, and held 359 one-on-one meetings. In addition, a Capital Markets Day was held in June 2009 at which the Company presented product highlights, its current business situation, and the future strategy of the Process Engineering Division. In the second half of the year, investors and financial analysts were particularly interested in the measures being taken to improve efficiency as part of the production capacity adjustment program, the restructuring of the Group that was announced, and trends on GEA Group's global customer markets in view of the effects of the financial and economic crisis.

Earnings per share

Earnings per share (EPS) amounted to EUR 0.87 in fiscal year 2009. This is calculated by dividing the profit for the period by the weighted average number of shares outstanding in the course of the fiscal year. An average of 183.8 million no-par value shares were outstanding in the year under review.

Dividend proposal

The Executive Board and Supervisory Board of GEA Group Aktiengesellschaft will propose to the Annual General Meeting on April 21, 2010 that a dividend of EUR 0.30 per no-par value share be paid for fiscal year 2009. Given the share price of EUR 15.56 on December 30, 2009, this results in a dividend yield of 1.9 percent. The dividend will be paid from the contribution account for tax purposes (steuerliches Einlagekonto) in accordance with § 27 of the Körperschaftssteuergesetz (KStG – German Corporate Income Tax Act) without deduction of investment income tax and the solidarity surcharge.

Key performance indicators for GEA Group shares

	Q4 2009	Q4 2008	Q1 - Q4 2009	Q1 - Q4 2008
Shares issued (December 31, million)	183.8	183.8	183.8	183.8
Shares outstanding (December 31, million)	183.8	183.8	183.8	183.8
Average shares outstanding (million)	183.8	183.9	183.8	183.9
Share price (December 31, EUR)	15.56	12.15	15.56	12.15
High (EUR)	15.62	13.96	15.62	26.90
Low (EUR)	12.83	9.48	7.34	9.48
Market capitalization (December 31, EUR billion) [1]	2.86	2.23	2.86	2.23
Average daily trading volume (million)			1.1	1.4
Earnings per share (EUR)	0.35	0.12	0.87	0.54
Earnings per share from continuing operations (EUR)	0.35	0.73	0.87	1.89
Earnings per share from discontinued operations (EUR)	0.01	-0.61	0.00	-1.35
Dividend [2]			0.30	0.40

1) Based on shares issued
2) Dividend proposal for 2009

Prices: XETRA closing prices

GEA Performance Share Plan

In July 2006, GEA Group Aktiengesellschaft launched a long-term remuneration program for first- and second-level managers (see page 66); this was extended to include third-level management in 2008. Each GEA Performance Share Plan runs for three years. The first tranche from 2006 was therefore paid out in July 2009.

Plate heat exchangers are a vital component in a wide range of industrial processes. They are not only required in the production of food, pharmaceuticals, chemicals, biofuels, or paper, but also play an essential role in the air conditioning of buildings and the generation of power. At GEA, we distinguish between three types of heat exchanger: brazed, gasketed, and fully welded.

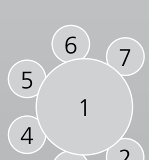
In the food industry, our components are renowned for enabling especially gentle processing and for providing the high economic efficiency characteristic of all GEA equipment. Be it edible oils, fruit juices, soft drinks, or products from the dairy and brewing industries – different production processes require different plate heat exchangers tailored to their precise specifications. We even supply equipment capable of handling highly viscous fluids such as egg, honey, and sauces.

The field of building engineering and refrigeration technology is an important market of the future. Our plate heat exchangers offer tailored application options to ensure fresh air and a cool breeze the world over.

Heat and Refrigeration

In the chemical industry, our competitive advantage is again based on our ability to create customized solutions that solve a host of customer challenges. GEA plate heat exchangers play a crucial part in the manufacture and processing of chemical and petrochemical products. Typical examples here include intermediates for the plastics industry, acids, and alkaline solutions. According to the application in question, both the materials and the channel geometry of the heat exchanger can vary, each tailored precisely to the medium in question.

Our plate heat exchangers are also in action on the seven seas. When vessels are maneuvering in confined waters or holding a course in heavy seas, engine failure must be avoided at all costs. It is therefore crucial to ensure fail-safe cooling for the propulsion systems used in modern shipping. Safety is likewise of the essence in power plants. Our response has been to design double cooling units that provide a dual safeguard. This way, even when one cooler is down for maintenance, the other ensures that the plant remains fully operational, reliably delivering power and heat.



1. Plate heat exchangers – a core component of process engineering.
2. In the dairy industry, reliable refrigeration is essential for protecting perishable foods.
3. High-performance EVAPplus plate heat exchangers play an indispensable role in the production of sugar.
4. The paper industry consumes a lot of water – GEA technology ensures efficient and reliable cooling of the resulting effluent.
5. Technology from GEA provides a cool breeze in facilities such as Munich Airport.
6. Safety remains a top priority at power plants – thanks, not least, to cooling technology from GEA.
7. Heat exchangers from GEA also guarantee the right temperature during the processing of fruit juices.

Executive Bodies of GEA Group Aktiengesellschaft

Supervisory Board of GEA Group Aktiengesellschaft

Members of the Supervisory Board

Dr. Jürgen Heraeus
Chairman of the Supervisory Board
Chairman of the Supervisory Board of Heraeus Holding GmbH

Reinhold Siegers
Deputy Chairman of the Supervisory Board
Chairman of the Works Council of GEA Group Aktiengesellschaft

Dieter Ammer
Chairman of the Management Board of Conergy AG

Ahmad M.A. Bastaki
Executive Director, Office of the Managing Director, Kuwait Investment Authority

Hartmut Eberlein
since April 22, 2009
Former Chief Financial Officer of GEA Group Aktiengesellschaft

Rainer Gröbel
Departmental Head, IG Metall, Management Board

Klaus Hunger
Works Council Chairman of GEA Maschinenkühltechnik GmbH

Michael Kämpfert
Head of Human Resources of GEA Group Aktiengesellschaft

Dr. Dietmar Kuhnt
Former Chairman of the Executive Board of RWE AG

Kurt-Jürgen Löw
Works Council Chairman of GEA Westfalia Separator Production GmbH

Dr. Helmut Perlet
Former Member of the Management Board of Allianz SE

Joachim Stöber
Executive Secretary to the Management Board of IG Metall

Louis Graf von Zech
until April 22, 2009
Member of the Supervisory Board of BHF-Bank Aktiengesellschaft

Supervisory Board Committees

Mediation Committee in accordance with section 27 (3) of the Mitbestimmungsgesetz (MitbestG – German Co-determination Act)

Dr. Jürgen Heraeus, Chairman
Dr. Helmut Perlet
Reinhold Siegers
Klaus Hunger

Presiding Committee

Dr. Jürgen Heraeus, Chairman
Dr. Helmut Perlet
Reinhold Siegers
Rainer Gröbel

Audit Committee

Dr. Dietmar Kuhnt, Chairman
Dr. Jürgen Heraeus
Kurt-Jürgen Löw
Joachim Stöber

Nomination Committee

Dr. Jürgen Heraeus, Chairman
Dr. Dietmar Kuhnt
Dr. Helmut Perlet

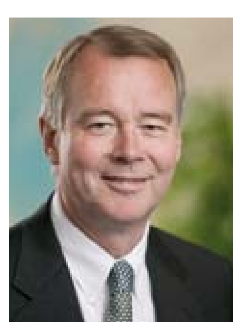
Executive Board of GEA Group Aktiengesellschaft

The Executive Board of GEA Group Aktiengesellschaft at the award ceremony of GEA Innovation Contest 2009

Jürg Oleas,
Chairman of the Executive Board

Dr. Helmut Schmale,
Chief Financial Officer

Hartmut Eberlein,
Chief Financial Officer



Niels Graugaard,
Member of the Executive Board

Jürg Oleas, Chairman of the Executive Board

Jürg Oleas, a Swiss national born on December 8, 1957 in Quito, Ecuador, was appointed as Chairman of the Executive Board effective November 1, 2004. His period of office runs until December 31, 2013. Jürg Oleas has been a member of the Company's Executive Board since May 1, 2001. In the former Company structure, he was responsible for the Energy and Farm Technology Segment. As of 2010, he heads the GEA Farm Technologies and GEA Heat Exchangers Segments. Mr. Oleas also continues to perform his duties as Director of Industrial Relations.

Dr. Helmut Schmale, Chief Financial Officer (as of April 22, 2009)

On April 22, 2009, Dr. Helmut Schmale, born on November 9, 1956 in Gelsenkirchen, Germany, took over as Chief Financial Officer on the Executive Board, of which he has been a member since April 1, 2009. Dr. Schmale has been appointed until March 31, 2012.

Hartmut Eberlein, Chief Financial Officer (until April 22, 2009)

Hartmut Eberlein, born on August 14, 1952 in Wesel, Germany, has been a member of the Executive Board of GEA Group Aktiengesellschaft since December 1, 2005. He took over as Chief Financial Officer on the Company's Executive Board on January 1, 2006. He held this office until April 22, 2009 before moving to the Company's Supervisory Board.

Niels Graugaard, Member of the Executive Board

Niels Graugaard, born on February 4, 1947 in Copenhagen, Denmark, has been a member of the Executive Board since August 1, 2007. Prior to the group's restructuring, he was responsible for the Process Technology Segment. Starting in 2010, he heads the GEA Mechanical Equipment, GEA Process Engineering, and GEA Refrigeration Technologies Segments. Mr. Graugaard has been appointed until July 31, 2013.


GEA

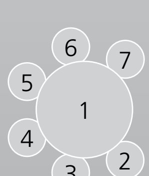
Separation for Added Value

GEA separators and decanters are essentially centrifuges used to extract or eliminate solids from liquids, or to separate liquids from one another. The underlying process exploits the effects of centrifugal acceleration.

This allows a fluid mixture to be separated into its different phases, provided that the latter are sufficiently dissimilar in density. Centrifuges are used in industrial production processes wherever such mixtures have to be separated into two or even three individual phases. In breweries, for example, separators and decanters are employed to remove yeast cells from the end product in such a way that the valuable yeast cultures remain undamaged and can be reused.

Separators and decanters are also used to extract the juice of fruit and vegetables; to clarify, skim, and remove bacteria from milk and whey; to eliminate undesirable odorants, flavors, and bitter principles from edible oils and fats; to wash and clarify cocoa butter for chocolate; to wash and clarify biodiesel; to concentrate algae and latex; to recover solvents and catalysts; to promote the nitration of aromatic compounds; to isolate vaccines; to produce hormones, starter cultures, antibiotics, and proteins; to enhance the extraction of copper, nickel, and cobalt; to treat fuel oil, lube oil, and hydraulic oil for marine diesel engines and for power plant turbines; to clean bilge water and bitumen; to dewater crude oil; to treat waste oil and coolant emulsions; to dewater and thicken sewage sludge; to enhance the treatment of drinking water and wastewater from a vast range of production processes.

Small and compact in design, they accomplish all of these tasks rapidly, reliably, and with optimum separating efficiency.



1. GEA separators ensure reliable separation in a whole range of applications.
2. Easy-to-clean GEA separators enable gentle, efficient, and fast juice extraction, while also guaranteeing maximum hygiene.
3. Specially designed separators are also used to remove water from crude oil.
4. Committed to preventing water pollution – GEA helps ensure reliable wastewater treatment.
5. Benefiting the environment – GEA technology is used to treat fuel oil, lube oil, and hydraulic oil for marine diesel engines.
6. For a safe and healthy taste – GEA systems clarify, skim, and remove bacteria from milk.
7. Bitter principles and other unwelcome elements are removed from edible oils in order to make them palatable to the consumer.

Management Report

Preparation of a Combined Management Report

GEA Group Aktiengesellschaft is the strategic management holding company and as such controls the group. Profit and loss transfer agreements are in place with key domestic subsidiaries. In addition, GEA Group Aktiengesellschaft performs central financial and liquidity management. It also provides its subsidiaries with services on the basis of service agreements.

Since the performance of the business, the economic situation, and the opportunities and risks associated with future development of GEA Group Aktiengesellschaft do not differ from the performance of the business, the economic situation, and the opportunities and risks associated with future development of the Group, the management report of GEA Group Aktiengesellschaft has been combined with that of the group in accordance with § 315(3) of the *Handelsgesetzbuch* (HGB – German Commercial Code). In contrast to the consolidated IFRS financial statements, the annual financial statements are based on the HGB, supplemented by the Aktiengesetz (AktG – German Stock Corporate Act).

Organization and Structure

Basic strategic principles and segmentation of the Group

GEA Group is managed in accordance with four basic strategic principles:

Market leadership: The units in the GEA Group focus on their respective core technologies and are generally the global number one or two on their sales markets.

Technology leadership: GEA Group consistently promotes a pronounced innovation culture and by that continuously renews its technological edge.

Earnings orientation: GEA Group considers profitability more important than volume and practices systematic portfolio management and strict cost control.

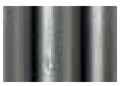
Calculated risks: Active risk management, stability based on diversification, and a focus on the markets of the future are binding principles for all GEA Group business units.

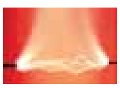
Up to and including fiscal year 2009, GEA Group structured its activities into two core segments plus the Other Segment. The core Energy and Farm Technology Segment primarily comprised companies supplying technologies and products in the areas of power generation, air treatment, and farm technology. The core Process Technology Segment consisted of companies active in the areas of components, machinery, and plant units, in particular for food production and processing. This segment structure was also reflected in the division of responsibilities at Executive Board level and hence also corresponded to the units whose results were regularly analyzed by the Executive Board and Supervisory Board. In turn, these served as the basis for decisions to be made.

Energy and Farm Technology

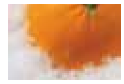

Air Treatment


Farm Technologies

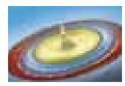

Thermal Engineering


Emission Control

Process Technology


Refrigeration


Process Equipment


Mechanical Separation


Process Engineering


Pharma Systems

Energy and Farm Technology Segment

This segment comprised the Air Treatment, Farm Technologies, Thermal Engineering, and Emission Control Divisions. More specifically, it focused on air treatment in industrial and commercial buildings and infrastructure facilities. In addition, it comprised systems for milk production, including barn and animal hygiene, power plant cooling, industrial process cooling, and exhaust air treatment for processes in the primary industries. This reporting segment was headed by Jürg Oleas.

Process Technology Segment

The Process Technology Segment covered all GEA Group activities in the process technology area and comprised the Refrigeration, Process Equipment, Mechanical Separation, Process Engineering, and Pharma Systems Divisions. A typical production line – such as those found in the food industry, for example – always consists of a mixture of the know-how and the process machinery and systems supplied by the Process Technology Segment. Consequently, this Segment served GEA Group's core sales markets – the food and beverage industry. The Process Technology Segment was headed by Niels Graugaard.

Other Segment

The third segment, Other, comprises those companies whose business activities do not form part of the group's core business. In addition to the holding and service companies, it contains companies that report investment property held for sale, pension obligations, and residual mining obligations.

Starting in fiscal year 2010, the group has been restructured (see the section on page 102 et seq.).

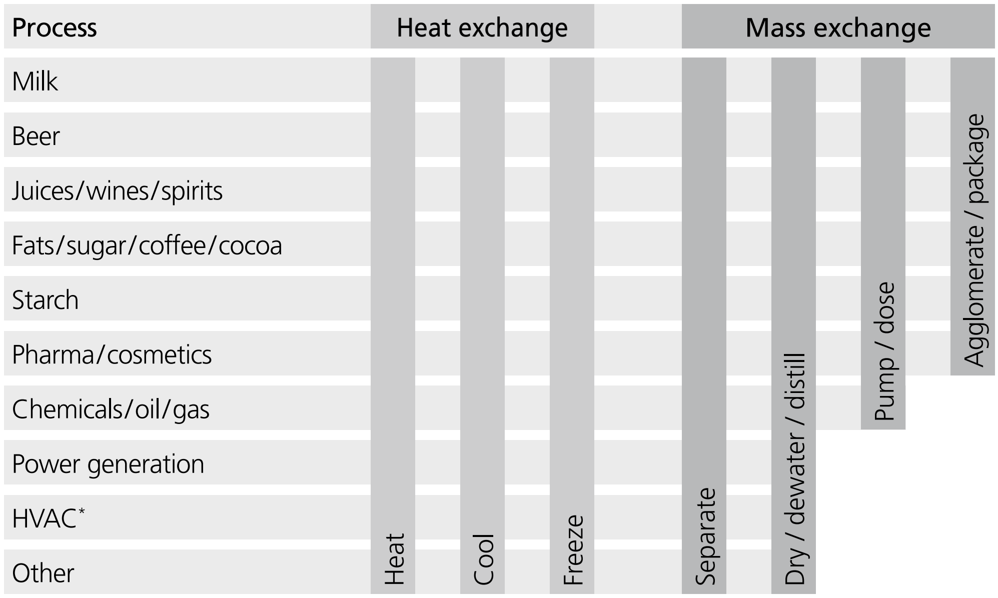
Holding group structure

At an organizational level, GEA Group is a holding group that is structured into segments and headed by a listed strategic management holding company, GEA Group Aktiengesellschaft. This company performs all general functions for the entire group. These comprise the group-wide management of strategic, human resources, legal, and tax matters, mergers & acquisitions, supply management, central financial management, group controlling, group accounting, group communications, investor relations, and internal audit.

Business Activities

Description of business activities and competitive position

As an international technology group, GEA Group focuses on process technology and components for sophisticated production methods in a variety of end markets. It specializes in the two basic process engineering areas of heat and mass exchange. GEA Group is a market and technology leader in 90 percent of its business areas. The Company is one of the largest systems providers for producers in the long-term growth areas of food and energy, from which it generates approximately 70 percent of its revenue.



* HVAC: Heating, Ventilation and Air Conditioning

The technology- or market-focused divisions belonging to both core segments are described in detail below:

Energy and Farm Technology Segment

The Air Treatment Division is the European market leader for centralized and decentralized solutions in heating, air conditioning, ventilation, and control engineering. Areas of application include hotels, public buildings, museums, swimming pools, leisure facilities, cruise ships, retail and commercial real estate, and production plants. The Division offers end-to-end air conditioning and clean room systems for highly sensitive areas of the pharmaceutical, IT, and electrical industries, as well as for hospitals. Its tailored solutions frequently aim for the greatest possible reduction in energy consumption over the entire life of the systems. At the same time, a key priority is to achieve optimum results in terms of comfort, reliability, and labor productivity. One specialist area is air filtering technology (traps and filters through to end-to-end filter equipment) that is used in construction engineering and various process technology areas, for example.

The Farm Technologies Division is one of the world's leading manufacturers in the area of milk production and livestock farming, and enables farmers throughout the world to shape the future of their businesses in a sustainable manner that adds value. Its broad-based product range offers integrated product solutions that allow dairy herd owners to produce milk professionally and maximize cost-effectiveness. Professional slurry management systems and barn equipment round off the segment's profile as a systems provider for all farm sizes. Its product range can be tailored to all herd sizes and customer requirements and includes, for example, rotary milking parlors and parlor stalls, autonomously operating milking robots, cooling tanks, a variety of barn equipment as well as cleaning and slurry disposal systems. Practical and reliable process management systems combined with high-performance electronics underpin the Division's products. As a full-line supplier, Farm Technologies also offers end customers consumables such as agricultural supplies or teat rubbers. The Division's companies are also expert partners for innovative services for effective equipment and animal hygiene. Its successful sales strategy is based on a network of specialist centers and dealers, as well as on sales and service partners in all markets.

The Thermal Engineering Division is one of two global market leaders in the area of industrial thermal engineering using air. Its customers come from the power plant sector, general industry, and all processing industry sectors, such as chemicals, petrochemicals, and natural gas treatment. For example, the Division provides thermal engineering for liquefied natural gas (LNG) plants to enable the transportation of gas using much lower volumes. The main product groups are direct and indirect dry cooling systems as well as wet cooling systems. Thermal Engineering receives major orders primarily from the power plant cooling sector. As these orders are typically awarded at irregular intervals, the Division's business volume and results may fluctuate.

The Emission Control Division is successfully active worldwide in industrial environmental protection. It plans and builds gas cleaning plants based on a broad range of technology. The Division provides tailored systems solutions for producers or builders of entire plants in the nonferrous metals, chemicals, iron and steel, cement, and glass industries. Its extensive range of technology includes dust extraction, dry and wet removal of gaseous pollutants from process gases, heavy metal separation and the reduction of acid gas, dioxins, furans, and other emission-relevant components of waste gases.

Process Technology Segment

The Refrigeration Division is a global market leader in the industrial cooling of processes and products. Its product range is based on the core components of reciprocating and screw compressors, condensers, and valves. The Division's cooling equipment and end-to-end refrigeration systems are mainly required for processing and warehousing in accordance with quality assurance standards, as well as for the transportation of food and beverages. They also have numerous applications in shipping and in the chemical and pharmaceutical industries. Other areas of use are ice cream factories and sophisticated facilities such as indoor ski slopes and ice rinks.

The Process Equipment Division is one of the world's leading outfitters for the process technology industries. Its companies' expertise is in machinery and equipment for the optimum use of heat, machine cooling, and various specialist technological areas. The Division's traditional products are plate heat exchangers (welded, bolted, and soldered) and industrial heat exchangers (e.g., charge air coolers for diesel engines and generator coolers as well as transformer oil coolers for energy technology). In addition, it supplies specialist valves and pumps as liquid processing components in dairies, breweries, and the pharmaceutical industry. The main customers for homogenizers are dairies.

The Mechanical Separation Division is the global market leader for centrifugal separation technology. Separators and decanters are centrifuges that are used to separate solids from liquids or liquid mixtures, including applications under extreme operating conditions. In many sectors, mechanical separation is now a key technology for the clarification of liquids, concentration and dewatering of solids, and the wet classification and extraction of constituents, among other things. It offers substantial added value potential and is used primarily to manufacture premium products. This applies to the production of fruit juice, wine or beer, cooking oils and fats, the manufacture and processing of dairy products, numerous chemical and pharmaceutical processes, and the preparation of mineral oils and their derivatives. The Mechanical Separation Division also plays a key role in protecting the environment and, thanks to products such as SeaProtect Solutions, in protecting the world's oceans.

The Process Engineering Division plans and creates individual plants and end-to-end systems for liquid processing, powder processing, and powder technology. Its customers are from the sophisticated dairy, food, brewery, and beverage industries, as well as the chemical and biotechnology sectors. The Division comprises a broad group of companies that are global leaders in their specialist areas. In the liquid processing segment, it supplies pasteurization plants, membrane filtration systems, and end-to-end process lines for milk processing and breweries, as well as process integration and automation systems, among other things. The Division's companies offer technologies for the crystallization, vaporization, freeze concentration, and extraction of solid and liquid materials for the concentration and pretreatment of a wide variety of substances. Process Engineering is also a leader in contact and convection drying, including spray dryers, steam fluid bed dryers, freeze dryers, flash dryers, ring and rotation dryers and vortex disintegrator dryers. In the powder processing segment, the Division offers state-of-the-art solutions for manufacturing granulates and agglomerates, including agglomerators, coaters, containment handling and dispensing machines, granulators, pelletizers, and powder handling and packing systems.

The Pharma Systems Division focuses on the requirements of the pharmaceutical industry. Its combination of strong brands and substantial commitment to research and development make it an international market leader. The Division supplies drug manufacturers worldwide with the state-of-the-art solutions for processing pharmacologically active substances, ranging from active ingredient processing to the production of solid dosage forms and liquid-sterile drugs. Its product portfolio also includes granulation and drying systems, closed and integrated systems solutions for materials handling, innovative tablet presses, spray drying technology, and freeze drying systems with automatic processing and discharging.

Internal management system

Basis of information

GEA uses high-quality management information systems to report actual and plan figures. It introduced a new reporting and consolidation system for group reporting purposes in fiscal year 2008, and enhanced the efficiency of this system in fiscal year 2009. The extensive monthly standard reports prepared on the basis of this information are supplemented by individual case-specific analysis and reports and communication on strategic measure and action plans.

In addition to the management and control systems further described below, an in-depth exchange of information on strategic and operational issues takes place between the group Executive Board and the Division Presidents within the GEA Group. Regular meetings (jours fixes) are held at least once per quarter, at which the Executive Board member responsible for the relevant segment analyzes the performance of the divisions together with the CFO and the responsible management team. Among other things, the purpose of these meetings is to systematically examine trends in the business environment and to identify potentially negative effects on the relevant value drivers, so that countermeasures can be initiated at an early stage if necessary. Extended Management Board Meetings, which are attended by both the Executive Board and the Division Presidents, are also convened regularly. These meetings are used to discuss trends, measures, and decisions that are relevant for the entire group.

Key performance indicators

GEA Group's overriding strategic goals are sustainable and profitable growth and increasing enterprise value. Management therefore focuses on the key performance indicators that have been identified as important value drivers. In fiscal year 2009, the further development and implementation of cost cutting and efficiency improvement measures were particularly significant for minimizing the effects of the decline in volumes on EBIT and the EBIT margin, which remain the group's core indicators. The EBIT margin is regarded as the key indicator for measuring improvements in the earnings power of the operating units. For analysis purposes, EBIT is also adjusted for unusual items and EBITDA is examined, where necessary. Another important value driver is the ratio of working capital to revenue.

These key indicators also represent the main factors affecting the return on capital employed (ROCE). ROCE is regularly used to assess the effectiveness of using the capital invested in business operations. In addition to working capital, capital employed comprises noncurrent assets used in business operations. The target is that the ROCE, which is defined as the ratio of EBIT to capital employed, is well above the weighted average cost of capital (WACC).

Managing the business on the basis of the key performance indicators that are relevant for the ROCE also promotes an increase in enterprise value.

To enable the group to respond rapidly to expected changes, in 2009 monthly full-year forecasts were reported for the segments with regard to the following key performance indicators: order intake, revenue, and EBIT before and after restructuring expenses. In addition, the realized and expected effects of restructuring measures were analyzed and reported each quarter. The group will continue with this tight control of restructuring plans going forward.

Management of capital employed

Strategic planning and medium-term planning provide the framework for general resource allocation in the group. Key decisions on core technologies, sales markets, and other strategically important factors are prepared on this basis. Location decisions and decisions on major projects and acquisitions also have a significant effect on the allocation of financial resources.

Expansion investments and acquisitions are assessed in terms of their importance for achieving the group's strategic goals. The economic criterion for deciding on rationalization and replacement investments is the expected return compared with the division-specific cost of capital. The payback period is also calculated as an additional benchmark for assessing the risk arising from changing economic conditions.

The management of capital employed increased in importance in the past fiscal year due to the tougher economic and financial conditions. Both working capital and capital expenditure on property, plant, and equipment were more closely managed using targets and monitored via detailed reports at shorter intervals than in the previous fiscal years, which were characterized by strong growth.

Working capital management begins with offered and negotiated payment conditions before an order is accepted. As a result, the recuction of working capital has strongly contributed to the positive cash flow from operating activities.

In addition, major group investment projects were reviewed again in light of the rapidly changing economic environment.

Project- and measure-based management

In addition to management using the key performance indicators described above, the group has established individual assessment and approval procedures for customer and investment projects using specific thresholds for the different hierarchy levels.

Customer projects are evaluated primarily on the basis of their expected margins (gross margin and full-cost basis) and their commercial and contractual risk profile, focusing in particular on cash flows and the expected payment terms.

Project management is also supported by extensive project control not only at operating unit level, but also at divisional and group level in the form of a separate reporting system for major contracts, depending on defined size criteria. At group level, the analysis focuses on deviations between the approved and the expected or realized contract margin. In many cases, the findings gained from this analysis provide suggestions for improving internal processes that can be used in subsequent projects.

In fiscal year 2009, the group concentrated on implementing and monitoring the restructuring measures and cost saving plans initiated at the end of 2008. The reorganization of the segment structure also led to further organizational changes being instituted. The implementation and the effects of each individual measure will be managed and monitored in fiscal year 2010 and the coming years.

Compliance

The group Executive Board has summarized its corporate governance principles in a Code of Conduct that is supplemented by other guidelines – in particular on anticorruption and antitrust issues. These clear requirements were communicated throughout the group in fiscal year 2008. In 2009, the group also held in-depth training courses and web-based training sessions on compliance. Approximately 3,500 employees worldwide attended the training courses, while around 4,500 took the e-learning sessions. The Code of Conduct and guidelines are designed to ensure that GEA Group's business practices comply fully with legislation and the Company's internal rules. Each operating unit and each superordinate organizational level has appointed a staff member responsible for compliance issues. These employees received continuous training in 2009. A Compliance Committee was also established to advise the Chief Compliance Officer. The Chief Compliance Officer reports to the Chairman of the Executive Board and the Supervisory Board's Audit Committee.

Remuneration system and financial performance management

The development of key value drivers is also reflected in managers' remuneration. The value drivers EBIT, EBIT margin, and the ratio of working capital to revenue, form the basis for determining variable performance-related salary components. The payment of these components also depends on the achievement of personal goals.

Production and investment

The companies of GEA Group – the majority of which are small and medium-sized enterprises – produce components, machinery, systems, and plant primarily on a make-to-order basis for the food and beverages industry, the energy sector, and the chemical and pharmaceutical industries. With its global production network, the group is able to provide customers with solutions precisely tailored to their individual requirements. Customers also benefit from our flexible production concepts, which ensure fast throughput, favorable cost structures, and low capital commitment. The capacity increases of recent years, which were realized in response to the powerful rise in the business volume had to be adjusted to the current economic climate and capital expenditure projects were reviewed accordingly. The principal results of capacity adjustment measures are presented on page 58.

Capital expenditure under review

A package of restructuring measures (see p. 102 et seq.) will make the group more streamlined and better equipped to meet the challenges of the future. In line with this process, locations and capital expenditure projects will be placed under review. In the future, production at GEA will be concentrated at larger locations in order to make better use of potential for synergies. At the same time, the group will increasingly relocate production facilities to the growth markets of its customers, particularly in Asia and South America. The purpose of this strategy is to lower logistics costs and to significantly reduce production costs.

GEA has also reviewed its presently largest capital expenditure project – the modernization and expansion of production facilities for centrifuges at the Mechanical Separation Division. This project has been aligned with the changed market conditions and its volume reduced by around a half. The revised investment program will now be implemented over the coming three fiscal years.

Expansion of global production network

In the reporting period, the Thermal Engineering Division opened a new plant in Wuqing/China, which is operated by GEA Group's Hungarian subsidiary, EGI. This facility supplies the Chinese power plant market with components for indirect dry cooling systems, which are characterised by resource consumption efficiency and enhance plant efficiency.

The Air Treatment Division commissioned a new plant in Gebze/Turkey, where it produces air-handling units, fan coil units, and close-control air conditioning units for the Eastern European and Asian markets. The Farm Technologies Division launched production of the IQ milking equipment – already a winner of several prizes – and the MIOne milking robot at existing locations. Meanwhile, the Refrigeration Division commissioned a new plant in Suzhou/China, which produces air coolers and refrigeration systems for the Asian market.

Unchanged acquisition strategy

GEA Group continues to enlarge its product portfolio and strengthen its regional market coverage on the basis of selected investments and acquisitions. This provides it with greater leverage to hedge against global exchange rate fluctuations and to exploit more favorable cost structures in the areas of production, purchasing, and logistics. In fiscal year 2009, GEA Group acquired, among other companies, DB Wilaard Holding B.V., based in Leeuwarden/Netherlands, along with its subsidiaries. The Royal De Boer and Brouwers Equipment brands make DB Wilaard one of Europe's leading manufacturers of barn equipment, a segment of the market previously not supplied in Europe by GEA Group. The company had around 120 employees at the reporting date and generated total annual revenue of EUR 29.9 million in 2009. The group's acquisitions of fiscal year 2009 are presented in detail in section 5.1 (p. 147 et seqq.) of the notes to the consolidated financial statements.

Research and development

In today's global markets, an engineering corporation such as GEA Group must show an enduring commitment to developing and refining its own processes and technologies. It is this culture of innovation that secures its long-term commercial success. In addition to pursuing its own intensive research and development (R&D) activities, the group also encourages innovative cooperation with its customers. A host of individual projects help generate a unique fund of know-how that brings lasting benefits not only to GEA but also to its customers. At GEA Group, R&D activities are conducted on a decentralized basis at the individual divisions. Another benefit of the current restructuring will be to enhance cooperation between individual areas of the group and promote a global transfer of knowledge.

Activities in the areas of R&D, production, and logistics for plastic fill, one of the most important components in the process of heat exchange in cooling towers, are now concentrated in a new center of excellence in Wettringen/Germany. These activities were formerly located at a number of locations in Germany. As of fall 2009, the facility has also had a test cooling tower in operation, where the performance parameters of cooling tower fill can be tested under realistic conditions at an early stage of the development process.

GEA Group also promotes a culture of innovation by means of various in-house competitions, a globally unified knowledge management system, and a selected acquisition strategy. It is the group's aim to bring new developments to market as quickly as possible, thereby ensuring that customers continue to receive added value solutions with an optimal price-performance ratio and a complementary portfolio of services. At the same time, this secures that GEA Group sustainably maintains its technological edge over competitors worldwide.

For a number of years now, innovation contests have been held at all of the GEA Group divisions. These provide an opportunity to show development projects that are nearing market launch. The divisional winners subsequently present their projects at the annual meeting of the group's senior managers. One whole day of the Global Management Meeting is spent to select the overall winners. The three divisions that present the most-promising developments in terms of market opportunities, earnings potential, chances of realization, and level of innovation are awarded total prize money of EUR 1.5 million. This money is used to accelerate the development process and thereby accelerate the market launch of product ideas. Over the years, these competitions have given rise to a host of new products and processes that now make a major contribution to GEA's current market strength.

The overall winner in 2009 was the Thermal Engineering Division, where engineers have devised a new type of surface structure for finned tubes that significantly increases cooling performance per unit of surface area. As a result of this development, for which a patent application has been filed, cooling systems can be downsized, thus reducing the amount of material required for construction. At the same time, the use of a more compact design cuts energy consumption, as fewer ventilators are required to circulate air for cooling purposes. For GEA customers, an investment in this environmentally friendly technology is now even more attractive, since it combines enhanced efficiency with a careful management of resources.

In addition to hosting the GEA Innovation Award, the Global Management Meeting also staged an inaugural Innovation Fair in 2009. This event provides a platform for all R&D managers in the group to talk about their respective activities, identify areas for cross-divisional cooperation, and discuss future innovation strategies and networks. At the same time, it also gives senior management a concise overview of the latest technologies and developments from all the divisions.

Last year also saw the launch of the GEA Development Contest. This is designed to foster promising new product ideas that are still at an early stage of the development process and aiming for market launch within the next three years. This competition likewise involves a number of group-wide presentation events and provides various amounts of prize money to assist with project realization.

Flexible R&D processes are a critical success factor for GEA. These are what enable it to meet the individual requirements of customers on the basis of largely standardized processes and products. Heller dry cooling systems, for example, have to function smoothly not only in Siberia at temperatures as low as minus 58 °C, but also in the desert regions of China. With its experience and resources, GEA is able to provide customers around the world with a solution tailored to their precise needs. At the Process Engineering Division, for example, GEA development engineers are required to come up with a new solution for almost every project.

Companies of GEA Group filed applications for 76 (2008: 75) new patents in fiscal year 2009. Over this period, the group employed a total of 412 R&D employees, compared with 442 in 2008. Direct R&D expenses in the group amounted to EUR 70.3 million, compared with EUR 76.3 million in the previous year. GEA Group therefore invested 1.6 percent of revenue in R&D in the year under review, compared to 1.5 percent in 2008.

Research and development (R&D) expenses (EUR million)	Q4 2009	Q4 2008	Change (%)	Q1 - Q4 2009	Q1 - Q4 2008	Change (%)
Refunded expenses (contract costs)	3.5	0.8	352.3	14.9	17.2	-13.4
Non-refunded R&D expenses	10.0	16.6	-40.1	55.4	59.1	-6.2
Total R&D expenses	**13.5**	**17.4**	**-22.6**	**70.3**	**76.3**	**-7.8**
R&D ratio (as % of revenue)	**1.1**	**1.2**	-	**1.6**	**1.5**	-

Procurement

As a rule, procurement activities at GEA Group are coordinated on a cross-divisional basis and organized by region and strategic commodity group. In addition to the procurement of components and semifinished products, it is the realization of strategic improvements in logistics and transport management that has made a significant contribution toward rationalizing purchasing processes and reducing costs. For example, the selection of specific airlines and air routes has lowered airfreight costs substantially. At the same time, the group continues to optimize its existing purchasing processes as well as introduce new and improved ones. The result is a continuous improvement in data quality with respect not only to group requirements regarding volume and quality of supplies and services, but also to potential supply sources worldwide. In this way, the database helps identify hidden potential for increasing purchasing efficiency and also enables systematic monitoring of suppliers with respect to delivery reliability and solvency.

The purchasing volume of GEA Group amounted to approximately EUR 2.3 billion in 2009. Experts in strategic procurement constantly analyze movements in raw materials prices so as to identify trends at an early stage and take appropriate action. At the start of the year, the group was able in many cases to renegotiate with major suppliers and secure a reduction in terms that were settled in master agreements dating from before the crisis, thus bringing prices down to a level more in line with the actual market situation. A concentration on selected suppliers has also further reduced the costs of reworking copper and aluminum products.

In fiscal year 2009, the prices of raw materials fell substantially compared with the previous year. From the fourth quarter onward, however, prices for aluminum and copper have continued to rise, a trend that may well persist through 2010. A similar trend, if somewhat delayed, can also be observed on the steel market. Overall, risk diversification and hedging largely cushioned the impact of rising metal prices and a price volatility that was further exacerbated by market speculation.

The environment

GEA Group fully recognizes its responsibility toward the environment. The group not only ensures that its own processes along the value chain are based on ecological principles, but also supplies efficient products and thereby helps its customers to protect the environment. As a rule, these customers employ very energy-intensive processes. For this reason, considerations of efficiency, energy consumption, emission levels, and waste reduction are increasingly important factors in their capital investment decisions. GEA has long provided the benchmark for a successful symbiosis of economic and ecological efficiency in many sectors of industry, and is one of the world's leading suppliers of energy-efficient and environmentally friendly products.

Although emission levels and energy consumption are relatively low in the mechanical engineering sector, GEA regularly scrutinizes all group divisions for any opportunities for further improvements. A valuable source of ideas in this respect is the GEA workforce, via the group's own knowledge management system. In the field of production, measures to protect the environment frequently exceed the statutory requirements. This is confirmed by environmental certification according to DIN EN ISO 14001, which was awarded to GEA Group production facilities following the implementation of diverse measures. Production-integrated environmental protection, conservation of resources, vertical integration, and comprehensive health and safety are all standard practice throughout the group. This means that production waste is sorted and, wherever possible, recycled. Any further environmental impact is largely avoided through the use of exhaust gas filters and collecting vessels along with the treatment and recycling of process liquids. For example, new painting processes introduced at a number of plants of the Thermal Engineering Division have significantly reduced both the amount of paint used and the impact of harmful waste.

In the view of GEA Group, the current climate debate generates major opportunities for innovative technologies that can contribute to solving many challenges of the future. In today's world, energy consumption is an increasingly important factor in the overall costs incurred by a machine over its total lifetime. For this reason, energy efficiency is now a central design criterion for much of the machinery and equipment produced at GEA. In this way, the group is able demonstrate on a daily basis the ecological and economic advantages that energy-efficient products and solutions can yield.

The recently launched GEA HeaMo simultaneously provides heating and cooling in a highly efficient and economic way. The unit is ideal for buildings where both heat and refrigeration are required and water is employed as the transport medium. The beauty of dual-mode operation is that all waste heat is recovered and reused by the system, thus conserving valuable resources. Buildings that frequently require both heat and refrigeration at the same time include supermarkets and filling stations with carwashes. Similarly, office buildings, hospitals, and universities still need air conditioning on cold days in order to cool facilities such as server rooms. In many cases, such buildings still employ separate systems such as a heat pump and a chiller to provide heat and refrigeration. This means that all the waste heat is lost. As such, the GEA HeaMo has two powerful arguments in its favor: it is both highly efficient and environmentally friendly.

The new V-series compressors from GEA Grasso are a prime example of reliable, energy-efficient, and low-maintenance technology. Development engineers at the division subjected each component to rigorous scrutiny with a view to achieving low operating costs over the compressor's entire life. In order to guarantee low energy consumption, minimal maintenance costs, and maximum availability with minimum downtime, they completely redesigned the compressor's welded crankcase – probably the most striking change in the history of welded compressor production at GEA Grasso. A revolutionary process was used to form the steel sections for the crankcase, thus ensuring an optimal size and shape while also retaining all the advantages of a welded design. Compared with previous models, the unique combination of a welded crankcase with an integrated suction chamber and externally mounted cast-iron cylinder heads enables an even better temperature separation between the suction and discharge sides of the compressor. The result is improved performance and even wider fields of application. Beneficiaries of this new development include not only end users but also plant engineers, whose customers profit from a simple installation and on-time maintenance intervals as well as low operating costs and an extremely long service life.

As in previous years, GEA Group took part in the Carbon Disclosure Project (CDP) survey in 2009. CDP is an independent, not-for-profit organization currently representing around 450 institutional investors. Each year, it gathers information on the greenhouse gas emissions of major listed corporations and their strategies to combat climate change. These results are then made available to current and potential investors. In the survey, GEA also provided information on its assessment of the opportunities and risks that climate change entails for the company and the measures it employs to protect the climate. From a GEA Group perspective, any potential risks arising from a shift in demand will at the very least be offset by equally large opportunities to supply customers with energy-efficient solutions from our innovative range of products. In our view, the days when economy and ecology were conflicting goals in the field of process technology and engineering are very much in the past. By using machinery, components, systems, and plant produced by GEA, our customers make an important contribution toward climate protection.

GEA Group regularly contributes to the debate on climate change in its company magazine GENERATE. In this way, the group is able to show how innovative products and processes from across its portfolio combine maximum operating efficiency with the greatest environmental compatibility in a host of applications all over the world.

Discontinued Operations

In fiscal year 2009 discontinued operations did not have a material effect on profit for the period. The items reported under discontinued operstions include the activities rersulting from the discontinuation of Ruhr-Zink's business operations, the residual risks resulting from the sale of the plant engineering activities, and specific material legal disputes relating to the business areas sold.

Ruhr-Zink's business operations are being wound up as planned. At present, alternative uses for Ruhr-Zink's former production site in Datteln are being examined. Soil samples taken in 2009 have revealed that various measures need to be taken at the site. Additional provisions for the expected cost of these measures were set up in fiscal year 2009 and had a material impact on the profit or loss after tax from discontinued operations. Despite serious negotiations, it has not proven possible to sell MG Rohstoffhandel GmbH to date. Since the success of the current sales efforts is uncertain, the company was reclassified under continuing operations in fiscal year 2009. This did not have a material effect on consolidated revenue and profit.

The developement of from contracts of orders for the former Lurgi Division in fiscal year 2009 was basically in line with the expectations reflected in the 2008 financial statements. Only one contract is still under execution. In the case of all others, customers have either accepted the plant or corresponding agreements have been reached. The most significant risk from the sale of Lurgi to the French Air Liquide Group relates to the legal dispute over the purchase price. Both contractually agreed arbitration and binding accounting expert proceedings (Schiedsverfahren and Schiedsgutachterverfahren) are pending in this respect. The proceedings have entered the final stage. Overall the assessment of risks from warranties and guaranties in the share purchase agreement has, particularly resulting from expiration of specific deadlines, improved compared to prior year, resulting positive contribution to earnings.

An agreement was reached with the purchaser of Lentjes, the Austrian AE&E Group, in fiscal year 2009 on how to determine and compensate for losses from project-related risks. This increased the reliability of the calculations of the project-related losses that are to be compensated for under the 2007 share purchase agreement. Additionally, three flue gas desulfurization plants were handed over to their purchasers in the United Kingdom. Key tasks still to be performed by the AE&E Lentjes Group are limited to a waste incineration plant, for which the customer has already issued a declaration of acceptance (subject to certain conditions), and an additional flue gas desulfurization plant, acceptance of which is expected to take place in the first half of 2010. In the case of one project, the AE&E Lentjes Group is no longer actively involved in project execution, as the risks have passed internally to the other partner in the consortium. Overall, the risks associated with the processing of orders at Lentjes declined substantially in fiscal year 2009. This also applies to risks from other guarantees and warranties agreed. As a result, part of the risk provisions for the sale of Lentjes were released.

Furthermore, in fiscal year 2009 legal disputes relating to a plant constructed in 2001 for Esso Deutschland GmbH in Ingolstadt and to the sale of tools manufacturer Schiess AG had an effect on profit or loss from discontinued operations.

Further details of pending legal disputes relating to discontinued operations are contained in the report on risks and opportunities (see page 90 et seqq.).

Group business performance

Economic environment

2009 as a whole was affected by the weak state of the global economy. In Germany, too, the economy remained under the influence of the global financial crisis. Gross domestic product (GDP) fell by 5.0 percent year-on-year. This decline was not only stronger than had been forecasted by the German Institute for Economic Research (DIW) at the beginning of the year, it was also considerably larger than had ever been experienced before in the history of the Federal Republic of Germany (GDP declined by only 0.9 percent during the 1975 oil crisis). Government support programs prevented the effects from being felt even more sharply in the labor market and in many other areas. Relatively stable consumer spending also supported the economy. However, the sharp drops in exports and in investments in plant and machinery had a particularly strong impact.

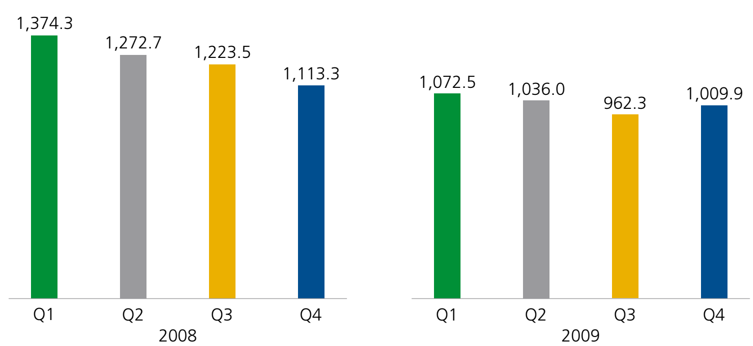
At a global level, the economic downturn was less severe. The International Monetary Fund estimates the global drop in economic output at 2.2 percent. In addition, a growing number of countries reported an economic upturn in the second half of the year. In the U.S.A., economic output picked up tangibly in the third and fourth quarters, closing the year with annual growth of more than four percent. China recorded impressive economic growth of almost nine percent for the year as a whole, announcing that the economic crisis was over.

The German mechanical engineering sector was hit particularly badly by the crisis. According to the Federal Statistical Office, other sectors started reporting growing order intakes again in the second half of the year, or at least the stabilization of order intakes at a lower level, but the German Engineering Federation (VDMA) reported that order volumes in the mechanical engineering sector were down 38 percent year-on-year in 2009. The declines in exports and the domestic business were roughly the same. The VDMA estimated that orders on hand in the mechanical engineering sector were equivalent to a volume of only 4.6 months in December 2009, with average capacity utilization running at 72 percent at the end of the year. As a consequence, a total of 34,000 jobs also had to be shed in the mechanical engineering sector. However, the extensive use of short-time working prevented a significantly larger number of job losses.

Order intake

GEA Group was unable to escape the effects of the worsened global economic environment since the fourth quarter of 2008. In addition to a decline in new business in practically all customer industries and most regions, some orders were put on ice or even cancelled by customers. GEA Group's order intake in the fourth quarter fell by 9.3 percent year-on-year to EUR 1,009.9 million (previous year: EUR 1,113.3 million). Compared with order intake in the third quarter of 2009 (EUR 962.3 million), however, this represents an increase of 4.9 percent following the preceding seven quarters in which declines were recorded. This increase was attributable solely to the Process Technology Segment. In the third quarter, order intake was still down by 7.1 percent overall as against Q2.

Order intake by quarter
(EUR million)



The quarterly information contained in this Management Report is sourced from quarterly financial reports that were not audited or reviewed.

Order intake (EUR million)	Q4 2009	Q4 2008	Change (%)	Q1 - Q4 2009	Q1 - Q4 2008	Change (%)
Energy and Farm Technology	321.2	410.8	-21.8	1,330.8	1,645.6	-19.1
Process Technology	691.0	703.4	-1.8	2,760.4	3,346.6	-17.5
Total	**1,012.2**	**1,114.2**	**-9.2**	**4,091.2**	**4,992.2**	**-18.0**
Other and consolidation	-2.3	-0.9	-158.0	-10.5	-8.3	-25.6
GEA Group	**1,009.9**	**1,113.3**	**-9.3**	**4,080.7**	**4,983.9**	**-18.1**

Specifically, order intake in the **Energy and Farm Technology Segment** declined by 21.8 percent year-on-year in the fourth quarter to EUR 321.2 million. At EUR 691.0 million, order intake in the **Process Technology Segment** was down 1.8 percent year-on-year (EUR 703.4 million).

GEA Group's order intake fell by 18.1 percent over the year as a whole to EUR 4,080.7 million (previous year: EUR 4,983.9 million). The difference as against 2008 has thus narrowed considerably compared with the previous quarter (-20.7 percent). This continues to set GEA Group significantly apart from the average figure for mechanical engineering companies, for which the VDMA reported a real decline of 38 percent.

Acquisitions in fiscal year 2009 generated orders of EUR 27.6 million. Changes in exchange rates negatively impacted this figure by EUR 5.8 million.

In addition to the generally weak state of the market as a result of the financial and economic crisis, the decline in order intake by a total of EUR 903.2 million is due to deliberate project selection to support margin targets, a policy that was continued during the recession. In addition, marine engineering activities and the biodiesel and bioethanol plant business came to a standstill in 2009. Significantly fewer projects were tendered in the brewery sector than in previous years. In addition, the volume of projects with the large pharmaceutical groups remained weak because of restructurings in that industry.

Energy and Farm Technology - Order intake	Q4	2009
Air Treatment	↘	↓
Farm Technologies	↓	↓
Thermal Engineering	↓	↓
Emission Control	↑	↓

↑ > 10% ↗ 3% to 10% → 3% to -3% ↘ -3 to -10% ↓ > -10% Change year-on-year

In the reporting period, order intake in the **Energy and Farm Technology Segment** declined by 19.1 percent year-on-year to EUR 1,330.8 million.

The *Air Treatment* Division, which focuses mainly on the European market, but has also taken initial steps towards developing the markets of the Middle East and the Gulf states, was hit by the weakness in the construction sector in all markets. Nevertheless, it was able to largely escape the growing competitive pressure in the market for simple equipment by concentrating on high-value products. A positive stimulus was generated by growing demand for air conditioning and ventilation equipment in public sector buildings, such as schools and universities. The service business recorded slight growth. The relative decline in the volume of business in Germany and Western Europe was only marginal. In the export business, the biggest declines – also attributable to exchange rate fluctuations – were recorded in Eastern Europe and Turkey. These were the regions that had recorded the highest growth rates in recent years. Growth opportunities could emerge from rising interest in energy-efficient solutions in the areas of centralized systems, decentralized air conditioning units, and special applications in the field of heat pumps.

Demand in the *Farm Technologies* Division was characterized by a low level of capital spending by farmers. This was due in part to the fact that milk prices are at their lowest levels compared with cattle feed costs for more than 30 years in almost all regions. Additionally, there was uncertainty surrounding possible government subsidies in many countries. The situation was exacerbated by financing problems at customers, and not only for the establishment of large-scale operations in Eastern Europe. Consequently, no larger orders were recorded in 2009. In the medium term, however, the extension of GEA Group's product range to include automatic milking systems and barn equipment produced by the Wilaard Group will have a stabilizing effect.

The *Thermal Engineering* Division was hit throughout the reporting period by the sharp drop in the number of major orders put out to tender. The demand trends observed in its markets varied: In the power plant sector, demand only declined slightly year-on-year. This was due to the longer investment cycles in this industry, with the result that projects approved before the crisis were or are still being implemented on schedule. During the course of the second half of the year, however, there were signs of weakening because the financial and economic crisis means that demand for electricity is expected to be lower in the medium term. Low oil prices led initially to weak investment activity in the oil and gas industry. However, there were signs of recovery in the second half of the year, especially in the Middle East, North Africa, and the Asia-Pacific region, with a focus on small and medium-sized plants. In both areas, growing competition from Asian providers is putting pressure on prices. At the same time, however, the long-term growth trend is set to continue.

Thanks to its order selection policy, the *Emission Control* Division was able to maintain the quality of its margins during the crisis. The Division fell significantly short of its prior-year figures due to its dependence on individual orders, the award of which was often postponed in light of current economic conditions, or which was subject to severe price competition due to the weak market. The volume of business picked up again in the fourth quarter, especially in the glass and steel industries. However, as a general rule demand is not driven by output levels in customer industries, but by environmental requirements.

Process Technology - Order intake	Q4	2009
Refrigeration	↓	↓
Process Equipment	↘	↓
Mechanical Separation	↘	↓
Process Engineering	↑	↓
Pharma Systems	→	↘

↑ > 10% ↗ 3% to 10% → 3% to -3% ↘ -3 to -10% ↓ > -10% Change year-on-year

At EUR 2,760.4 million, order intake in the **Process Technology Segment** was 17.5 percent lower than in 2008.

In the *Refrigeration* Division, order intake in all business areas was below the previous year's level by roughly the same amount. The equipment business in Germany proved to be much more stable than in the other regions. In contracting, there was a lack of major orders, especially in the oil and gas business. The award of orders in this segment was mainly postponed for financing reasons, in particular in the United States. By contrast, the volume of business in Russia is picking up again. Although the food sector is proving stable overall, there are regional exceptions, such as Spain and Eastern Europe. Upgrades accounted for the bulk of market activity in the brewery sector.

In the *Process Equipment* Division, the plate heat exchanger business was at a low level throughout the year due to a lack of large orders from the chemicals and marine segments. In addition, the business volume was adversely affected by lower materials prices and a lower proportion of components with expensive materials such as titanium. As expected, industrial heat exchanger activities weakened after a good first six months and were down slightly year-on-year. This was driven mainly by stable business from the energy sector, especially in Brazil. The tougher competition was felt particularly in prices. The flow components area saw a lack of major orders from the brewery sector, primarily in Europe. Lifted by a good spare parts business, homogenizers recorded slight growth.

In the *Mechanical Separation* Division, demand from the shipbuilding sector that had boomed in the first half of 2008 was extremely weak. With the exception of the brewery sector, the food industry was relatively stable, albeit at a low level. Further growth is expected in the medium term in the mineral oil sector. The global economic stimulus programs still did not show any significant effect in the municipal wastewater treatment sector. At regional level, demand from Asia and South America was encouraging, while Europe – and especially Eastern Europe – was weak and North America, too, recorded a sharp downturn. Decisions to award contracts on major projects were often postponed for financing reasons.

The *Process Engineering* Division recorded a sharp decline in the number of major projects ready to be awarded. Here, too, many customers were waiting to see how the market developed or postponed capital expenditure because of financing problems. Demand from the brewery sector and for bottling technology was also particularly weak in this Division. By contrast, the previously weak chemical sector showed initial signs of recovery. This also applied to the milk sector due to rising milk powder prices. There was practically no activity in the bioethanol sector. The fourth quarter was the strongest in the year for the Division and was up significantly year-on-year. Strong growth prospects continue to be forecast in all core markets in the medium and long term. The Eastern Europe and North and South America regions in particular recorded a low level of activity, while business in China experienced growth.

The *Pharma Systems* Division, which was completely restructured in fall 2008, operated in a persistently difficult market environment. Key pharmaceutical manufacturers in the United States and Europe have launched cost-cutting programs since 2008 and have therefore postponed investment decisions, also in light of large mergers. This increasingly applied to contract manufacturers as well. Nevertheless, the Division was able to increase its order intake year-on-year in the fourth quarter for the third time in succession. No sustained improvement in the business climate is expected until mid-2010. Positive stimuli are anticipated from the development of a new production facility in India, which will serve the local market and beyond.

Since the closure of Ruhr-Zink, the Other Segment no longer has any reportable market activities.

Revenue

In general, the same regional and sector-specific trends apply to revenue as to order intake, although with different time lags in the individual divisions, reflecting the differences in order processing time.

At EUR 1,191.9 million, the group's revenue in the fourth quarter of 2009 declined by 17.1 percent compared with the prior-year figure of EUR 1,438.0 million. The change in the **Energy and Farm Technology Segment** amounted to -18.3 percent, while the **Process Technology Segment** recorded a 17.1 percent decline.

Revenue (EUR million)	Q4 2009	Q4 2008	Change (%)	Q1 - Q4 2009	Q1 - Q4 2008	Change (%)
Energy and Farm Technology	432.5	529.6	-18.3	1,483.7	1,818.6	-18.4
Process Technology	749.1	904.2	-17.1	2,904.4	3,338.1	-13.0
Total	**1,181.7**	**1,433.8**	**-17.6**	**4,388.2**	**5,156.7**	**-14.9**
Others and consolidation	10.3	4.1	147.5	23.0	22.3	3.2
GEA Group	**1,191.9**	**1,438.0**	**-17.1**	**4,411.2**	**5,179.0**	**-14.8**

The group's revenue in full-year 2009 declined by 14.8 percent to EUR 4,411.2 million (previous year: EUR 5,179.0 million). The change in the **Energy and Farm Technology Segment** amounted to -18.4 percent, while the **Process Technology Segment** recorded a 13.0 percent decline.

As expected, the percentage difference as against the previous year therefore increased slightly compared with the first nine months (-13.9 percent). This is due first to a baseline effect, because quarterly revenue in the previous year rose continuously until the end of the year, while incoming orders had already begun to fall. Second, the decline in order intake was also reflected increasingly in revenue in the fourth quarter. Cancellations or postponements of orders by customers who no longer required machinery and equipment they had ordered, or did not require it until a later date, due to a decline in demand for their products also had a negative impact.

Acquisitions generated revenue of EUR 29.7 million, while exchange rate movements reduced revenue by EUR 9.9 million.

Revenue by region (EUR million)	2009	%	2008	%
Europe (excl. CIS)	2,203	49.9	2,536	48.9
Asia (excl. Middle East)	737	16.7	729	14.1
North America	621	14.1	746	14.4
Latin America	241	5.5	297	5.7
Africa	194	4.4	179	3.5
Middle East	172	3.9	262	5.1
CIS	168	3.8	296	5.7
Oceania	75	1.7	134	2.6
GEA Group	**4,411**	**100.0**	**5,179**	**100.0**

This table shows that the distribution of revenue by region as a percentage only marginally changed compared with the previous year. The shares of the former CIS countries (down 1.9 percent to 3.8 percent) and the Middle East (down 1.2 percent to 3.9 percent) declined, whereas the shares of Europe (up 1.0 percent to 49.9 percent), the Asia-Pacific region (up 1.7 percent to 18.4 percent), and Africa (up 0.9 percent to 4.4 percent) grew.

While revenue in Asia and in Africa grew by 1.1 percent and by 8.2 percent respectively, revenue in the CIS countries dropped by 43.2 percent and in the Middle East by 34.5 percent. Changes in the other regions were more or less in line with those of the group as a whole.

Energy and Farm Technology - Revenue	Q4	2009
Air Treatment	↓	↓
Farm Technologies	↓	↓
Thermal Engineering	↓	↓
Emission Control	↓	↓

↑ > 10% ↗ 3% to 10% → 3% to -3% ↘ -3 to -10% ↓ > -10% Change year-on-year

The same trends largely apply to revenue and order intake in the *Air Treatment* and *Farm Technologies* Divisions in the Energy and Farm Technology Segment, as the order backlog usually covers only two to three months revenues.

The *Thermal Engineering* Division recorded approximately similar year-on-year declines in the oil and gas business areas, and in power plant technology. By contrast, revenue from standard cooling towers and the related fills in the industrial sector remained stable.

Revenue in the *Emission Control* Division also declined year-on-year to the same extent as the order intake. In addition to the policy of deliberately concentrating on higher-margin business introduced in the previous year, this was also due to the temporary reluctance of customers to invest.

In the **Process Technology Segment**, the *Refrigeration* Division fell only slightly short of the previous year's revenue figure due to effects from first consolidation. The business with refrigeration systems for the oil, gas, and chemical industry also had a stabilizing effect here.

The *Process Equipment* Division was unable to match the prior-year level due to the diminishing effects of the high order backlog from 2008 and lower materials prices.

This also applies to the *Mechanical Separation* Division. In addition, the high-margin service business here suffered from shorter plant operating times at our customers.

Process Technology - Revenue	Q4	2009
Refrigeration	↓	→
Process Equipment	↓	↓
Mechanical Separation	↓	↓
Process Engineering	↓	↓
Pharma Systems	↘	↓

↑ > 10% ↗ 3% to 10% → 3% to -3% ↘ -3 to -10% ↓ > -10% Change year-on-year

In addition to the ethanol business, which came to a complete standstill, the sharpest slowdowns in the *Process Engineering* Division were recorded by liquid processing and the filling business.

The decline in the *Pharma Systems* Division was attributable to the extremely low order backlog at the turn of the year due to the current reduced level of investment activity by large pharmaceutical manufacturers in Europe.

The revenue reported in the Others segment largely related to rental income.

Order backlog

At EUR 2,164.1 million, the order backlog as of December 31, 2009 was 11.7 percent lower than at the prior-year reporting date (EUR 2,450.7 million) due to the slowdown in demand.

Order backlog (EUR million)	12/31/2009	12/31/2008	Change (absolute)	Change (%)
Energy and Farm Technology	911.1	1,025.5	-114.5	-11.2
Process Technology	1,255.6	1,431.3	-175.6	-12.3
Total	**2,166.7**	**2,456.8**	**-290.1**	**-11.8**
Other and consolidation	-2.6	-6.1	3.6	58.2
GEA Group	**2,164.1**	**2,450.7**	**-286.5**	**-11.7**

Although the order backlog declined at almost the same rate as the order intake, it now represents an order intake of 6.4 months (previous year: 5.9 months), broken down into 8.2 months in the **Energy and Farm Technology Segment** and 5.5 months in the **Process Technology Segment**.

Results of operations

Overall, a slight decline in price quality – the result of net price changes in GEA Group's sales and procurement markets – was recorded in fiscal year 2009. This decrease was offset in the gross margin by shifts in the product mix, e.g., a greater share of service and spare parts revenue, as well as by increasing production efficiency.

EBITDA/EBITDA margin (EUR million)	Q4 2009	Q4 2008	Change in EBITDA (%)	Q1 - Q4 2009	Q1 - Q4 2008	Change in EBITDA (%)
Energy and Farm Technology	35.8	65.9	-45.7	103.6	190.8	-45.7
as % of revenue	8.3	12.4	-	7.0	10.5	-
Process Technology	94.4	142.7	-33.9	272.7	415.5	-34.4
as % of revenue	12.6	15.8	-	9.4	12.4	-
Total	**130.2**	**208.7**	**-37.6**	**376.3**	**606.3**	**-37.9**
as % of revenue	**11.0**	**14.6**	-	**8.6**	**11.8**	-
Others and consolidation	-0.8	0.2	-	8.2	9.2	-11.3
Holding company	-7.6	-8.7	12.6	-15.8	-29.5	46.6
GEA Group	**121.8**	**200.1**	**-39.1**	**368.7**	**585.9**	**-37.1**
as % of revenue	**10.2**	**13.9**	-	**8.4**	**11.3**	-
Restructuring expenses	**25.9**	-	-	**65.0**	-	-
GEA Group before restructuring expenses	**147.7**	**200.1**	**-26.2**	**433.7**	**585.9**	**-26.0**
as % of revenue	**12.4**	**13.9**	-	**9.8**	**11.3**	-

In both the fourth quarter of 2009 (EUR 121.8 million) and full-year 2009 (EUR 368.7 million), EBITDA was clearly below the respective prior-year figures for the record year 2008. The principal reasons for this were lower revenue volumes, the resulting higher fixed cost ratios and the one-time expenses for countermeasures taken to ensure the structural alignment of capacity.

The earnings before interest, tax, depreciation, and amortization (EBITDA) margin rose by 193 basis points in the fourth quarter against the previous quarter to 10.2 percent. Adjusted for restructuring expenses from the capacity adjustment program amounting to EUR 25.9 million, it increased by 187 basis points to 12.4 percent. This is due to the fact that the restructuring measures, which were initiated at an early stage, are having a growing effect. The restructuring expenses are reported solely in "Other expenses."

During the reporting period, the EBITDA margin decreased by 296 basis points year-on-year from 11.3 percent to 8.4 percent. Restructuring expenses amounted to EUR 65.0 million, which is equivalent to 147 basis points. Hence the adjusted decline in the EBITDA margin was merely 148 basis points.

In addition to holding costs in a narrow sense, the results of operations of GEA Group Aktiengesellschaft (the holding company) are primarily driven by net investment income and net interest income. Further details are presented in the section "Net assets, financial position, and results of operations of GEA Group Aktiengesellschaft" (see page 68 et seqq.).

The following table presents a reconciliation from EBITDA to EBIT:

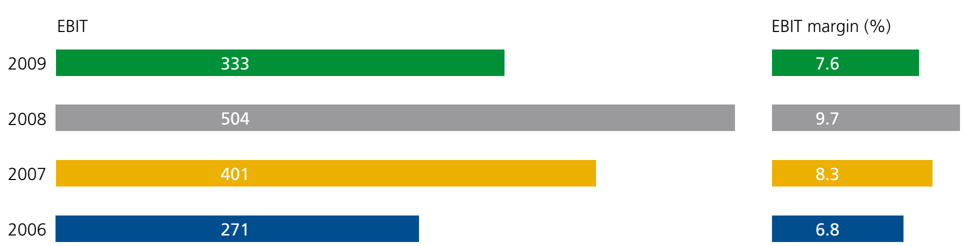
Reconciliation of EBIT to EBITDA (EUR million)	Q4 2009	Q4 2008	2009	2008
EBITDA	**121.8**	**200.1**	**368.7**	**585.9**
Depreciation of and impairment losses on property, plant, and equipment, and investment property, and amortization of and impairment losses on intangible assets and goodwill, as reported in the statement of changes in noncurrent assets	-28.7	-22.9	-100.1	-81.4
Other impairment losses and reversals of impairment losses	-0.2	-0.1	-0.4	-0.3
EBIT	**92.8**	**177.1**	**268.2**	**504.2**

A similar trend is apparent in the development of earnings before interest and tax (EBIT). The year-on-year decline in EBIT as a percentage is greater than that of EBITDA; this is attributable to the increase in depreciation and amortization charges from the comprehensive investment program in recent years, from EUR 81.4 million to EUR 100.1 million.

EBIT/EBIT margin (EUR million)	Q4 2009	Q4 2008	Change in EBIT (%)	Q1 - Q4 2009	Q1 - Q4 2008	Change in EBIT (%)
Energy and Farm Technology	26.4	59.0	-55.2	72.4	165.5	-56.3
as % of revenue	6.1	11.1	-	4.9	9.1	-
Process Technology	79.6	129.5	-38.5	217.1	369.7	-41.3
as % of revenue	10.6	14.3	-	7.5	11.1	-
Total	**106.0**	**188.5**	**-43.7**	**289.5**	**535.2**	**-45.9**
as % of revenue	**9.0**	**13.1**	**-**	**6.6**	**10.4**	**-**
Others and consolidation	-3.9	-2.2	-79.2	-2.9	0.2	-
Holding company	-9.3	-9.1	-1.3	-18.4	-31.2	41.0
GEA Group	**92.8**	**177.1**	**-47.6**	**268.2**	**504.2**	**-46.8**
as % of revenue	**7.8**	**12.3**	**-**	**6.1**	**9.7**	**-**
Restructuring expenses	**25.9**	**-**	**-**	**65.0**	**-**	**-**
GEA Group before restructuring expenses	**118.8**	**177.1**	**-32.9**	**333.2**	**504.2**	**-33.9**
as % of revenue	**10.0**	**12.3**	**-**	**7.6**	**9.7**	**-**

The group generated EBIT of EUR 92.8 million in the fourth quarter (previous year: EUR 177.1 million). This corresponds to an EBIT margin of 7.8 percent, which is 453 basis points lower than the comparable prior-year period. Adjusted for the restructuring expenses of EUR 25.9 million, the margin declined by 235 basis points.

EBIT* / EBIT* margin: Four-year review
(EUR million)



* Excluding restructuring expenses 2009

Overall, EBIT fell by 46.8 percent in fiscal year 2009 to EUR 268.2 million (previous year: EUR 504.2 million), and the EBIT margin declined by 365 basis points to 6.1 percent (previous year: 9.7 percent). Adjusted for restructuring expenses amounting to EUR 65.0 million, the decline was 33.9 percent to EUR 333.2 million. This corresponds to a decline in the adjusted EBIT margin of 218 basis points to 7.6 percent.

Acquisitions contributed EBIT of EUR 0.6 million. Exchange rate movements improved EBIT by EUR 1.0 million year-on-year.

In fiscal year 2009, the EBIT of the two operating segments declined year-on-year as a result of lower volume, falling prices and as the capacity reduction could not be implemented concurrently in all areas. With the exception of Pharma Systems, however, it was clearly positive in all divisions despite the considerable restructuring expenses, and the EBIT margin was actually in double digits in three divisions.

Overall, at 4.9 percent in fiscal year 2009, the **Energy and Farm Technology Segment** fell 422 basis points short of the previous year's EBIT margin, or 320 basis points adjusted for restructuring expenses of EUR 15.2 million.

Energy and Farm Technology - EBIT*	Q4	2009
Air Treatment	→	↓
Farm Technologies	↓	↓
Thermal Engineering	↓	↓
Emission Control	↑	→

↑ > 10% ↗ 3% to 10% → 3% to -3% ↘ -3 to -10% ↓ > -10% *Before restructuring expenses, change year-on-year

Energy and Farm Technology - EBIT margin*	Q4	2009
Air Treatment	↑	↓
Farm Technologies	↓	↓
Thermal Engineering	↓	↓
Emission Control	↑	↑

↑ > 100 bp ↗ 50 to 100 bp → 0 to 50 bp ↘ -50 to -100 bp ↓ > -100 bp *Before restructuring expenses, change year-on-year

The **Process Technology Segment** reported an overall EBIT margin of 7.5 percent in fiscal year 2009. This corresponds to a decrease of 360 basis points. Adjusted for restructuring expenses of EUR 48.6 million, the shortfall as against the previous year was 192 basis points.

Process Technology - EBIT*	Q4	2009
Refrigeration	⬇	⬇
Process Equipment	⬇	⬇
Mechanical Separation	⬊	⬇
Process Engineering	⬇	⬇
Pharma Systems	⬆	⬆

⬆ > 10% ⬈ 3% to 10% ➡ 3% to -3% ⬊ -3 to -10% ⬇ > -10% *Before restructuring expenses, change year-on-year

Process Technology - EBIT margin*	Q4	2009
Refrigeration	⬇	⬇
Process Equipment	⬇	⬇
Mechanical Separation	⬆	⬇
Process Engineering	⬇	⬇
Pharma Systems	⬆	⬆

⬆ > 100 bp ⬈ 50 to 100 bp ➡ 0 to 50 bp ⬊ -50 to -100 bp ⬇ > -100 bp *Before restructuring expenses, change year-on-year

Net interest income of EUR -59.0 million (previous year: EUR 45.4 million) includes EUR 29.0 million (previous year: EUR 28.6 million) interest charges relating to obligations from pension plans and supplementary healthcare benefit plans.

The income tax expense of EUR 47.8 million (previous year: EUR 109.8 million) comprises current taxes of EUR 77.1 million (previous year: EUR 75.2 million) and deferred taxes of EUR -29.3 million (previous year: EUR 34.6 million). The group tax rate amounts to 22.9 percent, after 23.9 percent in the previous year.

Profit after tax from continuing operations was thus EUR 161.4 million (previous year: EUR 349.0 million). This corresponds to earnings per share of EUR 0.87, which is 53.9 percent lower than the previous year's figure of EUR 1.89.

Discontinued operations include EUR 18.0 million accured costs for risks that arose in the course of the year in the wake of the closure of Ruhr-Zink. These were offset by the reversal of provisions on the basis of a changed risk assessment in the Plant Engineering and Chemicals areas (EUR 18.9 million). Profit after tax from discontinued operations was EUR 0.3 million (previous year: loss of EUR 248.0 million), corresponding to EUR 0.00 per share (previous year: loss of EUR 1.35).

Profit for the period amounted to EUR 161.7 million (previous year: EUR 101.0 million), of which EUR 160.6 million (previous year: EUR 99.6 million) is attributable to GEA Group Aktiengesellschaft shareholders. This corresponds to earnings per share of EUR 0.87 (previous year: EUR 0.54).

Key figures: Results of operations (EUR million)	Q4 2009	Q4 2008	Change (%)	Q1 - Q4 2009	Q1 - Q4 2008	Change (%)
Revenue	1,191.9	1,438.0	-17.1	4,411.2	5,179.0	-14.8
EBITDA before restructuring expenses	147.7	200.1	-26.2	433.7	585.9	-26.0
EBITDA	121.8	200.1	-39.1	368.7	585.9	-37.1
EBIT before restructuring expenses	118.8	177.1	-32.9	333.2	504.2	-33.9
EBIT	92.8	177.1	-47.6	268.2	504.2	-46.8
EBT	75.9	166.0	-54.3	209.2	458.8	-54.4
Income taxes	-11.8	-30.2	60.8	-47.8	-109.8	56.5
Profit after tax from continuing operations	64.0	135.8	-52.9	161.4	349.0	-53.8
Profit/loss after tax from discontinued operations	1.7	-112.5	101.5	0.3	-248.0	100.1
Profit for the period	65.7	23.4	181.0	161.7	101.0	60.1

In line with GEA Group's long-term objective of distributing around one-third of after-tax profit to shareholders, management is proposing to distribute a dividend of EUR 0.30 per share.

Capacity adjustment measures

GEA Group has responded to the changed economic situation with a range of measures since the second half of 2008. In this context, the Company presented the first phase of a comprehensive package of measures at the annual earnings press conference on fiscal year 2008 on March 12, 2009. In 2009, the main focus of this program was on reducing overtime, on short-time working, and on reducing the number of contract workers and the Company's own workforce, especially in the area of production.

Capacity adjustments*

* FTEs

Including the capacity reduction in the fourth quarter of 2008, the target capacity adjustment of around 2,300 was reached.

Because of the differences in the regional and sector-specific intensity of the decline in order intake, these measures were deployed selectively. For example, the number of employees in North America was reduced significantly, while in South Africa, we could only manage the major Medupi contract (air-cooled power plant) by employing contract workers.

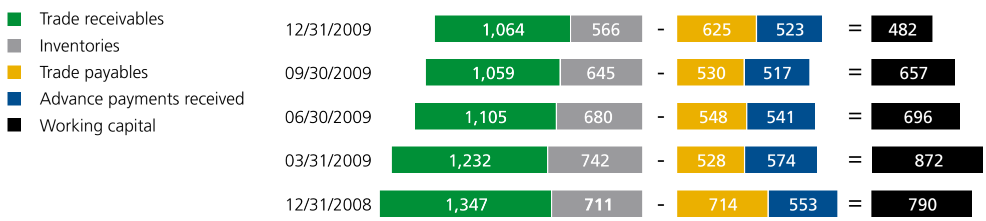
Because of the continued market weakness in almost all of its customer segments and regions, the group announced stage two of its package of measures on July 30, 2009. At the heart of stage two was the accelerated reduction in the group's own headcount, which, together with stage one, resulted in an increase in the one-time restructuring expense to EUR 65 million (attributable almost exclusively to personnel-related expenses). However, these expenses were already more than offset by savings of approximately EUR 100 million for fiscal year 2009. The package of measures has now largely been completed. It will produce annual savings of around EUR 160 million starting in 2010. The figures disclosed in this section do not contain any effects from the more far-reaching reorganization of the group.

Separate from these measures in response to the current economic situation, GEA resolved a far-reaching reorganization of the group on September 22, 2009 (see page 102 et seq.), in order to ensure that the group is optimally positioned to meet the medium- and long-term challenges it faces, and to leverage further growth potential. In this context, companies were merged in 2009 to reduce the complexity of the group.

Financial position

The importance of safeguarding liquidity and of centralized financial management has risen further because of the crisis in the financial markets over the last year. GEA Group has paid careful attention to these considerations. Its financial position remains stable. The group has no short-term refinancing requirements and has sufficient financing options for its future business development.

Change in working capital*
(EUR million)



* Continuing operations only

The goal of GEA Group's financial strategy is not only to be able to meet its payment obligations whenever they fall due, but also to have sufficient cash reserves at all times, including in the form of credit lines, in addition to maintaining a strategic cash position. As a holding company, GEA Group Aktiengesellschaft is responsible for the GEA Group's central financial management in order to minimize financing costs as far as possible, to leverage economies of scale, to hedge interest rate and exchange rate risk exposures as effectively as possible, and to ensure that loan covenants are complied with. The group's financial management encompasses liquidity management, group financing, and the management of interest rate and exchange rate risks.

Last fiscal year, GEA's financial management also contributed to the stable Baa3 and BBB- ratings awarded to GEA Group Aktiengesellschaft by rating agencies Moody's and Fitch.

The finance unit at the holding company manages financing and safeguards the group's liquidity. Cash flows from operating activities are the most important source of liquidity. Intragroup cash pooling avoids the need for external cash investments and borrowings to a large extent. To achieve this, GEA Group Aktiengesellschaft has established cash pooling groups in 13 countries that automatically balance the accounts of the participating group companies every day by crediting or debiting a target account at GEA Group Aktiengesellschaft. Any additional liquidity requirements are generally borrowed by the holding company, which also invests surplus liquidity.

GEA cash credit lines (EUR million)	Maturity	12/31/2009 Committed	12/31/2009 Drawn
Syndicated credit line 1	July 2011	500	200
Borrower's note loan	August 2011	200	200
Syndicated credit line 2 (club deal)	March 2011	230	0
European Investment Bank	2016 (depending on drawdowns)	150	0
Total cash credit lines incl. bilateral		**1,394**	**445**

The financial crisis and a related potential general credit crunch prompted GEA Group Aktiengesellschaft to enter into a EUR 230 million club deal with a term of two years in March 2009, in addition to the existing EUR 500 million syndicated credit line and the EUR 200 million borrower's note loan. This loan agreement was entered into with five credit institutions in a challenging, volatile capital market environment. The credit line increases GEA Group Aktiengesellschaft's available liquidity, especially for potential acquisitions, and gives the Company greater planning certainty than in the case of individual loan commitments by lenders that are usually limited to one year or "until further notice," and therefore can be called extremely quickly.

In December 2009, the Company also entered into an agreement with the European Investment Bank in Luxembourg amounting to EUR 150 million to finance planned research and development projects. This loan may be drawn down in several tranches that are each agreed for a term of six years. The investment loan, which does not mature until 2016, is already a first step towards rebalancing the maturity structure. Additional measures are expected to be implemented in 2010.

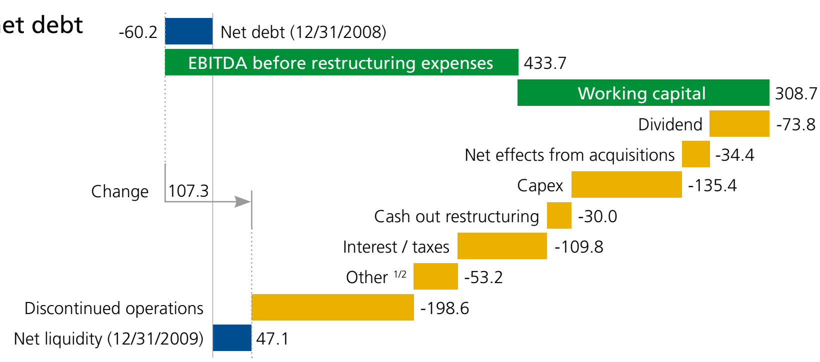
Condensed cash flow statement (EUR million)	Q4 2009	Q4 2008	Change (%)	Q1 - Q4 2009	Q1 - Q4 2008	Change (%)
Cash flow from operating activities	314.8	300.8	4.7	540.6	388.9	39.0
Cash flow from investing activities	-52.6	-106.7	50.7	-304.0	-427.2	28.8
Free cash flow	**262.3**	**194.1**	**35.1**	**236.5**	**-38.2**	**718.9**
Cash flow from financing activities	-71.8	-19.1	-276.0	-190.9	205.8	-192.8
Net liquidity/net debt	47.1	-60.2	-	47.1	-60.2	-
Gearing (%)	-2.7	4.1	-	-2.7	4.1	-

Cash flow from operating activities increased significantly by EUR 151.6 million to EUR 540.6 million in the year under review. This is due first to the EUR 60.7 million improvement in group profit for the period. Second, it also reflects the success of our working capital management in fiscal year 2009, which resulted in considerable cash inflows from reduced inventories and outstanding receivables.

Overall, cash and cash equivalents thus increased to EUR 492.0 million as of December 31, 2009, compared with EUR 439.6 million in the previous year.

Restricted cash amounted to EUR 3.9 million. Unrestricted cash amounted to EUR 488.1 million. This ensures our financial independence in times of financial crisis.

Net liquidity/net debt 2009
(EUR million)



1) Including changes in basis of consolidation and exchange rate effects
2) Including change in provisions of EUR –15 million (primarily personnel-related provisions), EUR -38 million pension payments, and EUR -14 million repayments from finance leases

GEA Group's liquidity position improved significantly compared with December 31, 2008. The net debt position (EUR 60.2 million) at the end of 2008 turned into a net liquidity position (EUR 47.1 million) at the end of fiscal year 2009. Based on EBITDA before restructuring expenses of EUR 433.7 million, in particular the measures adopted to reduce working capital (EUR 308.7 million, or EUR 317.2 million adjusted for exchange rate effects and changes in the basis of consolidation) contributed to this turnaround. The largest cash outflows resulted from dividend payments of EUR 73.8 million and current capital expenditures and acquisitions (EUR 169.8 million including debt assumed). Interest, pension, and income tax payments reduced net liquidity by EUR 147.3 million. Further payments of EUR 198.6 million arose in connection with discontinued operations. Additionally, the restructuring measures in 2009 resulted in a cash outflow of EUR 30.0 million. Other changes negatively impacted net liquidity by EUR 15.7 million.

Payments of EUR 198.6 million in fiscal year 2009 for discontinued operations were made from the provisions recognized in the previous year. Most of these cash outflows relate to compensation for project losses at the AE&E Lentjes Group. Because these are not due until documentation of the corresponding payments by the AE&E Lentjes Group, project delays and differences of opinion about how the amounts to be compensated are calculated resulted in delays in these payments. Adequate provisions have been recognized as of December 31, 2009 for the cash outflows of all discontinued operations expected in the following years.

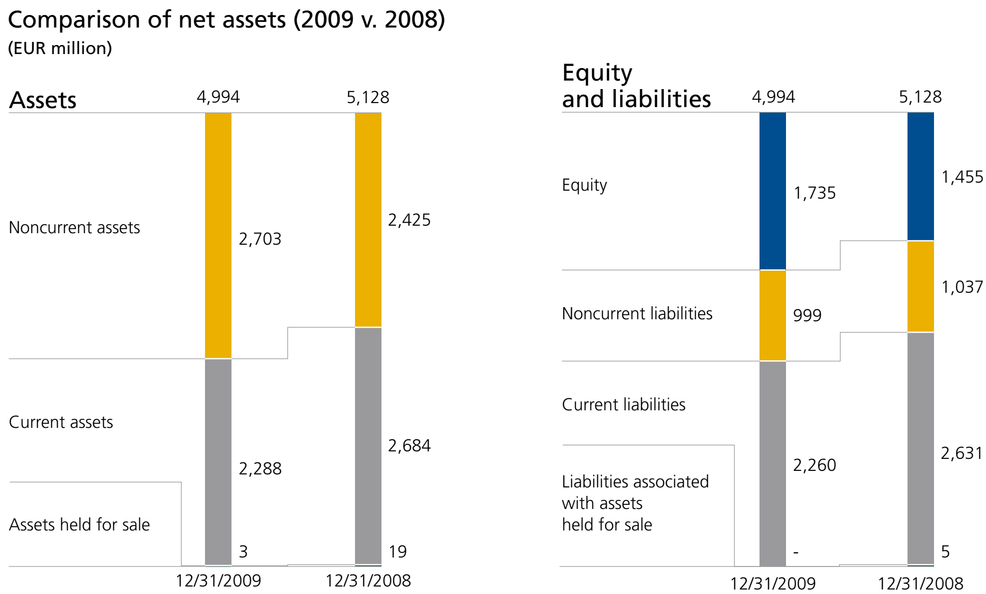
For detailed information on the maturity, currency, and interest rate structure of debt financing, please refer to notes 3 and 7.4 in the notes to the consolidated financial statements (pages 137 et seqq. and 186 et seqq.).

Guarantee lines for contract performance, advance payments, and warranties amounting to EUR 2,137.2 million were available to GEA Group, of which EUR 1,024.1 million had been utilized.

In addition to the assets recognized in the consolidated balance sheet, GEA also uses unrecognized assets. These are mainly assets leased or rented under operating leases. GEA uses factoring programs of EUR 36.6 million (previous year: EUR 35.3 million) as off-balance-sheet financing instruments. The obligations resulting from rental and leasing obligations are explained in section 9.2 to the consolidated financial statements (page 211 et seqq.).

Net assets

Condensed balance sheet (EUR million)	12/31/2009	as % of total assets	12/31/2008	as % of total assets	Change (%)	Change (absolute)
Assets						
Noncurrent assets	2,703.2	54.1	2,424.7	47.3	11.5	278.5
of which goodwill	1,530.9	30.7	1,331.8	26.0	14.9	199.0
of which deferred taxes	321.9	6.4	314.4	6.1	2.4	7.5
Current assets	2,288.2	45.8	2,684.3	52.3	-14.8	-396.1
Assets held for sale	3.0	0.1	19.4	0.4	-84.5	-16.4
Total assets	**4,994.4**	**100.0**	**5,128.3**	**100.0**	**-2.6**	**-133.9**
Equity and liabilities						
Equity	1,735.0	34.7	1,455.4	28.4	19.2	279.6
Noncurrent liabilities	999.9	20.0	1,037.3	20.2	-3.6	-37.5
of which deferred taxes	74.4	1.5	88.4	1.7	-15.8	-14.0
Current liabilities	2,259.5	45.2	2,630.6	51.3	-14.1	-371.1
Liabilities associated with assets held for sale	-	-	5.0	0.1	-100.0	-5.0
Total equity and liabilities	**4,994.4**	**100.0**	**5,128.3**	**100.0**	**-2.6**	**-133.9**



Total assets decreased slightly by EUR 133.9 million to EUR 4,994.4 million. This is attributable in particular to the reduction in the items contained in working capital.

Noncurrent assets increased by EUR 278.5 million to EUR 2,703.2 million, due in particular to the increase in goodwill from ongoing award proceedings. The acquisitions in the fiscal year and the initial consolidation of other subsidiaries resulted in additions to land and buildings, goodwill, and intangible assets. Capital expenditure for property, plant, and equipment declined in both segments in fiscal year 2009. Major investment projects in production facilities were completed and capitalized, mainly in France for the Thermal Engineering Division and in particular in China for the Refrigeration and Thermal Engineering Divisions. The increase in investment property is attributable to the reclassification of two plots of land that had been reported as assets held for sale in the previous year.

Current assets decreased by a total of EUR 396.1 million. This decline is primarily a result of a significant reduction in inventories and trade receivables. The reduction in inventories and trade receivables related to both segments and is due to our successful working capital management in fiscal year 2009 and to the lower volume of business. It was offset in part by an increase in cash and cash equivalents.

Assets held for sale declined due to the reclassification of pieces of land to investment property.

On the equity and liabilities side, equity increased significantly by EUR 279.6 million. Capital reserves and retained earnings in this caption increased by a total of EUR 275.3 million. This was attributable first to ongoing award proceedings, and second to the profit for the period.

Noncurrent provisions and liabilities, as well as net deferred taxes, were down slightly year-on-year as of December 31, 2009. By contrast, current provisions and liabilities recorded a significant decrease, due in particular to the payments of EUR 198.6 million for discontinued operations. The decrease in trade payables is attributable almost exclusively to the Process Technology Segment.

Summary of business development

Fiscal year 2009 was dominated by a difficult global economic environment. As a result, the Company was unable to match the previous year's record revenue, earnings, and margin figures. Order intake and revenue declined by 18 percent and 15 percent respectively, while EBITDA was down by 37 percent. After adjustment for restructuring measures amounting to EUR 65 million, EBITDA fell by 26 percent. However, we regard the group's EBIT margin of 6.1 percent (7.6 percent before restructuring) as a major success in view of an operating environment in which longstanding successful industry players were also hit by losses.

We are equally encouraged by the fact that losses incurred from discontinued operations were offset by the reversal of provisions. The contracts involving risks for the group that remained following the sale of the Lurgi and Lentjes divisions were handed over to the customers in 2009 or are expected to move into the warranty phase in 2010.

The programs of measures we initiated at an early stage and our reorganization will allow GEA Group to meet the challenges of the coming years.

The GEA Group companies further strengthened their market positions in almost all business areas. In the relevant markets throughout the world, GEA stands for innovative and high-quality machinery, components, and process plants. Our brand structure, which features the successful GEA umbrella brand for all group companies – effectively supports business development and will continue to strengthen the group going forward.

Employees

The Executive Board of GEA Group Aktiengesellschaft would like to thank all of the group's employees for their active commitment and productive cooperation in 2009. We would also like to extend these thanks in particular to employee representatives in Germany and abroad for their responsible and constructive contributions.

Employees (reporting date) *	12/31/2009	12/31/2008
Energy and Farm Technology	6,741	7,091
Process Technology	13,688	14,015
Total	**20,429**	**21,106**
Other	264	221
GEA Group	**20,693**	**21,327**

* Full-time equivalents (FTE) excluding vocational trainees and inactive employment contracts

The number of people employed by GEA Group decreased by 634 in the reporting period. This change is the result of both a reduction in the number of employees by 1,314 as a consequence of the rapid implementation of capacity adjustment measures as well as an increase by 680 employees from acquisitions and other changes in the scope of consolidation. The growth in the number of employees in the Other segment is due to reclassifications from the operating segments to GEA's IT company.

As of December 31, 2009, GEA Group employed 618 vocational trainees compared with 613 at the same date in the previous year. Based on this number, the vocational trainee ratio was 6.2 percent (previous year: 5.7 percent) in Germany. As in the past, this amount exceeds the needs of GEA Group and underscores the group's long-term social commitment in the area of professional training.

Employees* by region	12/31/2009		12/31/2008	
Europe (excluding CIS)	14,616	71 %	15,374	72 %
North America	2,224	11 %	2,363	11 %
Asia (excluding Middle East)	2,120	10 %	1,780	9 %
Latin America	665	3 %	659	3%
Africa	407	2 %	410	2 %
CIS	223	1 %	244	1 %
Middle East	219	1 %	247	1 %
Oceania	219	1 %	250	1 %
Total	**20,693**	**100 %**	**21,327**	**100 %**

* Full-time equivalents (FTE) excluding vocational trainees and inactive employment contracts

Bonus

Despite the impact of the financial and economic crisis, 2009 proved a relatively successful year for the company. Therefore, the Executive Board resolved to extraordinarily pay out a share in profits to all employees worldwide – with the exception of the board and management contract levels 1 to 3 – as already for the years 2007 and 2008. Each employee will be paid a bonus of 120, 80 or 40 Euros, depending on their country's average purchasing power. The total bonus paid out amounts to EUR 2.6 million.

Employee-driven ideas and improvement management scheme

GEA Group promotes and uses the innovative capacity of each and every employee with its group-wide "i²m" Ideas & Improvement Management scheme. I²m combines various instruments of the employee suggestion scheme into a comprehensive improvement system. With its clear structures and a variable bonus system, it contributes to increasing the group's profitability and product and labor quality, as well as improving customer satisfaction in the long term. A total of 15,682 ideas (up 6 percent from the previous year) were submitted by employees through i²m in 2009. Although not all of these employee ideas were finally assessed, 7,251 and thus 46 percent were successfully implemented in 2009. December was a record month for i²m, with the highest number of ideas submitted and implemented in the history of the program. This result is particularly noteworthy, since it was achieved despite the restructuring measures. The annual net benefit for GEA Group was more than EUR 10 million. This corresponds to an increase of 40 percent year-on-year. The employee participation rate was 33 percent. In addition to its economic benefits, i²m strengthens the corporate culture by actively including employees and motivates them to be involved in shaping their company. This commitment was honored in 2009 by EUR 1,239 thousand in bonuses for implemented ideas, EUR 55 thousand in recognition bonuses as well as numerous noncash bonuses.

GEA Performance Share Plan

Effective July 1, 2009, GEA Group Aktiengesellschaft issued the fourth tranche of the GEA Performance Share Plan; in addition to the first and second levels of management below the Executive Board, third-level managers were allowed to participate in the performance share plan for the second time. Despite the general economic environment and the correspondingly strained situation in the equity market, the participation rate was approximately 60 percent. As in previous years, all participants had to invest an amount equal to 20 percent of the issued performance shares. Details about this can be found in section 7.3.4 to the consolidated financial statements (page 184 et seq.).

At the same time, the first tranche of the program issued in 2006 matured in 2009. Fortunately, the first tranche performed very well, as shares of GEA Group Aktiengesellschaft outperformed most of the companies listed in the MDAX in the three-year reference period.

GEA Group Academy

In 2009, the GEA Group Academy increased its cooperation with various prominent international business schools, including for instance the London Business School, INSEAD, and MIT. This made it possible to further increase the quality and internationality of the advanced training seminars for GEA's managers, project managers, and experts. The training program was oriented on current requirements over the course of the year.

Global Management Feedback

The management assessment based on management qualities conducted by employees in 2008 in Europe was extended worldwide in 2009. The assessment criteria include communication, trust, task-oriented leadership, support, and orientation on performance and results. After the results were evaluated, individual development measures were agreed and implemented.

Net Assets, Financial Position, and Results of Operations of GEA Group Aktiengesellschaft

In addition to the reporting by the Group, the following section describes the performance of GEA Group Aktiengesellschaft (holding company). The annual financial statements are prepared in accordance with the Handelsgesetzbuch (HGB – German Commercial Code) and the Aktiengesetz (AktG – German Stock Corporation Act). They are presented here in condensed form.

Net assets of GEA Group AG (HGB) (EUR million)	12/31/2009	as % of total assets	12/31/2008	as % of total assetse
Assets				
Intangible fixed assets	2.0	0.1	1.7	0.0
Tangible fixed assets	5.2	0.1	5.5	0.2
Long-term financial assets	2,785.3	77.6	2,664.5	75.2
Fixed assets	**2,792.5**	**77.8**	**2,671.7**	**75.4**
Receivables from affiliated companies	538.0	15.0	571.1	16.1
Other assets	29.0	0.8	38.6	1.1
Receivables and other assets	567.0	15.8	609.7	17.2
Securities	0.3	0.0	0.3	0.0
Cash	228.1	6.4	259.4	7.4
Current assets	**795.4**	**22.2**	**869.4**	**24.6**
Prepaid expenses	**0.1**	**0.0**	**0.5**	**0.0**
Total	**3,588.0**	**100.0**	**3,541.6**	**100.0**
Equity and liabilities				
Subscribed capital	496.9	13.8	496.9	14.0
Capital reserves	250.8	7.0	250.8	7.1
Revenue reserves	336.4	9.4	248.4	7.0
Net retained profits	55.8	1.6	74.0	2.1
Equity	**1,139.9**	**31.8**	**1,070.1**	**30.2**
Special tax-allowable reserve	**0.0**	**0.0**	**0.4**	**0.0**
Provisions	**288.6**	**8.0**	**299.0**	**8.5**
Liabilities to banks	408.8	11.4	415.7	11.7
Liabilities to affiliated companies	1,735.0	48.4	1,740.0	49.1
Other liabilities	15.6	0.4	16.3	0.5
Liabilities	**2,159.4**	**60.2**	**2,172.0**	**61.3**
Deferred income	**0.1**	**0.0**	**0.1**	**0.0**
Total	**3,588.0**	**100.0**	**3,541.6**	**100.0**

Total assets have barely changed as against the previous year. The increase in long-term financial assets is due to the rise in long-term loans to subsidiaries as part of group financing, the reversal of writedowns of the carrying amount of an investment after the reason for the writedown no longer applied, and the addition of the subsequent cost of equity investments due to award proceedings. A provision was recognized in the same amount for possible obligations from the award proceedings to provide noncash consideration.

The Executive Board and Supervisory Board transferred a total of EUR 88.0 million to revenue reserves in fiscal year 2009. EUR 50.0 million of this amount related to the reversal of the writedown of the carrying amount of an investment and was transferred to revenue reserves in accordance with § 58(2a) of the AktG. The equity ratio therefore amounted to 31.8 percent compared with 30.2 percent in the previous year.

As GEA Group Aktiengesellschaft is purely a management holding company, the following cash flow statement has only limited informative value.

(EUR million)	2009	2008
Cash flow from operating activities	96.6	-18.5
Cash flow from investing activities	-47.5	-97.2
Cash flow from financing activities	-80.4	214.4
Cash and cash equivalents	228.1	259.4

Cash flow from operating activities increased due to the sharp rise in cash investment income.

Cash flow from investing activities reflects the provision of long-term cash funds to subsidiaries. Additional loans were granted in fiscal year 2009, but to a much lesser extent than in the previous year.

Cash flow from financing activities relates to the 2009 dividend payment amounting to EUR 73.5 million and the repayment of bank loans in the amount of EUR 6.9 million.

Income statement of GEA Group AG (HGB) (EUR million)	12/31/2009	in %	12/31/2008	in %
Other operating income	109.1	60.7	69.4	21.1
Personnel expenses	-41.5	-23.1	-24.6	-7.5
Amortization and writedowns of intangible fixed assets and depreciation and writedowns of tangible fixed assets	-1.5	-0.8	-1.1	-0.3
Other operating expenses	-83.8	-46.7	-55.1	-16.8
Investment income	179.6	100.0	327.6	100.0
Net interest income	-5.2	-2.9	-52.5	-16.0
Result from ordinary activities	**156.7**	**87.2**	**263.7**	**80.5**
Taxes on income	-13.4	-7.4	-5.4	-1.6
Net income for the fiscal year	**143.3**	**79.8**	**258.3**	**78.9**
Retained profits brought forward	0.5	0.3	0.0	0.0
Withdrawals from revenue reserves	0.0	0.0	2.1	0.6
Offsetting against shares purchased for redemption	0.0	0.0	-2.1	-0.6
Appropriation to other revenue reserves	-88.0	-49.0	-184.3	-56.3
Net retained profits	**55.8**	**31.1**	**74.0**	**22.6**

Personnel expenses in fiscal year 2009 include additions of EUR 20.7 million to provisions for pensions and similar obligations due to the change in the valuation technique to the projected unit credit method. The increase in other operating income and expenses relates almost exclusively to exchange rate gains and losses from matching hedges for and from affiliated companies that were reported gross in the year under review. In addition to exchange rate losses, other operating expenses mainly comprise the cost of expert opinions and consulting, as well as third-party goods and services. Investment income is composed of income and expenses from profit and loss transfer agreements, dividends, indemnification agreements for subsidiaries, and writedowns and the reversal of writedowns of the carrying amount of investments. In the previous year, this item also included income from the exchange of equity interests at fair values. Net interest income improved significantly due to lower interest rate levels and the adjustment of margins to reflect market conditions as part of group financing.

Proposal on the appropriation of profits

GEA Group Aktiengesellschaft's annual financial statements in accordance with the HGB report net income of EUR 143.3 million. In accordance with § 58(2a) of the AktG, the Executive Board and Supervisory Board appropriated EUR 50.0 million and, from the remaining net income of EUR 93.3 million, EUR 38.0 million to other revenue reserves in accordance with § 58(2) of the AktG. The Executive Board and Supervisory Board will propose to the Annual General Meeting that a dividend of EUR 0.30 per share be paid to shareholders from the net retained profits of EUR 55.8 million for a total of 183,807,845 shares and to carry forward the remaining net retained profits of EUR 0.7 million to new account. The dividend will be paid from the contribution account for tax purposes (steuerliches Einlagekonto) in accordance with § 27 of the Körperschaftssteuergesetz (KStG – German Corporate Income Tax Act) without deduction of investment income tax and the solidarity surcharge.

Explanatory information in accordance with §§ 289(4) and 315(4) of the HGB

Composition of the subscribed capital and restrictions on rights

The subscribed capital of GEA Group Aktiengesellschaft was unchanged at EUR 496,890,368.79 as of December 31, 2009. All the shares are ordinary shares and are composed of 183,807,845 no-par value bearer shares. The rights and obligations arising from these shares are defined in the AktG. The Executive Board is not aware of any restrictions affecting the voting rights. Participation in the GEA Performance Share Plan requires a personal investment by participants in GEA shares, which are subject to a holding period of three years. Participants who infringe the holding period lose their right to participate in the plan.

Interests in the share capital exceeding 10 percent of the voting rights

BlackRock, Inc. (New York, U.S.A.) held a total of 10.1 percent of GEA Group Aktiengesellschaft's share capital as of December 31, 2009, including the voting rights attributable to it via subsidiaries.

Provisions governing the appointment and dismissal of members of the Executive Board and amendments to the Articles of Association

The Executive Board is appointed and dismissed in accordance with §§ 84 and 85 of the AktG in conjunction with § 31 of the Mitbestimmungsgesetz (MitbestG – German Codetermination Act).

Under § 20(1) of GEA Group Aktiengesellschaft's Articles of Association, amendments to the Articles of Association may – where legally permissible – be adopted by a simple majority of the share capital represented at the vote. Under § 21 of the Articles of Association, the Supervisory Board may resolve amendments and additions to the Articles of Association that only affect their wording. Section 179 of the AktG also applies to amendments to the Articles of Association.

Powers of the Executive Board to issue and repurchase shares

Disclosures on contingent capital and authorized capital can be found in the notes under the presentation of equity (section 7.1, page 168 et seqq.).

Under a resolution adopted by the Annual General Meeting dated April 22, 2009, GEA Group Aktiengesellschaft is authorized to purchase own shares up to a total of 10 percent of the share capital in accordance with § 71(1) no. 8 of the AktG. The authorization is valid until October 21, 2010. The shares may be purchased via the stock exchange or by means of a public purchase offer to all shareholders. The shares may subsequently be redeemed, used to service bonds with warrants or convertible bonds, transferred to third parties as part of business combinations or acquisitions, or disposed of in another manner.

Further details on the resolutions adopted by the 2009 Annual General Meeting are available in the invitation to the Annual General Meeting, which was published in the electronic Bundesanzeiger (Federal Gazette) on March 13, 2009.

Material agreements that take effect in the event of a change of control following a takeover bid

The individual lenders of a syndicated credit line amounting to EUR 500 million may refuse new drawdowns in the event of a change of control. The syndicate banks may call in any amounts already drawn down and terminate the respective credit line giving 20 days' notice.

In the event of a change of control, the lenders of a EUR 200 million borrower's note loan are entitled to require early repayment of their loan receivable, including interest accrued up to the date of the early repayment. The borrower determines the repayment date, which may not be fewer than 60 days or more than 90 days after the date on which the borrower was informed of the change of control and notified the lenders of this via the paying agent.

The individual lenders of a revolving loan (club deal) amounting to EUR 230 million may refuse new drawdowns in the event of a change of control. The lenders may call in any amounts already drawn down and terminate the respective credit line giving 20 days' notice.

In the case of a loan agreement with the European Investment Bank (EIB) amounting to EUR 150 million, the EIB is entitled to call in the loan and require early repayment including accrued interest in the event of a change of control. In this case, the borrower is obliged to repay the amount on the date specified by the Bank, which may not be earlier than 30 days after the repayment request.

The lender of a guarantee loan amounting to USD 100 million for subsidiaries in the United States may require negotiations on new agreements within 30 days of a change of control. If no agreement is reached, the lender may require collateral for all outstanding guarantees with immediate effect.

All Performance Shares under the GEA Performance Share Plan expire in the event of a change of control. Managers who have participated in the plan then receive a compensation payment for the expired Performance Shares. This payment corresponds to the allocated target value.

A change of control within the meaning of these agreements and the GEA Performance Share Plan is deemed to have occurred in particular if a majority of voting rights or shares of the Company are transferred to a single person or group of persons.

Compensation arrangements with members of the Executive Board or employees

Executive Board members' contracts include provisions on the calculation of bonuses in the event of a change of control. Additional details can be found in the Remuneration Report starting on page 80. Further compensation arrangements with employees have been agreed with regard to the Performance Shares under the GEA Performance Share Plan, as described in the paragraph above.

Corporate Governance Declaration including Corporate Governance Report

GEA Group Aktiengesellschaft places great importance on transparent and responsible corporate governance and management aimed at long-term value enhancement. GEA's activities are based on recognized corporate governance principles and comply to a large extent with the suggestions and recommendations of the German Corporate Governance Code as amended on June 18, 2009. The only departure from the Code's recommendations concerns the performance-related remuneration of the Supervisory Board members recommended in section 5.4.6 (2) sentence 1, of the code which the group continues not to apply. To avoid presenting the same information twice, this report expressly adopts the presentation in the Remuneration Report (see page 80) and refers to it.

Declaration of Compliance

On December 17, 2009, the Executive Board and Supervisory Board of GEA Group Aktiengesellschaft issued the following Declaration of Compliance in accordance with § 161 of the Aktiengesetz (AktG – German Stock Corporation Act); the Declaration of Compliance has been made permanently available to the public on the Company's website at www.geagroup.com:

> GEA Group Aktiengesellschaft complies with the recommendations of the German Corporate Governance Code as amended on 18 June 2009 with the following exception:
>
> – The compensation of the Supervisory Board members does not provide for a performance-related component (Code item 5.4.6 para. 2 first sentence).
>
> From the Declaration of Compliance dated 25 November 2008 onwards GEA Group Aktiengesellschaft has complied with the recommendations of the German Corporate Governance Code in its respectively valid version, with the exception stated below:
>
> – The compensation of the Supervisory Board members did not provide for a performance-related component (Code item 5.4.6 para. 2 first sentence).
>
> Explanation: The company regards an appropriate fixed remuneration as better suitable for the Supervisory Board's controlling function, which is performed independently of the company's profitability.
>
> Bochum, December 17, 2009
>
> For the Supervisory Board
>
> Dr. Jürgen Heraeus
>
> For the Executive Board
>
> Jürg Oleas Dr. Helmut Schmale

Code of Conduct

The Executive Board and Supervisory Board have drawn up a Code of Conduct that stipulates that the group's business activities comply with all laws and with high ethical standards. The Code of Conduct is binding on all employees. It is supplemented by guidelines on individual topics, in particular by the group's anticorruption guideline. Finally, the Company has agreed codes of conduct with its European Works Council that define ethical, social, and legal standards that are binding on all GEA Group employees. The Code of Conduct, the anticorruption guideline, and further information are published on GEA Group Aktiengesellschaft's website under Investor Relations/Corporate Governance.

Compliance organization

GEA Group's compliance organization helps implement the Code of Conduct and the other group-wide guidelines throughout the group. A Chief Compliance Officer, who reports to the Supervisory Board's Audit Committee and to the CEO, has been appointed to monitor compliance with the principles laid down in the Code of Conduct and the individual guidelines. A Compliance Committee has also been established to advise the Chief Compliance Officer. In addition, a Compliance Officer has been appointed for each division and a Compliance Manager for each operating company. The Division Compliance Officers meet regularly to further develop GEA Group's compliance program. GEA Group's extensive compliance program is rounded off by classroom and web-based training sessions for the relevant group employees on the rules contained in the law, the Code of Conduct, and the group's additional compliance guidelines.

Responsible handling of risks

GEA Group Aktiengesellschaft has experienced extremely strong growth in recent years. However, sustainable growth can only be achieved if both the opportunities and risks of business activities are identified and suitably taken into account. Effective risk management is therefore one of the core elements of corporate governance at GEA Group Aktiengesellschaft. Further information on this is available on pages 86 et seqq. and 137 et seqq. of this Annual Report.

Transparency of accounting and auditing

GEA Group Aktiengesellschaft is committed to transparent reporting. The Company publishes its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). GEA Group Aktiengesellschaft's annual financial statements are based on the Handelsgesetzbuch (HGB – German Commercial Code). The Supervisory Board engages the external auditor elected by the Annual General Meeting and defines the audit schedule and fee based on the Audit Committee's recommendation. It ensures that the auditor's work is not compromised by conflicts of interest. In addition to the consolidated and annual financial statements, the Audit Committee discusses the half-yearly and quarterly reports with the Executive Board as recommended in section 7.1.2 of the German Corporate Governance Code.

Detailed reporting

GEA Group Aktiengesellschaft communicates openly, actively, and in detail. It regularly and promptly informs shareholders, shareholder associations, analysts, and interested members of the public on equal terms about the Company's position and significant changes to its business. To this end, the Company's website is an important communications medium. It contains annual and interim reports, press releases, ad hoc announcements and other disclosures required by the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), as well as the financial calendar and other relevant information in German and English. The group also holds regular analyst meetings, press conferences, and events for investors. All presentations made at these events can also be downloaded from GEA's website under Investor Relations/Presentations.

Directors' dealings and shareholdings of governing body members

Under § 15a of the WpHG, Executive Board and Supervisory Board members as well as their related parties are obliged to notify the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – German Federal Financial Supervisory Authority) and the Company of the purchase and sale of shares of GEA Group Aktiengesellschaft or related financial instruments if transactions entered into in a calendar year exceed the threshold of EUR 5,000. In fiscal year 2009, the Company received various disclosures regarding the purchase and sale of shares of GEA Group Aktiengesellschaft by governing body members (directors' dealings) in accordance with § 15a of the WpHG. All transactions were also published on the Company's website under Investor Relations/Corporate Governace.

Total holdings of shares of GEA Group Aktiengesellschaft by all Executive Board and Supervisory Board members amount to less than 1 percent of the shares issued by the Company.

Securities-based remuneration program for company executives

Effective July 1, 2006, GEA Group Aktiengesellschaft launched a new long-term, share price-based remuneration program entitled "GEA Performance Share Plan" for all first- and second-level managers below the Executive Board. This plan was extended in fiscal year 2008 to include third-level managers. Details are available on page 66 and section 7.3.4 (page 184 et seqq.) to the consolidated financial statements.

Corporate governance and controlling: Executive Board and Supervisory Board

The Executive Board of GEA Group Aktiengesellschaft, which comprises three members, is the group's management body. The Supervisory Board – which has twelve members, half of whom are shareholder representatives and half employee representatives – advises and monitors the Executive Board. The Executive Board and Supervisory Board cooperate closely for the benefit of the Company; their common goal is a sustainable increase in enterprise value.

Executive Board

The Executive Board reports regularly, promptly, and extensively to the Supervisory Board on all issues relating to planning, business development, the risk position, risk management, and compliance that are relevant for the Company. The Articles of Association and rules of procedure specify key transactions that require the Supervisory Board's approval. Further information on the individual members of the Executive Board can be found on pages 20 and 21 of this Annual Report.

Supervisory Board

The Supervisory Board advises the Executive Board on the management of the Company and supervises its conduct of the Company's business. Five meetings of the Supervisory Board are usually held in each calendar year, which are attended by the Executive Board members unless the Chairman of the Supervisory Board determines otherwise. As a rule, the Supervisory Board's resolutions are adopted at these meetings. On the instruction of the Chairman of the Supervisory Board and unless the majority of Supervisory Board members objects immediately, resolutions can also be adopted outside meetings by casting votes in writing, in text form, or by telephone. However, this option is normally used in urgent cases only. Resolutions require a simple majority of the votes cast unless a different majority is stipulated by law.

Supervisory Board committees

The Supervisory Board's work is supported by committees. These are the Presiding Committee and the Audit Committee, as well as the statutory Mediation Committee and the Nomination Committee recommended by the German Corporate Governance Code. The Presiding Committee, the Audit Committee, and the Mediation Committee each comprise four members and feature equal representation of shareholders and employees. The Nomination Committee consists of three members who are exclusively shareholder representatives in accordance with section 5.3.3 of the German Corporate Governance Code.

The Presiding Committee and the Audit Committee usually meet four times during a calendar year. Resolutions by the Presiding Committee and the Audit Committee are adopted at meetings by a simple majority of the votes cast, or outside meetings by a simple majority of the members. If a vote is tied, the Chairman has a second vote on the same resolution if another vote is held. The Nomination and Mediation Committees hold meetings when required.

The Presiding Committee's duties include preparing the Supervisory Board meetings. In particular, this Committee is also responsible for defining the legal relationships between the Company and the individual Executive Board members. Decisions on the Executive Board's remuneration system, the total remuneration of the individual Executive Board members, and their appointment and dismissal are made by the full Supervisory Board. The Audit Committee is primarily responsible for issues relating to accounting, the internal control system, and risk management, as well as for the necessary independence of the external auditor. It also monitors compliance with key legislation and official regulations, as well as with internal guidelines including GEA Group's Code of Conduct (compliance). The Mediation Committee's duties are laid down in §§ 27 and 31 of the Mitbestimmungsgesetz (MitbestG – German Co-determination Act). The Nomination Committee's task is to propose suitable candidates to the Supervisory Board for election at the Annual General Meeting.

Further information on the composition of the Supervisory Board and its committees can be found on pages 18 and 19 of this Annual Report. The Report of the Supervisory Board on pages 236 et seqq. of this Annual Report also gives further details of the activities of the Supervisory Board and its committees in 2009.

In accordance with § 317 (2) sentence 3 of the HGB, the Corporate Governance Declaration issued pursuant to § 289a HGB is not included in the audit of the financial statements.

Remuneration Report

Executive Board remuneration

A transparent and comprehensible presentation of Executive Board remuneration is a key element of good corporate governance for GEA Group Aktiengesellschaft. The Supervisory Board is currently examining in detail the new rules on Executive Board remuneration that were introduced under the Gesetz zur Angemessenheit der Vorstandsvergütung (VorstAG – German Act on the Appropriateness of Executive Board Remuneration), which came into force on August 5, 2009. At its meeting on December 17, 2009, the Supervisory Board discussed the currently applied remuneration system and took the view that this system largely complies with the objectives of the VorstAG, i.e. that it is appropriate in view of the tasks and performance of the individual Executive Board members and the Company's situation, that it does not exceed the customary remuneration, and that it is already geared to sustainable business development, taking into account the personal targets and the strict EBT component that is applicable, and does not create any false behavioral incentives. Nevertheless, in order to ensure full compliance with the new legal framework, the Supervisory Board resolved that the details of the current remuneration system are be reviewed and adjusted to reflect the new rules, especially when new Executive Board contracts are entered into or existing ones are extended. In view of the large number of contentious issues relating to the VorstAG and the complexity of the topic, the Supervisory Board has not yet completed its deliberations. The final results of its analysis, which must reflect the interests of shareholders as well as the Company and its Executive Board members, were therefore not available when the Remuneration Report was prepared. The Supervisory Board will report on the status of the analysis at the Annual General Meeting.

As the current remuneration system is being restructured, the Supervisory Board decided not to present the system for approval by the Annual General Meeting on April 21, 2010. It is planned that, after finalization of the adjustment to the new statutory requirements, the remuneration system will be presented to the Annual General Meeting in 2011 for resolution.

For the current remuneration system the following applies:

The remuneration of the Executive Board members is composed of both performance-related and non-performance-related components.

The non-performance-related fixed basic remuneration is paid as a monthly salary. In addition, Executive Board members receive noncash benefits that mainly comprise the value of company car use in accordance with tax regulations, accident insurance contributions, and – for individual Executive Board members – the reimbursement of costs for the maintenance of two households and for flights home to their place of residence. As a rule, up to half of the income threshold for contribution assessment under the statutory pension insurance system is granted in the form of pension subsidies.

However, instead of pension benefits Niels Graugaard receives 12.5 percent of his fixed salary for a private pension insurance scheme limited to the term of his employment contract. The pension benefits for the other Executive Board members are described below and listed in the table entitled "Individual vested rights and pension benefits of the Executive Board in 2009."

The performance-related remuneration (bonus) is dependent on the achievement of earnings-related and personal targets that are defined in individual agreements. Performance targets generally depend on EBT in combination with the EBIT margin and on the performance of the Company's shares in relation to the MDAX. Target bonuses increase or decrease accordingly if targets are exceeded or not reached. Total bonuses are limited to a maximum amount of 141 percent of the target bonus, or 150 percent of the target bonus in the case of Mr. Oleas. Assuming a target bonus of EUR 550,000.00 and EUR 1,000,000.00, respectively, this means that the attainable maximum bonus for Mr. Graugaard and Dr. Schmale amounts to EUR 775,000.00 p.a. and for Mr. Oleas, to EUR 1,500,000.00 p.a.

Under the EBT component the Executive Board receives a fixed amount of approximately 1 percent of the target bonus per percentage point by which EBT in the relevant fiscal year amounts to more than 105 percent of the prior-year figure. This means that this portion of the bonus is only paid if the prior-year EBT is exceeded by at least 5 percent. This arrangement is subject to the special rule that the respective prior-year figure is regarded as the highest annual EBT since fiscal year 2006 if it is higher than the year immediately before (high watermark). If the EBIT margin has risen at the same time compared with the previous fiscal year, the amount calculated in this way is increased in relation to the growth rate.

Under the MDAX component the Executive Board receives a payment if GEA shares do not underperform the MDAX in the relevant fiscal year. If the increase in GEA's share price corresponds to the MDAX's growth rate, the amount paid out is 75 percent of the target figure attributable to this portion of the bonus. The Executive Board only receives the full amount of 37.5 percent of the target bonus for this bonus component if the increase in GEA's share price amounts to 120 percent of the MDAX's growth. The amount paid out is extrapolated accordingly in the case of growth rates above or below 120 percent of MDAX performance. The Supervisory Board may resolve a payment at its discretion if GEA shares have outperformed the MDAX when prices are falling (i.e., they have declined less sharply than the MDAX as a whole).

Executive Board members may be granted an additional discretionary bonus if their individual activities lead to an exceptional increase in value for the Company's shareholders. The Company's Supervisory Board decides whether such a discretionary bonus is granted and on the amount. No discretionary bonus was awarded for fiscal year 2009.

The Chairman of the Executive Board, Jürg Oleas, has a pension commitment with an individually agreed fixed amount defined in his employment contract, of EUR 220,000 p.a., to which he is fully entitled after 15 years of service, i.e. at the end of April 2016.

Under this agreement, Mr. Oleas' pension is paid if his Executive Board contract ends when or after he reaches the age of 62 or if he becomes permanently unable to work. He is also entitled to his pension if his employment contract has lasted at least 15 years, i.e. until the end of April 2016, and ends before the above conditions are met. In this case, or if Mr. Oleas becomes permanently unable to work, his pension is paid as a transitional benefit until he reaches the age of 62 on December 8, 2019; his pension is reduced by the full amount of any severance payment and – until he reaches the age of 62 – any other income from new activities that he may have commenced after leaving the Company, but by no more than half of the transitional benefit for the year in question.

If Jürg Oleas' Executive Board contract ends before one of the above conditions for payment of his pension is met, he shall have a vested entitlement to a pro rata annual pension that is calculated on the basis of a maximum possible service period of 180 months (15 years of service). An ongoing pension is adjusted annually in line with the consumer price index.

The Chief Financial Officer, Dr. Helmut Schmale, has a pension commitment with an individually agreed fixed amount defined in his employment contract, of EUR 28,800 p.a. Under this agreement, Dr. Schmale's pension is paid if his Executive Board contract ends when or after he has reached the age of 62 or he leaves the Company due to inability to work or permanent disability.

All Executive Board members are entitled to make a personal contribution per fiscal year to a deferred compensation pension scheme for Executive Board members. No employer subsidy is paid.

The surviving dependents' benefits defined in the contracts of Mr. Oleas, Mr. Eberlein, and Dr. Schmale mainly provide for a lifelong widow's pension and an orphan's pension. The lifelong widow's pension amounts to 60 percent of the retirement pension. The orphan's pension is a specific percentage of the retirement pension and its amount depends on the number of children and whether they are full or half orphans. Entitlement to an orphan's pension expires on reaching the age of 18, or at the latest on reaching the age of 25 if the child in question is still at school or in vocational or professional training. Widow's and child's pensions may not collectively exceed the amount of the retirement pension.

The Company has recognized pension provisions for the future entitlements of Executive Board members. The amounts added to these pension provisions for the Executive Board members who are active at the end of the year under review are listed individually in the table below on the basis of IFRS. These amounts comprise service cost and interest cost.

The Chairman of the Executive Board has a unilateral right of termination if the Supervisory Board revokes his appointment as Chairman of the Executive Board. If Mr. Oleas exercises his unilateral right of termination and leaves the Executive Board, he is entitled to receive the corresponding fixed salary for the remaining months of his contractual term, up to a maximum of 8 months.

The following rule applies to all Executive Board members with regard to a change of control: If an Executive Board member is removed from office or if his employment contract is terminated by mutual consent within six months of a change of control, the bonus for the respective fiscal year – to the extent legally permissible, in particular in accordance with § 87(1) of the Aktiengesetz (AktG – German Stock Corporation Act) – will be at least EUR 850 thousand gross for Jürg Oleas or at least EUR 467.5 thousand gross each for Dr. Helmut Schmale and Niels Graugaard. In this context, a change of control is deemed to have occurred as soon as the Company is notified that a shareholder has reached or exceeded 50 percent or 75 percent of the Company's voting rights in accordance with § 21 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), or an intercompany agreement is entered into with the Company as a dependent company in accordance with §§ 291 et seqq. of the AktG, or the absorption under § 319 of the AktG or a change of legal form of the Company in accordance with the Umwandlungsgesetz (UmwG – German Reorganization Act) is resolved with legal effect.

The total remuneration paid to active Executive Board members of GEA Group Aktiengesellschaft amounted to EUR 3,296 thousand in fiscal year 2009 (previous year: EUR 5,635 thousand) and comprises both a fixed component of EUR 2,543 thousand (previous year: EUR 2,460 thousand) and a variable bonus of EUR 753 thousand (previous year: EUR 3,175 thousand).

The following tables show an individualized breakdown of the fixed component, bonus, other remuneration and pension benefits.

The table below presents the remuneration paid to each Executive Board member in 2009 compared with the previous year:

(EUR)	Fixed remuneration	Bonus	Noncash benefits	Pension subsidies	Total
Jürg Oleas	1,124,550.00	223,714.29	46,867.70	-	**1,395,131.99**
prior year	1,071,000.00	1,500,000.00	59,461.44	-	**2,630,461.44**
Hartmut Eberlein	200,000.00	276,164.00	5,150.20	2,149.00	**483,463.20**
prior year	600,000.00	900,000.00	15,461.11	6,328.20	**1,521,789.31**
Niels Graugaard	550,000.08	137,500.00	113,883.11	68,750.04	**870,133.23**
prior year	550,000.08	775,000.00	88,572.40	68,750.04	**1,482,322.52**
Dr. Helmut Schmale *	412,500.00	116,015.63	13,746.29	4,835.70	**547,097.62**
prior year	-	-	-	-	-
Total	**2,287,050.08**	**753,393.92**	**179,647.30**	**75,734.74**	**3,295,826.04**
prior year	**2,221,000.08**	**3,175,000.00**	**163,494.95**	**75,078.24**	**5,634,573.27**

* Dr. Schmale received additional fixed remuneration of EUR 60,000 and a bonus of EUR 56,533 for his function as Division President from January to March 2009.

Hartmut Eberlein left the Executive Board of GEA Group Aktiengesellschaft at the close of the Annual General Meeting on April 22, 2009. Dr. Helmut Schmale was appointed to the Executive Board effective April 1, 2009; he became Chief Financial Officer as of the end of the Annual General Meeting on April 22, 2009.

Niels Graugaard and Dr. Helmut Schmale were each paid EUR 39,280.80 during their term of office as Division President due to their participation in the GEA Performance Share Plan (GPS), 2006 tranche.

Individual vested rights and pension benefits of the Executive Board in 2009

(in EUR)	Pension benefit p.a. (as of December 31, 2009) (annual entitlement at start of pension)	Pension entitlements p. a. earned as of December 31, 2009	Additions to pension provisions (IFRSs) in fiscal year 2009
Jürg Oleas	220,000.00	127,111.12	172,823.00
Hartmut Eberlein *	47,785.34	47,785.34	15,339.00
Niels Graugaard	-	-	-
Dr. Helmut Schmale	28,800.00	18,859.35	16,402.00
Total	**296,585.34**	**193,755.81**	**204,564.00**

* Mr. Eberlein's pension benefits are based solely on his personal contributions to the deferred compensation pension scheme.

Remuneration of former Executive Board members and their surviving dependents

Former members of the Executive Board and their surviving dependents received remuneration of EUR 1,900 thousand (previous year: EUR 1,666 thousand) from GEA Group Aktiengesellschaft and payments of EUR 5,652 thousand (previous year: EUR 5,238 thousand) from GEA Group. GEA Group Aktiengesellschaft recognized pension provisions for former Executive Board members and their surviving dependents in accordance with IFRS of EUR 27,623 thousand (previous year: EUR 27,548 thousand); the amount recognized by GEA Group for these persons was EUR 55,174 thousand (previous year: EUR 56,616 thousand).

Remuneration of the Supervisory Board members

The expenses incurred for the Supervisory Board amounted to EUR 735 thousand in fiscal year 2009 (previous year: EUR 738 thousand). Under § 15(1) of the Articles of Association, each member of the Supervisory Board receives fixed annual remuneration of EUR 30 thousand, payable after the end of each fiscal year, in addition to the reimbursement of expenses. The Chairman of the Supervisory Board receives two and a half times this amount, and his deputy one and a half times this amount. Under § 15(2) of the Articles of Association, the members of the Chairman's Committee and the Audit Committee each receive EUR 25 thousand. The chairman of each of these committees receives twice this amount. No separate remuneration is or was paid to members of the Mediation Committee or the Nomination Committee. Members who join or leave the Supervisory Board or its committees during the year are paid pro rata for the period of their membership. The Supervisory Board's remuneration does not include any performance-related component. Under § 15(3) of the Articles of Association, at the end of the fiscal year Supervisory Board members also receive an attendance fee of EUR 750 for each meeting of the Supervisory Board and of the above-mentioned committees that they have attended.

Graf von Zech left the Supervisory Board at the end of the Annual General Meeting on April 22, 2009. At the same Annual General Meeting, Hartmut Eberlein was elected to the Supervisory Board as a shareholder representative for the remaining term of office of Louis Graf von Zech, i.e., until the end of the Annual General Meeting that ratifies the acts of the Supervisory Board for fiscal year 2010.

The following table shows the individual remuneration and its respective components for membership of the Supervisory Board and the Chairman's Committee and Audit Committee for 2009 compared with the previous year:

(EUR)	Supervisory Board remuneration	Chairman's Committee remuneration	Audit Committee remuneration	Attendance fees	**Totals**
Dr. Heraeus	75,000.00	50,000.00	25,000.00	9,000.00	**159,000.00**
prior year	75,000.00	50,000.00	25,000.00	10,500.00	**160,500.00**
Siegers	45,000.00	25,000.00	-	5,250.00	**75,250.00**
prior year	45,000.00	25,000.00	-	6,750.00	**76,750.00**
Ammer	30,000.00	-	-	3,750.00	**33,750.00**
prior year	30,000.00	-	-	2,250.00	**32,250.00**
Bastaki	30,000.00	-	-	3,750.00	**33,750.00**
prior year	30,000.00	-	-	3,750.00	**33,750.00**
Eberlein	20,000.00	-	-	2,250.00	**22,250.00**
prior year	-	-	-	-	-
Gröbel	30,000.00	25,000.00	-	6,750.00	**61,750.00**
prior year	30,000.00	25,000.00	-	8,250.00	**63,250.00**
Hunger	30,000.00	-	-	3,750.00	**33,750.00**
prior year	30,000.00	-	-	3,750.00	**33,750.00**
Kämpfert	30,000.00	-	-	3,750.00	**33,750.00**
prior year	30,000.00	-	-	3,750.00	**33,750.00**
Dr. Kuhnt	30,000.00	-	50,000.00	7,500.00	**87,500.00**
prior year	30,000.00	-	50,000.00	6,750.00	**86,750.00**
Löw	30,000.00	-	25,000.00	6,750.00	**61,750.00**
prior year	30,000.00	-	25,000.00	6,750.00	**61,750.00**
Dr. Perlet	30,000.00	25,000.00	-	5,250.00	**60,250.00**
prior year	30,000.00	25,000.00	-	5,250.00	**60,250.00**
Stöber	30,000.00	-	25,000.00	6,000.00	**61,000.00**
prior year	30,000.00	-	25,000.00	6,000.00	**61,000.00**
Graf von Zech	10,000.00	-	-	1,500.00	**11,500.00**
prior year	30,000.00	-	-	3,750.00	**33,750.00**
Summe	**420,000.00**	**125,000.00**	**125,000.00**	**65,250.00**	**735,250.00**
prior year	**420,000.00**	**125,000.00**	**125,000.00**	**67,500.00**	**737,500.00**

No advances, loans, or guarantees were granted to members of the governing bodies of GEA Group Aktiengesellschaft. No remuneration or benefits were paid to Supervisory Board members for personal services, in particular advisory or intermediary services.

Report on risks and opportunities

Risk policy is a component of the group's strategy

GEA Group's overriding strategic goals to achieve sustainable profitable growth and to enhance its enterprise value inevitably requires it to take calculable business risks. This demands active risk management to avoid that unappropriate risks are taken and to monitor and control those risks that have been entered into.

GEA Group's strategic and medium-term planning are of considerable importance for managing opportunities and risks. In the course of these processes, decisions on core technologies and markets are prepared, together with the corresponding allocation of resources. The objective is to ensure stability by diversifying and concentrating on markets of the future. At the same time, developments that may jeopardize GEA Group's continuing existence can be identified at an early stage.

Opportunities and risks arising from significant operating decisions, for example the acceptance of orders and the implementation of capital expenditure projects, are assessed and hence actively managed by the relevant departments and decision-makers at all group levels in a decision-making process that is classified by materiality aspects.

Internal control and risk management system

Presented and explained in the following are the disclosures required by §§ 289(5) and 315(2) no. 5 of the Handelsgesetzbuch (HGB – German Commercial Code).

All group companies are integrated into GEA Group's risk management system. Quarterly risk reports and parameter-driven ad hoc risk reports ensure that segment, divisional, and holding company decision-makers are informed promptly about material existing risks and potential risks affecting future development.

The basic principles of a proper risk management system and the related workflows are documented in a group-wide risk guideline. This guideline is specified and structured in greater detail by the divisions to meet their specific requirements. These guidelines also document mandatory requirements governing risk reporting and management. Compliance with these requirements is monitored regularly by Internal Audit.

Risk management instruments such as the Risk Assessment and Advisory Committees (RAAC) are supplemented by a reporting system encompassing consolidated financial projections, monthly consolidated financial statements, and regular meetings between the Executive Board and the divisional managers to enable the various risks to be identified and analyzed.

The specific requirements of the group's project business are addressed by risk boards at division, segment, and holding company level. Before a binding quotation is submitted or an agreement signed, the commercial and contractual terms of potential orders are examined in detail by specialists from various departments so that risks are avoided that cannot be controlled. The risk management system therefore comes into play before risks arise, as the opportunity and risk profile of quotations is critically examined. If the risks overweigh the opportunities, no agreement may be signed. The risk management system is not only designed to identify risks that jeopardize the group's continued existence at an early stage, as required by law; it also captures all risks that may have a significant adverse effect on the operating result of a business unit or the group. The implementation of the risk management system at all levels is reviewed regularly by Internal Audit.

Provided that the recognition criteria for liabilities were met, adequate provisions have been recognized for all identifiable risks that arose from the group's operating activities. The following section provides details of existing risks. Risks that are not yet known or currently regarded as insignificant may also have an adverse effect on business activities.

Internal control system

GEA Group's internal control system (ICS) comprises the risk management system (RMS) as well as other principles, measures, and rules (other components of the ICS). While the RMS aims at identifying and classifying risks, the other components of the ICS serve primarily to prevent or mitigate risk using control measures. Internal Auditing is another component of the ICS.

The RMS comprises principles, measures, and rules relating to the early risk recognition system in accordance with § 91(2) of the Aktiengesetz (AktG – German Stock Corporation Act) as well as those relating to other components of the risk management system. In the other components of the ICS, a distinction is made between principles, measures, and rules that are accounting- or non-accounting-related.

GEA Group's accounting-related ICS encompasses all principles, measures, and rules that ensure the proper approval and recording of business transactions for monthly, quarterly, and annual financial statements. The goal of the implemented ICS is to warrant reliable financial reporting, compliance with the relevant laws and standards, and the cost-effectiveness of business workflows.

In addition to GEA Group Aktiengesellschaft, all consolidated subsidiaries are integrated into the ICS.

The following key principles of GEA Group's ICS must be applied in all business functions: clearly defined areas of responsibility, the segregation of duties in all functional areas, dual signature policy, compliance with guidelines, instructions, and procedural requirements (manuals), obligation to obtain comparative offers before awarding contracts, protection of data from unauthorized access, and the holding of training sessions to ensure uniform procedures within the group.

Key accounting-related measures and rules designed to ensure uniform accounting at all subsidiaries are: accounting and account allocation manuals, a uniform chart of accounts, consolidation and calculation manuals, the approval of entries using the dual control principle, and of certain entries only being made by selected persons. To prevent errors, standardized IT systems that are regularly updated to reflect the latest legal requirements are used in GEA Group's accounting, controlling, and finance functions.

Compliance with the ICS's and RMS's principles, measures, and rules as described above is monitored systematically by regular reviews by GEA Group's Internal Auditing, which reports directly to the Executive Board and regularly to the Audit Committee. The results enable the elimination of defects identified at the companies reviewed and the ongoing enhancement of the ICS in the group.

Overall, GEA Group's internal control system is set up to ensure reliable financial reporting.

Summary of the risk position and changes compared with 2008

Due to the economic environment, GEA Group was unable to sustain the positive developement achieved in previous years. However, it responded to the decline in demand promptly and systematically by adjusting capacity and cost structures.

In parallel to the modifications made to the segment structure (see pages 102 et seq.) organizational changes were introduced that aim to enhance efficiency through a reduction in the number of locations, product standardization, and a more concentrated market presence in both procurement and sales markets. The implementation of those organizational changes will lead to further one-time restructuring expenses in fiscal year 2010.

Risks from closure of the Ruhr-Zink activities have become more concrete during the course of the year that have resulted in costs reported under discontinued operations. Income from the reversal of provisions on the basis of an amended risk assessment had an offsetting effect.

Overall, no risks to GEA Group or GEA Group Aktiengesellschaft were identified that, alone or in combination with other risks, could jeopardize the continued existence of the Company.

External risks

Risks arising from the economic environment

GEA Group operates in a number of markets. Due to its highly diversified product and customer structure, sales risks are limited to market segments. However, the group does have a focus on the food, energy generation, and oil and gas industries. In fiscal year 2009, its focus on these industries meant that the recession had a less dramatic impact on demand for GEA products than on mechanical engineering as a whole.

Despite the capacity adjustment and cost reduction measures that were largely completed in 2009, further restructuring may be necessary if an economic recovery is only temporary or the global economic downturn continues, which in turn may lead to further one-time costs. Moreover, the planned organizational changes explained in greater detail under "Internal risks" will lead to further capacity adjustments and efficiency gains.

A significant proportion of GEA's business consists of projects that depend on the financing available to GEA's customers. A general decline in demand or the current shortage of credit may make it difficult to carry out such projects. For the same reason, existing orders may be deferred or even cancelled.

Although country-specific conflict situations that may result in risks to the group are monitored continuously as part of the risk management process, the potential risks arising from such situations may be difficult to quantify. However, no risks are anticipated that could have a significant impact on the group's results of operations.

Price risk

Future prices will depend to a considerable extent on the general economic trend going forward. On the sales side, prices are likely to remain under pressure due to the free capacity in the market. At the same time, prices for key materials in procurement markets are expected to increase. In addition, price quality within the order backlog has deteriorated year on year. On balance, the effects mentioned are expected to have a slightly negative effect on price quality and earnings.

GEA Group processes a number of metals, such as steel, copper, aluminum, and titanium. Purchase prices for raw materials may fluctuate significantly depending on market conditions. Long-term supply agreements are entered into with selected suppliers in order to ensure the procurement prices used as the basis for costing orders. There are no commodity derivatives within GEA Group.

Legal risks

Award proceedings

A first hearing was held on September 9, 2009 in the award proceedings pending at the Dortmund Regional Court relating to the control and profit transfer agreement entered into by Metallgesellschaft AG and the former GEA AG in 1999. The court addressed the facts of the matter and the status of the dispute and stated that, despite the criticism from both sides, it regarded the expert opinion at its disposal, which reduced the enterprise value of Metallgesellschaft AG, as at least not implausible. In the light of this, the court proposed that the parties accept in principle the figures calculated by the expert and to terminate the award proceedings by reaching a settlement. Implementing the court's settlement proposal would mean that, in addition to the shares that have already been issued or that may still be issued on the basis of the contingent capital increase resolved in 1999, GEA Group Aktiengesellschaft would be obliged to issue up to approx. 12.1 million shares to the external shareholders in 1999. This would represent 6.6 percent of the current total number of outstanding shares (around 183.8 million). Furthermore, in the event of a settlement, the Company may have to make an additional cash payment proposed by the court of less than EUR 1 per share outstanding at the time (approx. 5.2 million ordinary shares and 20.75 million preferred shares) as well as for costs relating to the proceedings. Irrespective of its legal opinion, which it maintains unchanged, GEA Group Aktiengesellschaft has initiated talks on a possible settlement with the applicants, the outcome of which is still unclear. If these talks do not result in an acceptable settlement, GEA Group Aktiengesellschaft will use every means of defense in the further course of legal proceedings.

Plant engineering

There are still sector-specific legal disputes relating to order acceptance and processing in the former plant engineering business. In some cases, the amounts in dispute are in the high millions; often, they have been set too high for tactical reasons.

In selling the Lentjes Group, GEA Group to a large extent indemnified the buyer against various risks arising from legacy orders and legal disputes. In 2009, the parties reached an out-of-court settlement in this context, resolving their differences of opinion on the level of indemnity to be granted for losses relating to foreign-currency items.

The main legal disputes relating to the former plant engineering business include the following:

A final decision has now been reached in the action brought by the insolvency administrator of Polyamid 2000 AG against LL Plant Engineering AG ("LL PE"), a subsidiary of GEA Group Aktiengesellschaft from the former Lentjes plant engineering business, for repayment of remuneration of EUR 164.6 million plus interest for the construction of a carpet recycling plant. In a judgment handed down by the Bundesgerichtshof (BGH – Federal Court of Justice) on May 11, 2009, LL PE was ordered to again pay a cash contribution of EUR 0.3 million plus interest relating to a capital increase. In all other respects, the action brought by the insolvency administrator was dismissed.

In Hamburg, Esso Deutschland GmbH ("Esso") is pursuing binding arbitration proceedings (Schiedsverfahren) against LL PE as the legal successor to a former group company that constructed a pioneering, jointly developed plant for the claimant to convert vacuum residue at the Ingolstadt refinery. Because, in Esso's view, the plant does not meet expectations, Esso is demanding that the contract be reversed, i.e., that the remuneration be repaid and the plant dismantled. It is also claiming a significant amount of interest. The claims asserted by Esso amount to more than EUR 40 million in total. Through a cross-action, LL PE is seeking payment of additional costs of approximately EUR 12 million. At the suggestion of the court of arbitration in the final hearing at the beginning of February 2010, the parties have provisionally agreed the key elements of a settlement that provides for the defendant to contribute EUR 10 million towards the financial consequences of the failed project. It is still unclear whether the settlement will actually come about.

In the arbitration action brought by LL PE (jointly in concert with Italian company Pianimpianti S.p.A.) against Biomasse S.p.A. ("Biomasse") at an ICC court in Milan over the unauthorized use of a guarantee in the amount of EUR 2.8 million, the defendant has brought a cross-action in which it is claiming roughly EUR 38 million for repair costs, additional costs, and lost profit due to the interruption of production, citing poor workmanship and defects in the construction of a biomass plant in Calabria, Italy. Outside the proceedings, Biomasse is pursuing additional claims for compensation. The amounts that it is demanding are far higher than the contractually agreed limits of liability. In an initial appraisal during the last hearing at the beginning of February 2010, the expert appointed by the court of arbitration, whose written opinion is still outstanding, pointed to certain defects in the plant, which GEA Group Aktiengesellschaft believes may result in LL PE being liable for an amount in the single-digit millions. At the suggestion of the court of arbitration, the parties are currently in talks on a settlement, the outcome of which is unclear.

Following the sale of the Lurgi Group to the French Air Liquide Group, Air Liquide instituted contractually agreed accounting expert proceedings (Schiedsgutachterverfahren) and GEA Group Aktiengesellschaft instituted DIS (German Institution of Arbitration) binding arbitration proceedings. Both proceedings concern a purchase price adjustment demanded by Air Liquide. The dispute stems from a difference of opinion over various items in the reference balance sheet as of December 31, 2006, based on which the purchase price was calculated. The proceedings have entered the final stage.

Dörries Scharmann AG

An action brought by the insolvency administrator of Dörries Scharmann AG against GEA Group Aktiengesellschaft is pending at the Düsseldorf Regional Court. The former Metallgesellschaft AG, the legal predecessor to GEA Group Aktiengesellschaft, held an interest in Schiess AG, which later became Dörries Scharmann AG. On the basis of that interest, the insolvency administrator is asserting various claims under company law, in particular for equity substitution, which amount to approximately EUR 20 million including possible interest. GEA Group Aktiengesellschaft considers the claims that have been asserted to be unfounded. The senior expert appointed by the court to decide matters relating to equity substitution has fully confirmed GEA Group Aktiengesellschaft's opinion. GEA Group Aktiengesellschaft will continue to defend itself against all claims.

Bechtel

GEA Power Cooling Inc. ("GPC"), a GEA Group subsidiary, has brought an action against Bechtel Power Corporation ("Bechtel") at the U.S. District Court for the District of Colorado for payment of a total amount of approximately USD 3.6 million due to the use of a letter of credit and outstanding payments for a completed project. In its cross-action, Bechtel is demanding a monetary amount, to be determined by the court, as compensation for losses that it suffered in previous binding arbitration proceedings with a third party. GPC considers the cross-action to be unfounded and will defend itself against it. The proceedings are still at an early stage of pre-action discovery.

General

Further legal proceedings or official investigations have been or may be instituted against GEA Group companies as a result of earlier business disposals and operating activities.

Adequate provisions have been recognized for all risks arising from both the legal disputes described above and other legal disputes being pursued by GEA Group in the course of its ordinary operating activities. However, the outcome of those proceedings cannot be predicted with any degree of certainty. It is possible, therefore, that the conclusion of the proceedings may result in expenses that exceed the amounts that may have been set aside for them.

Internal risks

Risks arising from organizational changes

In implementing the new segment structure, extensive organizational changes were introduced that focus initially on the new segment GEA Heat Exchangers.

The reorganization measures within the group will reduce the number of locations and enhance efficiency in both production and administration. In addition, increased integration of related product ranges in each area of responsibility is expected to result in a higher degree of standardization and corresponding cost benefits. It is also intended to enable cost benefits in procurement.

The measures outlined will involve reductions in capacity and, in some cases, site closures. This will lead to one-time expenses, primarily in fiscal year 2010. Impairment losses and investments will also be inevitable as a result of the planned changes. Moreover, organizational changes on the scale envisaged may result in temporary inefficiencies in operating processes.

The opportunities and risks resulting from the above-mentioned organizational changes have been weighed up carefully by the Executive Board of GEA Group Aktiengesellschaft. On balance, it was decided that the opportunities by far outweigh the risks.

Business performance risks

Long-term engineering orders are a significant element of GEA Group's business. Some of these contracts entail particular risks, as they involve assuming a significant portion of the risk associated with the project's completion, and may provide for warranty obligations that remain in force for several years after the project's acceptance. This applies in particular to fixed-price contracts. Technical problems, quality problems at subcontractors, and missed deadlines may lead to cost overruns. There is therefore an extensive risk management system in place at holding company and division level to closely monitor order-related risks. This comes into play before binding quotations are submitted. Adequate provisions have been recognized for all foreseeable risks in this area.

Defined risks relating to selected orders have remained with the group following the sale of the Lurgi and Lentjes divisions. In this context, no significant risks or losses incurred in fiscal year 2009 that would have exceeded available accruals and provisions. Some of these plants were handed over to customers or were completed by agreement with the customer in fiscal year 2009. Some orders are still being processed and are scheduled to be handed over to the customers in fiscal year 2010. It is possible, however, that warranty claims or currently unforeseeable problems during the remaining completion may lead to future expenses due to the assumption of losses.

The decline in order intake in 2009 is partly attributable to a comparatively small number of large-volume orders. This reduces the risks resulting from order processing.

If order intake remains weak, however, even the restructuring measures taken and to be continued will not be sufficient to fully prevent underutilized capacity neatively impacting earnings over the medium term. This will be the case if fixed costs cannot be reduced or minimum capacity levels have to be maintained for operational reasons.

Dedicated and qualified employees are a key factor for the success of GEA Group as an engineering company. The group has various staff policy measures in place to counter the risk that it will be unable to fill vacant positions adequately or will lose skilled employees. The measures aim to position GEA as an attractive employer and foster employees' long-term loyalty to the group (see page 66).

Acquisition and integration risks

Acquisitions and group company reorganizations entail risks resulting from the integration of employees, processes, technologies, and products. It is possible, therefore, that the aims of the measure in question will not be achieved at all or within the timeframe envisaged. Moreover, such transactions may give rise to substantial administrative and other expenses. Portfolio measures may also result in the need for additional finance and may impact negatively on financing requirements and the financing structure.

Environmental risk

Several properties in our portfolio entail risks relating to environmental contamination and mining damage, primarily as a result of earlier business activities. These risks are countered through appropriate measures, for which adequate provisions were also recognized in 2009.

Financial risks

Principles of financial risk management

The Executive Board has put in place an effective set of guidelines to manage and thereby largely limit or hedge financial risks throughout the group. The objectives with regard to protecting assets, eliminating gaps in security, and improving efficiency in identifying and analyzing risks are clearly defined, as are the relevant organizational structures, powers, and responsibilities. The guidelines are based on the principles of system security, separation of functions, transparency, and immediate documentation.

Because it operates worldwide, GEA Group is exposed to currency, interest rate, commodity price, credit, and liquidity risk in the course of its ordinary activities. Financial risk management aims to reduce this risk through the appropriate use of derivative and non-derivative hedging instruments. The group's financial risks are quantified in section 3 in the notes to the consolidated financial statements (see pages 137 et seqq.).

Currency risk

Because GEA Group operates internationally, its cash flows are denominated not only in euros, but also in a number of other currencies, particularly U.S. dollars. Hedging the resulting currency risk is a key element of risk management.

The standardized group guideline on centrally steered currency management within GEA Group requires all group companies to hedge foreign-currency items as they arise in order to fix prices on the basis of hedging rates. The hedging period is determined by the maturity of the hedged item and is usually up to 12 months, but in exceptional cases may exceed that by far. Nevertheless, significant changes in exchange rates over the medium and long term may affect sales opportunities outside the euro zone.

Group companies based in the euro zone are obliged to tender to GEA Group's central finance unit all outstanding exposures relating to transactions in goods and services in major transaction currencies. Most of these exposures are passed on directly to banks, depending on the hedging objective of the derivatives and the related accounting treatment and provided their maturities are matched; they may also be hedged as part of a portfolio. The hedging of financial transactions and transactions conducted by subsidiaries outside the euro zone is also closely coordinated with the central finance unit. Orders in emerging markets are usually invoiced in U.S. dollars or euros.

Interest rate risk

Because GEA Group operates worldwide, liquidity is invested and raised in the international money and capital markets in different currencies, mainly euros and U.S, dollars, and at different maturities. The resulting investments and financial liabilities are exposed to interest rate risk, which must be assessed and controlled through central interest rate management. Derivative financial instruments may be used on a case-by-case basis to hedge the interest rate risk and reduce the interest rate volatility and financing costs of the hedged items. Only the central finance unit is permitted to enter into such interest rate hedges.

Credit risk

Financial instruments are exposed to credit risk in that the other party to the contract may fail to fulfill its obligations. In the case of customer receivables, this risk is countered by way of a standardized internal risk board procedure. Active receivables management, including non-recourse factoring and credit insurance, is also used. In export operations, confirmed and unconfirmed letters of credit are used alongside sureties, guarantees, and cover notes, including from export credit agencies such as Hermes. In addition to local monitoring by the subsidiary in question, GEA Group also oversees the main credit risks at holding company level so that any accumulation of risk can be better managed.

Trade receivables are usually due from a large number of customers in different sectors and regions, thereby preventing any concentration of risk. Valuation allowances take account of specific credit risks.

Financial instruments aimed at minimizing credit risk are only entered into with reputable financial institutions. The maximum exposure to credit risk is limited to the fair value.

Liquidity risk

GEA Group is exposed to liquidity risk in that it may be unable to meet payment obligations because it has insufficient cash funds at its disposal. Managing this risk is the task of GEA Group Aktiengesellschaft. Cash funds are arranged and credit lines managed on the basis of a multi-year financial plan and a rolling month-by-month cash forecast. The funds are then made available to the companies by the holding company. In order to optimize borrowing and the use of cash funds within GEA Group, cash pools have been established in a growing number of countries.

Tax risks

The applicable national tax legislation may affect the use of loss carryforwards and thus the recoverability of the deferred taxes recognized in the consolidated financial statements and current taxation. Furthermore, future changes to the ownership structure may significantly reduce or even render impossible the use of German loss carryforwards (§ 8c of the Körperschaftssteuergesetz (KStG – German Corporate Income Tax Act)). The ability to use U.S. loss carryforwards may also be restricted by changes to the ownership structure, as in the U.S.A. GEA Group Aktiengesellschaft is subject to section 382 of the IRC (Change of Ownership).

Moreover, in Germany and abroad, there is considerable uncertainty regarding future changes to tax legislation as a result of tighter public-sector finances and the existing pressure for reform in the wake of the global financial and economic crisis.

Opportunities

GEA Group is entering fiscal year 2010 on a solid footing. The changes made in recent years continue to bear fruit for GEA Group. Today, it is focused on the basic processes of heat and mass transfer in process engineering. Its core business comprises high-quality machinery, components, systems, and process plants for a wide range of process technologies. A provider of innovative technologies, GEA Group ranks among the world leaders in its stable markets. The GEA Group companies have a presence in international markets. The sectors to which the group sells have been less affected by the global financial and economic crisis than others, as the trend towards processed foods persists and energy continues to be consumed. The group's healthy liquidity structure also ensures that confidence in the reliability of GEA Group is strong. On this basis, GEA Group can serve as a strong and capable partner to each and every customer, even in the difficult global economic climate.

In fiscal year 2009, GEA continued to implement the program of capacity adjustment measures initiated in the fourth quarter of 2008. Although this led to restructuring expenses in 2009, those expenses were more than offset by savings in the same year. The Company expects further annual savings from 2010 onwards.

In addition to the measures to adjust capacity in light of the current economic environment, a far-reaching group reorganization was decided in September 2009 (see pages 102 et seq.). This restructuring aims to best position the group to meet future challenges arising over the mid to long term and to leverage further growth potential. It will combine activities that were previously spread over five different divisions within the heat exchanger business. The Company expects the resegmentation to produce substantial synergies, in particular in the sales, purchasing, and production areas. It can now coordinate and implement investments and product development more effectively than before.

The strategy, particularly of acquiring companies in the food process engineering and energy technology sectors, will be continued. This offers interesting options for supplementing existing technological processes and opening up new markets.

Around 43 percent of the group's products are shipped to the stable food and beverages industry. The energy sector, the pharmaceutical, chemical, and petrochemical industry, and the air treatment sector are also key sales markets. Particularly in the production of high-quality, non perishable foods, GEA Group is benefiting in various areas of its business from the ongoing rise in the global population. Sustained economic growth is boosting purchasing power in populous China, India, and Brazil, to the benefit of the food and pharmaceutical industries in particular. GEA Group has a presence in these countries and sectors through various companies and a wide range of products and systems solutions. Alongside these economies, the group's main areas of activity continue to include the markets in Western industrialized nations, the Middle East, and Eastern Europe.

In addition to the food and pharmaceutical industries, the energy sector will also trend up over the coming years. Energy-producing and energy-processing industries will have to undergo further expansion in order to satisfy the growth in demand resulting from increasing affluence. This can be seen most clearly in India, China, and South Africa. At the same time, however, industrialized nations must refurbish or replace their large stock of 30- to 40-year-old power plants. The return to rising oil prices over the medium term will continue to spur investment in petrochemicals. Here, GEA Group's pioneering technologies will open up new market opportunities.

On September 15, 2006, GEA Group Aktiengesellschaft won a judgement in its favor on the cause of action in the binding arbitration proceedings against Flex-N-Gate Corp., Urbana, Illinois, U.S.A. This requires Flex-N-Gate to compensate GEA Group Aktiengesellschaft for losses incurred as a result of the collapse of the sale of the Dynamit Nobel plastics business to Flex-N-Gate in autumn 2004. The second part of the proceedings, where the amount of compensation payable to GEA Group Aktiengesellschaft will be decided, is still pending before the court of arbitration. The arbitrator's decision on the amount of compensation in this matter is expected in the course of fiscal year 2010.

In 2008, GEA Group Aktiengesellschaft instituted binding arbitration proceedings against Ukraine at the International Centre for Settlement of Investment Disputes (ICSID), the court of arbitration of the World Bank Group. These relate to the enforcement of an arbitration award made by the International Chamber of Commerce (ICC) in 2002 against a former near-government entity for an amount in the low double-digit millions. The background to the ICC arbitration award, which fully vindicated the claimant, was the disappearance of large deliveries of diesel oil made to Ukraine by a former GEA Group subsidiary. The claimant accuses Ukraine of supporting the disappearance of the oil and hindering the enforcement of the ICC arbitration award in a manner tantamount to expropriation and in breach of the existing investment protection agreement between the Federal Republic of Germany and Ukraine. A final arbitration award in the ICSID proceedings is expected at the end of 2010 at the earliest.

Report on Post-Balance Sheet Date Events

Initial steps were taken in the group's reorganization. Following the evaluation of an initial group of locations, the Executive Board presented the results to the Supervisory Board and proposed ensuing measures. The Supervisory Board approved the Executive Board's proposal and authorized the Executive Board to initiate the necessary steps on a location-specific basis, while complying with local codetermination requirements. The group began announcing and implementing individual measures under the reorganization in 2010.

Outlook

Economy

The current economic situation in all regions of the world remains dominated by the consequences of the worst crisis since the depression in 1929. However, economic forecasts are becoming increasingly upbeat in most countries. The Organization for Economic Cooperation and Development (OECD) expects an economic recovery to begin in 2010. China will take a leading role here since it was only exposed to the global crisis to a limited extent and has supported its domestic economy with a massive economic stimulus program. North America, the euro zone, and the other Asian markets are also expected to return to positive growth rates. Average real GDP growth of 2 percent is forecast for the OECD countries.

In Germany, leading economic research institutes predict that the recovery will be sluggish and that the country is not likely regain the economic strength of mid-2008 – just before the dramatic slump in output – until towards the end of 2011. Domestic demand is expected to pick up slowly due to only slight improvements in sales prospects and tougher borrowing conditions, while companies' reluctance to take investment decisions is set to continue as a result of current overcapacity. Overall, GDP growth of between 1 and 2 percent is forecast for Germany in 2010.

For 2010, the German Engineering Federation (VDMA) believes that the German mechanical engineering sector can roughly maintain its 2009 production volume overall, with a slight upturn emerging in the course of the year.

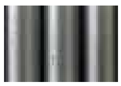
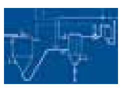
The stabilization of the financial markets that has been achieved due to massive government intervention and guarantees has created the conditions for an upturn. However, it cannot be ruled out that the international financial and banking system will experience further turbulence, caused by problem loans for example, which in turn will impact the real economy. Reducing structural budget deficits will become a necessity in the wake of expansionary financial policies to cushion the effects of the global financial and economic crisis. Whether the emerging upturn proves self-sustaining will not become clear until after government stimulus programs have expired.

Commodity prices are expected to continue rising in 2010, assuming demand in China increases and the global economy picks up. This should favor investment in energy-efficient technologies and new commodity sources, one of GEA's core areas of activity.

New segmentation

On September 22, 2009, the Supervisory Board adopted a new segment structure with the goal of supporting further profitable growth by focusing the organization of the group's business areas squarely on technologies. The operations of the nine existing divisions, which are reported in two segments, will be reorganized into five new segments. The group's overall portfolio will not change, but the companies that were previously allocated to two operating segments will now be reassigned to five segments. From 2010, these five segments will also represent the reporting units in accordance with IFRSs. Generally, the reorganization will make it easier to achieve operational synergies within the segments and allow downstream administrative levels to be streamlined. The group began reorganizing its core business following the sale of the plant engineering activities and the closure of Ruhr-Zink. The Other segment will remain unchanged following the reorganization of the group effective January 1, 2010.

In particular, all business activities involving heat exchangers are now bundled into a single segment. Previously, they were spread across two segments, which led to overlapping and duplication with regard to acquisitions, product development, and increasing internationalization within the former organizational structure. We expect the bundling of similar business activities in the course of the resegmentation to produce substantial synergies, in particular in the sales, purchasing, and production areas. The group can now coordinate and implement investments and product development more effectively than before. In addition, the future segment structure reflects GEA's leading position in a wide variety of technologies.

Segments		Areas of activity
	GEA Farm Technologies	**Milk** Milking equipment, animal hygiene, cooling technology, milking parlor cleaning and accessories, barn equipment, slurry technology, and farm services
	GEA Heat Exchangers	**Heat exchangers** Finned tube heat exchangers, shell-and-tube heat exchangers, plate heat exchangers, wet and dry cooling systems, air conditioning and air handling systems
	GEA Mechanical Equipment	**Special components** Separators, decanters, membrane filters, homogenizers, pumps, and valves
	GEA Process Engineering	**Process technology** Design and installation of process lines for food and beverages, chemicals, pharmaceuticals, and cosmetics, as well as gas cleaning plants
	GEA Refrigeration Technologies	**Freezing and refrigeration technology** Reciprocating and screw compressors, freezing systems, chillers, etc., as well as development, design, and maintenance of industrial refrigeration technology facilities.

In the course of this reorganization, we will also reduce the number of legal business units, which will further decrease the complexity of the group. The elimination or streamlining of lower administrative levels will save administration costs. The larger areas of responsibility created by the merger of legal units will also increase our attractiveness as an employer.

From 2012, we expect the reorganization of GEA Group to lead to a potential sustainable improvement of at least EUR 65 million in annual earnings. This contrasts with one-time expenses of approximately 1 to 1.5 times the annual savings.

Business outlook

Product development at GEA is driven by the search for energy-efficient and resource-friendly solutions for our customers' processes. In the medium to long term, the steady growth in the global population and the worldwide increase in demand for processed foods and energy will ensure that the group's order situation is less cyclical than the industry as a whole. Growth rates in our core markets – food processing and energy technology – are forecast to exceed global GDP growth. In particular, we expect business in the Asian and Middle East growth markets to pick up in the short term, while the other regions will grow more slowly.

We have systematically implemented the program of measures to adjust capacity, enhance efficiency, and reduce administrative costs that we initiated in the fourth quarter of 2008. Excluding changes in the consolidated Group, we were forced to reduce our workforce by a total of 1,314. The full positive effect of these measures will be felt for the first time in 2010.

In fiscal year 2010 we expect

- an increase in investment in the food industry based on continued growth in demand for processed foods,

- an upturn in investment in the energy market, especially in the oil and gas business, due to assumed medium-term price rises,

- growing interest in energy-efficient process solutions that boost demand for GEA's engineering solutions and products,

- an increase in the price of key materials, which will reduce the current reluctance to invest in anticipation of falling plant prices, and

- continued low interest rates.

Provided that the trends described above will materialise, demand for GEA Group's products and services should increase compared with the third and forth quarters of 2009. Consequently, we expect a moderate increase in order intake, a corresponding stabilization of revenue, and therefore margins to at least match the fiscal year 2009 level.

However, it is expected to take two to three years for the effects of the global financial and economic crisis to be overcome in all segments and therefore in the group.

It remains to be seen how GEA's key sales countries control their heavily increased debt without implementing spending cuts that may again lead to the global economy slowing down.

In view of the measures we have initiated to reduce complexity, we believe that we can achieve a sustainable EBIT margin of 12 percent across the economic cycles.

We will continue our strategy of acquiring companies – especially in the food processing and energy technology segments – that complement our customers' existing technological processes or open up new markets. From 2010, we expect the current global economic situation to be more strongly reflected in sellers' price expectations than before.

The group's net liquidity amounted to EUR 47.1 million as of December 31, 2009. Unused cash credit lines totaled EUR 949 million. We are forecasting cash outflows of EUR 220 million in 2010 from the remaining provisions for discontinued operations. Overall, in addition to expected payments relating to discontinued operations and restructuring, we expect to be able to fund significant investments in the Company's future from operating business and available credit lines.

The Executive Board and Supervisory Board will propose a dividend of EUR 0.30 per share for 2009 to the Annual General Meeting. This is in line with our long-term goal of distributing a third of the group's earnings as a dividend.

Bochum, March 1, 2010

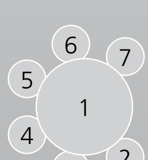
Jürg Oleas	Dr. Helmut Schmale	Niels Graugaard

Double-Seated for a Double Seal

GEA supplies the market with a range of highly versatile valves that meet a host of applications while ensuring absolute mix-proof separation as well as efficient operation. Our valves are highly engineered components that guarantee smooth production processes. Be it milk, beer, other beverages, pasty foodstuffs, or chemical media – what ultimately counts is the quality of product flowing through the pipes and the efficiency of the production process.

At GEA, we continuously tailor our technology to the changing needs of the market. A prime example of such product flexibility is the VARIVENT® valve. With its modular design, it offers a universal solution that can be precisely adapted to the individual parameters of the customer’s process. This versatility and high product quality mean that GEA can respond efficiently and in full to every customer requirement.

Meanwhile, a patented sealing system is ensuring that new product developments from GEA fulfill the most stringent standards of hygiene. With a series of spectacular market launches – including, most recently, the double-seat 24/7 PMO Valve®, which has revolutionized the U.S. dairy industry – engineers at the GEA Group have underlined their continuing power to innovate.



1. GEA valves are a key component in a range of processes.
2. Safety valves from GEA meet the stringent hygiene and performance requirements demanded in the food, beverage, and brewing industries.
3. In the milk industry too, low-maintenance GEA valves guarantee reduced operating costs and consistently high product quality.
4. Clean lines are essential in the production and processing of pasty foodstuffs.
5. In the brewing industry, special valves from GEA guarantee mix-proof separation for a product that is crystal clear.
6. GEA valves not only ensure sterile production conditions in dairies but also reduce operating and maintenance requirements.
7. Valves from GEA play a vital role in the production of edible oils.

Consolidated Financial Statements

Consolidated Balance Sheet
as of December 31, 2009

The following information is an integral part of the consolidated financial statements

Assets (EUR thousand)	Section	12/31/2009	12/31/2008
Property, plant, and equipment	6.1	607,919	547,722
Investment property	6.2	22,694	14,433
Goodwill	6.3	1,530,861	1,331,833
Other intangible assets	6.3	159,219	144,349
Equity-accounted investments	6.4	10,784	11,983
Other noncurrent financial assets	6.5	49,863	60,011
Deferred taxes	8.7	321,861	314,356
Noncurrent assets		**2,703,201**	**2,424,687**
Inventories	6.6	566,129	717,798
Trade receivables	6.7	1,063,659	1,350,248
Income tax receivables	6.8	21,303	10,672
Other current financial assets	6.5	145,114	166,005
Cash and cash equivalents	6.9	491,979	439,554
Current assets		**2,288,184**	**2,684,277**
Assets held for sale	6.10	**3,004**	**19,361**
Total assets		**4,994,389**	**5,128,325**

The following information is an integral part of the consolidated financial statements

Equity and liabilities (EUR thousand)	Section	12/31/2009	12/31/2008
Subscribed capital		496,890	496,890
Capital reserves		1,268,656	1,079,610
Retained earnings		16,909	-69,689
Accumulated other comprehensive loss		-47,997	-54,725
Noncontrolling interests		548	3,319
Equity	7.1	**1,735,006**	**1,455,405**
Noncurrent provisions	7.2	175,682	181,115
Noncurrent employee benefit obligations	7.3	491,727	505,961
Noncurrent financial liabilities	7.4	247,124	255,078
Other noncurrent liabilities	7.7	10,908	6,771
Deferred taxes	8.7	74,411	88,395
Noncurrent liabilities		**999,852**	**1,037,320**
Current provisions	7.2	513,543	645,733
Current employee benefit obligations	7.3	171,453	199,035
Current financial liabilities	7.4	238,950	305,410
Trade payables	7.5	625,104	723,650
Income tax liabilities	7.6	44,500	55,680
Other current liabilities	7.7	665,981	701,104
Current liabilities		**2,259,531**	**2,630,612**
Liabilities associated with assets held for sale	6.10	**-**	**4,988**
Total equity and liabilities		**4,994,389**	**5,128,325**

Consolidated Income Statement
for the period January 1 - December 31, 2009

The following information is an integral part of the consolidated financial statements

(EUR thousand)	Section	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Revenue	8.1	4,411,170	5,178,968
Cost of sales		-3,143,760	-3,722,398
Gross profit		**1,267,410**	**1,456,570**
Selling expenses		-475,014	-481,427
General and administrative expenses		-466,068	-478,897
Other income	8.2	160,333	155,321
Other expenses	8.3	-224,519	-152,214
Share of profit or loss of equity-accounted investments		2,162	2,199
Other financial income	8.5	5,535	3,626
Other financial expenses	8.6	-1,603	-968
Earnings before interest and tax (EBIT)		**268,236**	**504,210**
Interest income	8.5	15,453	34,044
Interest expense	8.6	-74,483	-79,449
Profit before tax from continuing operations		**209,206**	**458,805**
Income taxes	8.7	-47,828	-109,830
of which current taxes		-77,083	-75,233
of which deferred taxes		29,255	-34,597
Profit after tax from continuing operations		**161,378**	**348,975**
Profit or loss after tax from discontinued operations	8.8	**320**	**-247,998**
Profit for the period		**161,698**	**100,977**
of which attributable to shareholders of GEA Group Aktiengesellschaft		160,623	99,630
of which attributable to noncontrolling interests		1,075	1,347

(EUR)			
Earnings per share from continuing operations		0.87	1.89
Earnings per share from discontinued operations		0.00	-1.35
Earnings per share	8.9	**0.87**	**0.54**
Weighted average number of shares outstanding (million)		**183.8**	**183.9**

(EUR)			
Diluted earnings per share from continuing operations		0.82	1.89
Diluted earnings per share from discontinued operations		0.00	-1.35
Diluted earnings per share	8.9	**0.82**	**0.54**
Weighted average number of ordinary shares used to calculate diluted earnings per share (million)		**195.9**	**183.9**

Consolidated Statement of Comprehensive Income

for the period January 1 - December 31, 2009

The following information is an integral part of the consolidated financial statements

(EUR thousand)	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Profit for the period	**161,698**	**100,977**
Exchange differences on translating foreign operations	300	-830
of which changes in unrealized gains and losses	300	-830
of which realized gains and losses	-	-
Available-for-sale financial assets	34	-51
of which changes in unrealized gains and losses	13	-42
of which realized gains and losses	-	-
of which tax effect	21	-9
Cash flow hedges	5,990	-17,835
of which changes in unrealized gains and losses	1,443	-14,325
of which realized gains and losses	5,959	-9,897
of which tax effect	-1,412	6,387
Other comprehensive income	**6,324**	**-18,716**
Total comprehensive income	**168,022**	**82,261**
of which attributable to GEA Group shareholders	167,351	80,837
of which attributable to minority interests	671	1,424

Consolidated Cash Flow Statement
for the period January 1 - December 31, 2009

The following information is an integral part of the consolidated financial statements

(EUR thousand)	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Profit for the period	161,698	100,977
plus income taxes	47,828	109,830
plus/minus profit or loss after tax from discontinued operations	-320	247,998
Profit before tax from continuing operations	209,206	458,805
Net interest income	59,030	45,405
Earnings before interest and tax (EBIT)	**268,236**	**504,210**
Depreciation, amortization, impairment losses, and reversal of impairment losses on noncurrent assets	100,445	81,707
Other noncash income and expense	-9,632	-4,105
Employee benefit obligations	-37,493	-37,381
Change in provisions	19,717	17,552
Losses on disposal of noncurrent assets	-2,976	-1,843
Change in inventories including unbilled PoC receivables [1]	210,286	3,616
Change in trade receivables	227,377	-89,932
Change in trade payables	-120,456	-44,066
Change in other operating assets and liabilities	4,261	12,150
Tax payments	-82,484	-68,323
Net cash flow from operating activities of discontinued operations	-36,699	15,361
Cash flow from operating activities	**540,582**	**388,946**
Proceeds from disposal of noncurrent assets	4,934	42,935
Payments to acquire property, plant, and equipment, and intangible assets	-135,200	-165,610
Payments to acquire noncurrent financial assets	-931	-15,058
Interest and dividend income	11,243	13,770
Payments to acquire subsidiaries and other businesses	-23,498	-84,882
Proceeds from sale of companies	837	-
Cash flows from disposal of discontinued operations	-163,405	-215,007
Net cash flow from investing activities of discontinued operations	1,972	-3,311
Cash flow from investing activities	**-304,048**	**-427,163**
Dividend payments	-73,756	-36,797
Change in treasury shares	-	-2,124
Change in finance leases	-2,488	-1,245
Proceeds from finance loans	5,953	75,835
Proceeds from borrower's note loan	-	199,500
Repayments of finance loans	-86,831	-9,071
Interest payments	-33,342	-18,435
Net cash flow from financing activities of discontinued operations	-449	-1,913
Cash flow from financing activities	**-190,913**	**205,750**
Effect of exchange rate changes and other changes on cash and cash equivalents	11,330	-9,144
Change in unrestricted cash and cash equivalents	**56,951**	**158,389**
Unrestricted cash and cash equivalents at beginning of period	431,106	272,717
Unrestricted cash and cash equivalents at end of period	**488,057**	**431,106**
Restricted cash and cash equivalents	3,922	8,448
Cash and cash equivalents reported in the balance sheet	**491,979**	**439,554**

1) including advance payments received

Consolidated Statement of Changes in Equity
as of December 31, 2009

The following information is an integral part of the consolidated financial statements

				Accumulated other comprehensive income					
(EUR thousand)	Subscribed capital	Capital reserves	Retained earnings	Translation of foreign operations	Available-for-sale financial assets	Cash flow hedges	Equity attributable to shareholders of GEA Group AG	Noncontrolling interests	**Total**
Balance at Dec. 31, 2007 (183,982,845 shares)	**496,890**	**1,079,610**	**-130,398**	**-41,796**	**27**	**5,837**	**1,410,170**	**3,508**	**1,413,678**
Total comprehensive income	-	-	99,630	-920	-52	-17,821	**80,837**	1,424	**82,261**
Redemption of treasury shares	-	-	-2,124	-	-	-	**-2,124**	-	**-2,124**
Dividend payment by GEA Group AG	-	-	-36,797	-	-	-	**-36,797**	-	**-36,797**
Change in other noncontrolling interests	-	-	-	-	-	-	-	-1,613	**-1,613**
Balance at Dec. 31, 2008 (183,807,845 shares)	**496,890**	**1,079,610**	**-69,689**	**-42,716**	**-25**	**-11,984**	**1,452,086**	**3,319**	**1,455,405**
Total comprehensive income	-	-	160,623	702	34	5,992	**167,351**	671	**168,022**
Redemption of treasury shares	-	-	-	-	-	-	**-**	-	**-**
Dividend payment	-	-	-73,523	-	-	-	**-73,523**	-	**-73,523**
Change in other noncontrolling interests	-	-	-	-	-	-	**-**	-3,442	**-3,442**
Share-based payment	-	46	-	-	-	-	**46**	-	**46**
Award proceedings	-	189,000	-502	-	-	-	**188,498**	-	**188,498**
Balance at Dec. 31, 2009 (183,807,845 shares)	**496,890**	**1,268,656**	**16,909**	**-42,014**	**9**	**-5,992**	**1,734,458**	**548**	**1,735,006**

Notes to the Consolidated Financial Statements

1. Reporting principles

Basis of presentation

In accordance with § 315a of the Handelsgesetzbuch (HGB – German Commercial Code) ("Consolidated Financial Statements in accordance with International Accounting Standards"), the consolidated financial statements of GEA Group Aktiengesellschaft were prepared in accordance with the International Financial Reporting Standards (IFRSs) and related Interpretations issued by the International Accounting Standards Board (IASB), as adopted by the EU in compliance with Regulation (EC) No. 1606/2002 of the European Parliament and the Council on the application of international accounting standards. The additional provisions of § 315a of the HGB were also complied with.

Accounting pronouncements applied for the first time

The following accounting standards and interpretations were applied by GEA Group for the first time in the year under review:

IAS 1 "Presentation of Financial Statements" – revised to reflect the requirement to prepare a statement of comprehensive income
The revised standard requires the preparation of a statement of comprehensive income. Reporting entities may present either a single statement or two separate statements. GEA Group has opted for the latter alternative. The obligation to prepare a statement of comprehensive income resulted in amendments to the statement of changes in equity. The revised IAS 1 also defines new terms to be used in the financial statements. However, GEA Group has exercised the option to retain the existing terms.

IAS 23 "Borrowing Costs" – amendment relating to the option of immediate recognition as an expense
Under the amended standard, borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset must be capitalized. The previous option to immediately recognize borrowing costs as an expense was abolished. In addition, the range of costs required to be capitalized was redefined. As GEA Group has already capitalized borrowing costs, it was not affected by the discontinuation of the above-mentioned option. The amendments relating to the range of costs required to be capitalized also had no effect.

IAS 32 "Financial Instruments: Presentation" – amendment relating to disclosures on puttable financial instruments and obligations arising on liquidation
The amendments relate mainly to the classification of certain types of financial instrument as equity or debt. Additional notes disclosures are also required for the financial instruments that are affected by the new rules. As of December 31, 2009, GEA Group held no financial instruments that were subject to these rules.

IFRS 2 "Share-based Payment" – amendment relating to vesting conditions and cancellations
The amendment clarifies that vesting conditions are only service conditions or performance conditions. It also specifies that the accounting rules on the early cancellation of plans apply regardless of whether the entity itself or another party cancels the plan. No cases in which the new pronouncement was applicable arose at GEA Group in fiscal year 2009.

IFRS 7 "Financial Instruments: Disclosures" – enhanced disclosures
The amendments provide for enhanced notes disclosures on the fair value measurement of financial instruments. They relate to the introduction of a three-level measurement hierarchy for reporting purposes. This hierarchy distinguishes fair values by the significance of the inputs used in measurement and clarifies the extent to which observable market data is used. Liquidity risk should also be clarified by means of an enhanced maturity analysis. As GEA Group has presented a maturity analysis for all financial liabilities in the past, there were no further disclosure requirements here. The notes were supplemented to comply with the other disclosure requirements.

Improvements to IFRSs 2008 – amendments under the IASB's annual improvements project
This collection contains amendments to a total of 35 existing International Financial Reporting Standards (IFRSs). The amendments are divided into two parts. Part one comprises standard amendments that result in accounting changes, i.e., changes in presentation, recognition, and measurement issues. Part two contains terminology or editorial changes with minimal effects on accounting. The various amendments and clarifications had no effect or did not have a material effect on GEA Group.

IFRIC 9 "Reassessment of Embedded Derivatives" and
IAS 39 "Financial Instruments: Recognition and Measurement" – amendments
The amendments relate to the accounting treatment of hybrid financial instruments that are reclassified out of the "at fair value through profit or loss" category. In future, entities must examine whether the derivative embedded in a host contract must be separated from the latter and accounted for separately. GEA Group did not hold any hybrid financial instruments in fiscal year 2009.

IFRIC 18 "Transfers of Assets from Customers"
This Interpretation clarifies how to account for transfers of items of property, plant, and equipment or cash for the construction or acquisition of an item of property, plant, and equipment by a customer. No cases in which this Interpretation was applicable arose at GEA Group in fiscal year 2009.

Accounting pronouncements not yet applied

The following accounting standards and interpretations, as well as amendments to existing standards and interpretations, were published but not yet required to be applied to the preparation of the IFRS consolidated financial statements as of December 31, 2009:

IAS 24 "Related Party Disclosures" – amendments
The revision simplifies the reporting requirements for entities in which the government holds an interest. In addition, the definition of related parties was fundamentally changed. The amended Standard is required to be applied for the first time to the first reporting period in a fiscal year beginning on or after January 1, 2011, although earlier application is permitted.

IAS 32 "Financial Instruments: Presentation" – amendment to the classification of rights issues
The amendment relates to the accounting treatment of rights issues and options and warrants denominated in foreign currency by issuers. The revised Standard is required to be applied for the first time for fiscal years beginning on or after February 1, 2010.

IAS 39 "Financial Instruments: Recognition and Measurement" – amendment to the hedged items that qualify as risk positions
The amendment clarifies the recognition of hedges in two special situations – the designation of inflation risks as a hedged item and the designation of a one-sided risk in a hedged item. The changes are required to be applied for the first time starting from the first fiscal year beginning after June 30, 2009.

Improvements to IFRSs 2009 – amendments under the IASB's annual improvements project
The "Improvements to IFRSs" document, which was published as part of the annual improvements project, comprises a total of fifteen minor amendments to ten existing standards and two interpretations. Unless otherwise stipulated in individual cases, the amendments are required to be applied for fiscal years beginning on or after January 1, 2010. Earlier application is permitted. One amendment relates to the classification of leases of land and buildings. This amendment may result in a lease of land previously recognized as an operating lease having to be reclassified as a finance lease in future.

IFRS 2 "Share-based Payment" – amendment relating to group cash-settled share-based payment transactions

The amendment clarifies the accounting treatment of group cash-settled share-based payments in a subsidiary's separate financial statements. Rules were also added to IFRS 2 that were previously contained in IFRIC 8 and IFRIC 11. The amended Standard is required to be applied for fiscal years beginning on or after January 1, 2010. Earlier application is permitted.

IFRIC 15 "Agreements for the Construction of Real Estate"

The Interpretation provides further guidance on recognizing revenue from the sale of properties by entities in the real estate sector.

IFRS 3 "Business Combinations" – revision relating to the application of the purchase method

On the one hand, the revised Standard replaces various rules applicable to date, and on the other, fills in existing gaps in guidance. The most significant amendment relates to the presentation of business combinations in which less than 100 percent of a company's shares are acquired. It introduces the option to realize goodwill from an acquisition in full using the full goodwill method, i.e., including in the amount attributable to noncontrolling interests. In addition, step acquisitions must be taken directly to equity as transactions between shareholders after control is gained or after partial disposals of shares without the loss of control. The transaction costs of the acquisition must also be recognized in full as an expense. The rules under IAS 27 "Consolidated and Separate Financial Statements," IAS 28 "Investments in Associates," and IAS 31 "Interests in Joint Ventures" were adjusted accordingly. The amendments are required to be applied for the first time for fiscal years beginning on or after July 1, 2009.

IFRS 9 "Financial Instruments"

The publication of IFRS 9 ends the first phase of the three-part IASB project to completely revise IAS 39. IFRS 9 adopts a less complex approach for classifying and measuring financial assets. The previous four measurement categories have been replaced by only two. Classification is based on the entity's business model on the one hand, and on the contractual cash flow characteristics of the relevant financial asset on the other. Embedded derivatives may only be accounted for separately from the host in the case of non-financial hosts. IFRS 9 is required to be applied for the first time from January 1, 2013. It may be applied prior to this date for fiscal years ending in 2009 or later.

IFRIC 14 "The Limit on a Defined Benefit Asset" – prepayment of contributions to cover minimum funding requirements
The amendment relates to pension plans with a minimum funding requirement. If prepayments are made to cover these requirements, they may be recognized as an asset. The amendment is required to be applied for fiscal years beginning on or after January 1, 2011. Earlier application is permitted.

IFRIC 17 "Distributions of Non-cash Assets to Owners"
This Interpretation governs how entities measure non-cash distributions to owners. It is required to be applied for the first time for fiscal years beginning on or after July 1, 2010. Earlier application is permitted.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"
This Interpretation clarifies how to account for cases in which an entity renegotiates the terms of a financial liability with the creditor, and the creditor accepts shares or other equity instruments of the entity to fully or partially extinguish the financial liability. It is effective for fiscal years beginning on or after July 1, 2010. Earlier application is permitted.

GEA Group does not believe that application of the new or revised pronouncements will have a material effect on its consolidated financial statements, provided that they are adopted by the EU as they stand.

These consolidated financial statements have been prepared in euros (EUR). All amounts, including the prior-year figures, are presented in thousands of euros (EUR thousand), except for the segment information. All amounts have been rounded using standard rounding rules. Adding together individual amounts may therefore result in differences in the order of EUR 1 thousand in certain cases.

To improve the clarity of presentation, various items in the consolidated balance sheet and income statement have been aggregated and are explained accordingly in the notes. Assets and liabilities are classified into current and noncurrent items. The income statement is prepared using the cost of sales method.

The cash flow statement is prepared using the indirect method for cash flow from operating activities and the direct method for cash flow from investing and financing activities.

The Executive Board of GEA Group Aktiengesellschaft approved these consolidated financial statements for publication on March 1, 2010.

2. Accounting policies

Basis of consolidation

GEA Group's consolidated financial statements include all significant companies in which GEA Group Aktiengesellschaft directly or indirectly holds the majority of voting rights or is otherwise able to directly or indirectly control the financial and operating policy decisions. Subsidiaries are consolidated from the date on which the group obtains the ability to control them. They are deconsolidated from the date on which control is lost.

Acquired subsidiaries are accounted for using the purchase method. The cost of the acquisition is measured on the basis of the cash and cash equivalents given up, the fair value of other assets given up, the equity instruments issued and liabilities assumed at the transaction date, as well as transaction costs directly attributable to the acquisition. On initial consolidation, the assets, liabilities, and contingent liabilities identifiable in a business combination are recognized at their fair value at the transaction date, irrespective of any noncontrolling interests.

The excess of cost over the share of the fair value of the subsidiary's net assets acquired is recognized as goodwill. Where – even after remeasurement – cost is lower than the share of the fair value of the subsidiary's acquired net assets measured at fair value, the difference is recognized as a gain in profit or loss.

Intercompany receivables and liabilities are eliminated, as are profits and losses from intercompany transactions with the exception of income and expenses between continuing and discontinued operations.

If consolidated subsidiaries have a different reporting date to the parent, they are included on the basis of interim financial statements as of December 31.

As of December 31, 2009, the consolidated group comprised GEA Group Aktiengesellschaft plus 62 domestic (previous year: 64) and 255 foreign (previous year: 264) subsidiaries. 19 subsidiaries were consolidated for the first time and 13 were deconsolidated in the course of fiscal year 2009. A further 17 companies were deconsolidated as a result of mergers. The consolidated group was therefore reduced by a total of 11 companies compared with the previous year to 317 companies.

A total of 103 subsidiaries (previous year: 110) were not consolidated since their effect on the group's net assets, financial position, and results of operations is not material even when viewed in the aggregate.

Investments in associates

Investments in significant companies over which significant influence can be exercised are accounted for using the equity method at the group's share of adjusted equity. They are initially recognized at cost. Entities over which a group company can exercise significant influence, i.e., it can participate in the investee's financial and operating policy decisions, are accounted for as associates. This generally relates to companies in which GEA Group directly or indirectly holds 20 to 50 percent of the voting rights.

The group's share of the profit or loss of associates is accounted for in the income statement. The group's share of income and expenses recognized outside profit or loss is reported directly in other comprehensive income. If the group's share of an associate's loss exceeds the carrying amount of the net investment in the associate, no further losses are recognized. Any goodwill arising on acquisition is included in the carrying amount of the investment.

Where necessary, the accounting policies of associates are amended to comply with uniform group accounting principles.

As of the reporting date, two investments in associates were accounted for in the consolidated financial statements using the equity method (previous year: three).

Joint ventures

The group exercised the option to account for interests in joint ventures using the equity method.

As of the reporting date, 14 investments in joint ventures were accounted for in the consolidated financial statements (previous year: 13).

A list of certain significant subsidiaries can be found in section 11.4.4. The complete list of shareholdings is published in the electronic Bundesanzeiger (Federal Gazette) in accordance with § 325 of the HGB.

Currency translation

The group companies prepare their annual financial statements on the basis of their respective functional currencies.

Foreign currency transactions entered into by companies included in the consolidated financial statements are translated into the functional currency at the exchange rate prevailing at the transaction date. Monetary assets are translated at the applicable exchange rate at each reporting date. The exchange rate gains and losses resulting from these items are generally reported in the income statement under other income or expenses.

All financial statements of companies whose functional currencies differ from the reporting currency are translated into the reporting currency used in GEA Group's consolidated financial statements. The assets and liabilities of the companies included in the consolidated financial statements are translated at the middle rates prevailing at the reporting date. The income statements of these companies are translated at moving annual average rates. If the average rate is not a reasonable approximation of the actual transaction rates, the income statements are translated at the relevant transaction rates. Any translation differences are reported in equity under other comprehensive income and adjusted. These differences amounted to EUR -42,014 thousand as of December 31, 2009 (previous year: EUR -42,716 thousand).

Goodwill from the acquisition of foreign subsidiaries is translated at the closing rate as an asset attributable to these companies.

Property, plant, and equipment

Items of property, plant, and equipment are recognized at cost less cumulative depreciation and impairment losses, plus reversals of impairment losses.

Expenses for major regular maintenance are amortized over the remaining useful life of the asset concerned or over the period to the next maintenance date.

The carrying amount of items of property, plant, and equipment is reviewed if it is likely to have been impaired by events or changes in circumstances. An impairment test is performed by comparing the asset's carrying amount with its recoverable amount. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized. To assess impairment, assets are grouped at the lowest level for which separate cash flows can be identified. If the reason for the impairment subsequently ceases to apply, the impairment loss is reversed up to a maximum of the amortized historical cost.

Leases

Leases are agreements granting the right to use a certain item of property, plant, and equipment for a defined period in return for a payment. Leases are accounted for as finance leases if substantially all the risks and rewards incidental to using the leased asset and therefore beneficial ownership are attributable to the lessee. As a result, the GEA Group companies that, as lessees, bear substantially all the risks and rewards associated with the leased asset recognize the asset at the lower of fair value or the present value of minimum lease payments, and depreciate the asset in subsequent periods over the shorter of the lease term or the asset's estimated useful life. A corresponding liability is recognized, which is reduced in the following periods using the effective interest method and adjusted. Payments to the lessor are divided into an interest and a principal repayment element, with the interest element being recognized in profit or loss over the lease term as a continuous interest payment on the residual lease liability. All other leases under which GEA Group is a lessee are treated as operating leases. In these cases, the lease payments are recognized as an expense using the straight-line method.

Lease transactions under which GEA Group companies are the lessor and transfer substantially all the risks and rewards associated with the leased asset to the lessee are accounted for as sales and financing business. A receivable is reported in the amount of the net investment under the lease. The interest income subsequently generated is recognized in profit or loss. All other lease transactions under which the group is the lessor are treated as operating leases. In this case, the asset leased for use remains in the balance sheet and is depreciated. The lease payments are recognized as income using the straight-line method over the term of the lease.

Various companies included in the consolidated financial statements have sold and leased back items of property, plant, and equipment in the past. Depending on the distribution of risk, these sale and leaseback transactions resulted in a finance lease or an operating lease. The entire gain was recognized immediately if the asset was sold at fair value. If the asset was sold above its fair value, the gain was deferred and recognized over the lease term.

Investment property

Property that is held to earn rentals or for capital appreciation is reported as investment property. In the case of property that is held partly to earn rentals and partly to produce or supply goods or services or for administrative purposes, the entire property is classified as investment property if the proportion of owner-occupation is insignificant. This is assumed to be the case if the proportion is below 10 percent.

Cost is depreciated using the straight-line method over a period of between 10 and 50 years. The same measurement method is applied as for property, plant, and equipment.

Goodwill

Goodwill arising from business combinations is recognized as an intangible asset.

Goodwill is tested for impairment at division level at least once a year at the end of the fiscal year and if there are any indications of impairment. The recoverable amount for the division is compared with the carrying amount including goodwill. The recoverable amount corresponds to the higher of internal value in use and fair value less costs to sell. Fair value less costs to sell is the measure for the impairment of business units classified as discontinued operations. If the carrying amount of the division's assets exceeds the recoverable amount, an impairment loss in the amount of the difference is recognized in profit or loss.

An impairment loss initially reduces the carrying amount of goodwill. Any amount exceeding goodwill is allocated proportionately to the carrying amounts of noncurrent nonfinancial assets.

The value in use of the individual business units is calculated in the fourth quarter of each fiscal year using the discounted cash flow method. It is only necessary to estimate a selling price if the value in use is less than the carrying amount.

Other intangible assets

Other intangible assets include both internally generated and purchased assets. Internally generated intangible assets comprise capitalized development costs. In addition to contract-based rights, purchased intangible assets mainly contain technologies, brand names, and customer relationships. Technologies, brand names, and customer relationships are usually acquired in connection with takeovers. Internally generated and purchased intangible assets are recognized at cost.

If the useful life of an intangible asset can be determined, the asset is amortized on a straight-line basis over its useful life. Intangible assets whose useful life cannot be determined are recognized at cost.

The carrying amount of an intangible asset is reviewed if it is likely to have been impaired by events or changes in circumstances. Intangible assets with an indefinite useful life are tested for impairment annually. Previously recognized impairment losses must be reversed if the reasons for impairment no longer apply. Impairment losses are reversed up to a maximum of the amortized historical cost.

Other financial assets

Other financial assets include investments in unconsolidated subsidiaries and other equity investments, other securities, financial receivables (except trade receivables), and derivative financial instruments.

Shares in unconsolidated subsidiaries and other equity investments are allocated to the "available-for-sale financial assets" measurement category. They are measured at cost because the shares in these corporations are not traded in an active market and their estimated fair value is subject to fluctuations without the probabilities of the individual fair values being able to be reliably determined within the margin of fluctuation. A reliable fair value can only be determined during sale negotiations. The group does not intend to sell these financial assets.

Securitized debt instruments that are intended to be held to maturity are allocated to the "held-to-maturity investments" measurement category and measured accordingly at amortized cost using the effective interest method. All other securities are measured at fair value and any fluctuations in value are recognized directly in other comprehensive income. These instruments are only allocated to the "available-for-sale financial assets" measurement category if no other category applies.

Financial receivables are allocated to the "loans and receivables" measurement category and measured at amortized cost using the effective interest method.

Derivative financial instruments are used exclusively for hedging purposes, in particular to hedge currency risk and to mitigate the risk of interest rate fluctuations resulting from financing transactions. They are always carried at fair value. If derivative financial instruments are not included in a documented hedging relationship, they are allocated to the "financial assets at fair value through profit or loss" measurement category, and their fair value changes are recognized in the income statement. If the derivative financial instruments included in a recognized hedging relationship are used to hedge future cash flows, the fair value fluctuations are recognized in other comprehensive income.

The settlement date is relevant for both initial recognition and subsequent derecognition of primary financial assets. The assets are recognized as soon as the financial instrument is delivered to GEA Group. They are derecognized as soon as the right to receive cash payments or other financial assets expires as a result of payment, waiver, statutory limitation, offsetting, or any other factor, or the right is transferred to another person, with the risks passing in full to the purchaser.

Financial assets or groups of financial assets are tested for indications of impairment at each reporting date. Impairment losses are recognized in the income statement. Financial assets are impaired if, following one or more events that occurred after initial recognition of the asset, there is objective evidence that the expected future cash flows have declined. Objective evidence of impairment may be, for example, significant financial difficulties of the debtor or payment default. In the case of financial assets measured at amortized cost, the impairment loss corresponds to the difference between the carrying amount of the financial instrument and the present value of the future cash flows discounted at the original effective interest rate.

If the reasons for impairment no longer apply, impairment losses on financial assets – with the exception of equity instruments – are reversed to income up to the amount of the amortized cost that would have applied if no impairment loss had been charged.

Recognized hedging relationships (hedge accounting)

At the time they are entered into, derivative financial instruments that are included in a recognized hedging relationship are designated either as a hedge against changes in the fair value of assets, liabilities, or binding agreements (fair value hedge) or as a hedge of future cash flows in connection with assets and liabilities (cash flow hedge).

In order to effectively hedge risks relating to changes in fair value, the change in the fair value of both the derivative and the hedged item is recognized in the income statement. Changes in fair value offset each other in a perfect hedge.

If derivatives are used to hedge future cash flows, the effective portion of the change in the derivative's fair value is recognized in other comprehensive income. The ineffective portion of the change in fair value is reported as a gain or loss. The item recognized in other comprehensive income arising from the effective portion of the change in fair value is recognized in the income statement as soon as the hedged item is settled. If settlement of the hedged item leads to the recognition of a nonfinancial asset, the changes in value previously recognized in other comprehensive income are offset against the cost of the nonfinancial asset. If, contrary to previous assumptions, the hedged transaction is not executed, the changes in value previously recognized in equity are reversed directly to profit or loss.

Embedded financial derivatives are separated from their host contracts if certain qualifying criteria relating to their recognition and measurement are met.

The group predominantly uses cash flow hedges to hedge foreign currency and interest rate risk. GEA Group also enters into hedging transactions in accordance with its risk management principles, which help protect it against existing risks in economic terms, but do not meet the strict hedge accounting requirements of IAS 39. Currency forwards that are used to hedge currency risk arising from monetary balance sheet items are not aggregated into a recognized hedging relationship. Effects arising from the translation of balance sheet items that are recognized in the income statement are largely offset by changes in the fair values of currency forwards that are also recognized in the income statement.

GEA Group does not currently apply the guidance on hedging changes in fair value by using fair value hedges.

Deferred taxes

Deferred tax assets and liabilities are recognized for all temporary differences between the carrying amounts in the respective national tax accounts and those in the IFRS financial statements that are included in the consolidated financial statements. Deferred tax assets are also recognized for tax loss carryforwards. Deferred tax assets arising from deductible temporary differences and tax loss carryforwards are recognized only to the extent that there is likely to be sufficient taxable income available in future.

No deferred tax liabilities are recognized on taxable temporary differences arising from investments in subsidiaries, associates, or joint ventures as long as the reversal of temporary differences is unlikely.

Inventories

Inventories are recognized at the lower of cost and net realizable value. Acquisition cost is calculated at average cost or using the first-in, first-out (FIFO) method. Production cost includes direct costs plus materials and production overheads, depreciation, and production-related administrative costs. Net realizable value is calculated as the estimated sale proceeds less costs incurred until completion, plus selling expenses. Previously recognized impairment losses must be reversed if the reasons for the impairment no longer apply. Impairment losses are reversed up to a maximum of the amortized historical cost.

Trade receivables

Trade receivables include no interest component and are recognized in the balance sheet at their principal amount less appropriate allowances for bad debts.

Trade receivables from financial services companies that are sold under factoring agreements are derecognized once substantially all the risks and rewards have been transferred to the financial services company.

Construction contracts

Receivables and revenue from construction contracts are recognized using the percentage of completion (PoC) method.

The percentage of completion is determined using the cost-to-cost method, which is derived from the ratio of contract costs incurred to the total estimated contract costs. Contracts are measured at production cost plus a profit in proportion to the stage of completion. Discounts are applied to reflect risks. Losses on construction contracts are immediately recognized in full in the fiscal year in which they are identified, regardless of the stage of completion. If the contract costs incurred and the gains or losses recognized exceed the progress billings, the excess amount is capitalized and reported under "trade receivables." If the progress payments received exceed the capitalized costs and recognized gains or losses at the reporting date, they are reported as a liability under "other liabilities." Advance payments on construction contracts are reported separately as a liability.

If the contract margin cannot be estimated reliably, revenue is recognized only in the amount of the contract costs incurred (zero-profit method). A profit is only recognized if the contract margin can be estimated reliably.

Payments for differences in the overall contract, claims, and premiums are included in the contract revenue to the extent agreed with the customer.

Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits, and financial assets that can be converted into cash at any time and that are subject to only slight fluctuations in value. They are recognized at fair value.

Noncurrent assets held for sale and liabilities associated with assets held for sale

Noncurrent assets or groups of assets classified as "held for sale" within the meaning of IFRS 5 are recognized at the lower of carrying amount and fair value less costs to sell. They are classified as held for sale if their sale is highly probable, the assets or groups of assets held for sale are available for immediate sale, and their sale will have been completed within one year of their classification as held for sale. As the carrying amount of depreciable assets is realized by disposal rather than use, these assets are no longer depreciated once they have been reclassified. Corresponding liabilities are reported under "liabilities associated with assets held for sale."

Subscribed capital

Ordinary shares are classified as equity. Treasury shares are deducted from the equity attributable to the shareholders of GEA Group Aktiengesellschaft.

Obligations under pension plans

Obligations under pension plans comprise post-employment benefit obligations and are calculated using the projected unit credit method. In order to provide pension benefits, the Company holds financial assets in long-term funds outside GEA Group (plan assets) and qualified insurance policies. Provisions are measured on the basis of actuarial reports by independent actuaries. Where actuarial gains and losses exceed 10 percent of the higher of either the present value of the defined benefit obligation or of the plan assets at the reporting date, they are allocated over the beneficiaries' average remaining working life and recognized in income. The interest component included in pension expenses is reported under interest expense, and the expected return on plan assets is included in interest income. The service cost for the period is recognized in the relevant functional costs.

The obligations under pension plans reported in the balance sheet represent the net amount of the present value of the obligation at the reporting date plus unrecognized actuarial gains (less unrecognized actuarial losses) less unrecognized past service cost. The fair value of any plan assets is deducted from the obligation.

Other employee benefit obligations

Other employee benefit obligations comprise other long-term benefits and all short-term benefits. Short-term employee benefit obligations generally fall due in full no more than 12 months after completion of the service rendered. They include wages, salaries, social insurance contributions, paid vacation, and profit-sharing schemes. They are recognized as an expense at the same time as the work is remunerated. Any expenditure in excess of the payments already made is reported as a deferred liability at the reporting date. Other long-term benefits, such as jubilee payments or partial retirement arrangements, are recognized at the present value of the obligation at the reporting date.

Provisions

Provisions for uncertain liabilities are recognized where there is a legal or constructive obligation to a third party, a future outflow of resources is likely, and the expected settlement value can be estimated reliably.

The cost of creating warranty provisions is included in the cost of sales when revenue is recognized. In all other cases, provisions are recognized when the product is accepted. The provision is measured on the basis of both the warranty cost actually incurred in the past and on the evaluated overall risk inherent in the system or product. Provisions are also recognized if a claim is made under a warranty and a loss is likely. Recourse claims against suppliers are capitalized if their services are subject to a warranty and it is highly likely that the claim can be enforced.

Financial liabilities

Financial liabilities comprise bonds, liabilities to banks, and liabilities under finance leases. They are initially recognized at fair value less transaction costs incurred, and subsequently measured at amortized cost using the effective interest method. Liabilities under finance leases are initially measured at the lower of the fair value of the leased asset and the present value of minimum lease payments.

Other liabilities

The recognition and subsequent measurement of other liabilities is the same as for financial liabilities.

Trade payables

Trade payables also include liabilities for goods received or services rendered that have not yet been invoiced, as there is only slight uncertainty as to the amount of the liability.

Revenue recognition

Revenue generated by the sale of products is recognized when delivery occurs and price risk passes to the customer. Revenue from service agreements is recognized when the service is rendered. Revenue is measured at the fair value of the consideration received or to be received. Customer bonuses, discounts, or rebates and the elimination of intercompany profits and income reduce the amount of revenue recognized. Revenue from construction contracts is generally recognized using the percentage of completion method.

Interest income is recognized ratably over the remaining maturity based on the effective interest rate and the amount of the remaining receivable.

Revenue from royalties is recognized in the period in which it arises in accordance with the underlying contracts

Share-based payment

GEA Group has a share-based payment program under which selected managers are granted Performance Shares. The fair value of these rights is calculated at the grant date and allocated as an expense over the vesting period using the straight-line method; a corresponding provision is recognized. The provision is remeasured at each reporting date and at the payment date. Changes in the fair value of the provision are recognized as an expense (see section 7.3.4).

In addition, one group company grants its employees options on shares of the company via a trustee. The cost of this share-based payment is estimated at the grant date and amortized using the straight-line method up to the exercise date (see section 7.1).

Research and development

Research expenditures are recognized immediately as an expense. Development costs that are designed to significantly enhance a product or process are capitalized if completion of the product or process is technically and economically feasible, the development is marketable, the expenditures can be measured reliably, and adequate resources are available to complete the development project. All other development expenditures are recognized immediately as expenses. Capitalized development expenditures for completed projects are reported at cost less cumulative amortization.

Development costs that are required under construction contracts are capitalized as cost.

Government grants

Government grants are recognized at fair value provided that the group meets the conditions necessary to receive the grant. Government grants to cover expenses are recognized over the period in which the costs for which the grants were awarded are incurred. Government grants for capital expenditure are deducted from the cost of purchasing the corresponding asset.

Estimates

Preparation of financial statements requires management to make certain estimates and assumptions that may affect the Company's assets, liabilities, provisions, and deferred tax assets and liabilities, as well as its income and expenses and contingent liabilities. Although management makes such estimates and assumptions carefully and in good faith, actual amounts may differ from the estimates used.

Factors that may cause amounts to fall below expectations include a deterioration in the global economy, movements in exchange rates and interest rates, as well as material litigation and changes in environmental or other legislation. Production errors, the loss of key customers, and rising borrowing costs may also adversely affect the group's future performance.

The recognition and measurement of the following assets and liabilities are in some cases based on assumptions by management. All assumptions represent the best of management's knowledge and belief in order to convey a true and fair view of the Company's net assets, financial position, and results of operations. If actual circumstances subsequently differ from those forecast, this will affect the recognition and measurement of assets and liabilities. Depending on the item concerned, earnings may also be affected.

Acquisitions

Goodwill is reported in the balance sheet as a result of acquisitions. When an acquired company is initially consolidated, all its identifiable assets, liabilities, and contingent liabilities are recognized at their acquisition-date fair value. The main problem is estimating these fair values. As a rule, land and buildings are measured on the basis of independent appraisals. If intangible assets are identified, their fair values are calculated internally using an appropriate measurement method. These measurements are made on the basis of assumptions by management with respect to the future value of the relevant assets and the discount rate.

Goodwill

The group tests goodwill for impairment annually. The recoverable amount of cash-generating units (divisions) was determined on the basis of their value in use. Value in use is calculated using assumptions by management (see section 6.3).

Taxes

GEA Group operates in a large number of countries and is therefore subject to different tax jurisdictions. Calculating tax liabilities requires management to make various estimates. Management believes that it has made a reasonable estimate of tax uncertainties. However, no assurance can be given that the actual outcome of these uncertainties will correspond to the estimates made. Any deviations may have an impact on the level of tax liabilities or deferred taxes in the year of the decision.

When assessing the recoverability of deferred tax assets, management judges the extent to which the deferred tax assets are more likely to be realized than not. Whether the deferred tax assets can actually be realized depends on whether sufficient future taxable income can be generated against which the temporary differences or tax loss carryforwards can be offset. Management therefore analyzes the times at which the deferred tax liabilities reverse and expected future taxable income. Management forecasts whether deferred tax assets can be realized on the basis of expected future taxable income. Deferred tax assets decline if the estimate of planned taxable income decreases, if tax benefits available as a result of tax strategies are reduced, or the amount or timing of future tax benefits is restricted by changes in the law.

Provisions and contingent liabilities
Changes in estimates of the probability of a present obligation or of an outflow of resources embodying economic benefits could mean that items previously classified as contingent liabilities must be reported as provisions or that the amount of provisions must be adjusted (see section 7.2). This also applies in particular to environmental obligations.

Obligations under pension plans
The present value of pension obligations depends on actuarial assumptions. These assumptions cover the discount rate, expected salary increases and returns on plan assets, mortality rates, and cost increases for medical care. These assumptions could differ significantly from actual future outcomes as a result of changes in market and economic conditions, and could therefore have a material effect on the level of the obligation and the related expenses.

The expected returns on plan assets are calculated on a uniform basis that reflects long-term forecast returns, asset allocation, and estimates of future long-term investment returns.

The discount rate is calculated at the end of each year. This is the rate used to calculate the present value of future cash outflows expected to be required to settle the obligation. In order to calculate the discount rate, the group uses the interest rate on high-quality corporate bonds denominated in the same currency in which the benefits are paid and whose terms to maturity correspond to those of the pension obligations.

Other significant assumptions relating to pension obligations are partly based on market conditions (see section 7.3.1).

Construction contracts
The recognition of construction contracts using the percentage of completion method is based on management's estimates of the cost of such contracts. Changes in estimates or differences between the estimated cost and the actual cost have a direct effect on recognized earnings from construction contracts. The operating units continuously review the estimates and adjust them if required.

Litigation

In some cases, GEA Group companies are parties to litigation. The outcome of this litigation could have a material effect on the group's net assets, financial position, and results of operations. Management regularly analyzes current information on these legal disputes and recognizes provisions for probable obligations, including estimated legal costs. Both internal and external lawyers are used to make this assessment. When deciding on the need to recognize provisions, management takes into account the probability of an unfavorable outcome and the ability to estimate the amount of the obligation with sufficient reliability. The filing of a suit or the formal assertion of a claim against a GEA Group company does not necessarily mean that a provision must be recognized for the related risk.

3. Financial risk management

The Executive Board has put in place an effective set of guidelines to manage and thereby largely limit or hedge financial risks throughout the group. The objectives with regard to protecting assets, eliminating gaps in security, and improving efficiency in identifying and analyzing risks are clearly defined, as are the relevant organizational structures, powers, and responsibilities. The guidelines are based on the principles of system security, separation of functions, transparency, and immediate documentation.

Because it operates worldwide, GEA Group is exposed to currency, interest rate, commodity price, credit, and liquidity risk in the course of its ordinary activities. Financial risk management aims to reduce this risk through the appropriate use of derivative and non-derivative hedging instruments.

Currency risk

Because GEA Group operates internationally, its cash flows are denominated not only in euros, but also in a number of other currencies, particularly U.S. dollars. Hedging the resulting currency risk is a key element of risk management.

The group guideline requires all group companies to hedge foreign-currency items as they arise in order to fix prices on the basis of hedging rates. The hedging period is determined by the maturity of the hedged item and is usually up to 12 months, but in exceptional cases may exceed that by far. Nevertheless, changes in exchange rates may affect sales opportunities outside the euro zone.

Group companies based in the euro zone are obliged to tender to GEA Group Aktiengesellschaft's finance unit all outstanding exposures relating to transactions in goods and services in major transaction currencies. Most of these exposures are passed on directly to banks, depending on the hedging objective of the derivatives and the related accounting treatment and provided their maturities are matched; they may also be hedged as part of a portfolio. The hedging of financial transactions and transactions conducted by subsidiaries outside the euro zone is also closely coordinated with the finance unit. Orders in emerging markets are usually invoiced in U.S. dollars or euros.

Interest rate risk

Because GEA Group operates worldwide, liquidity is invested and raised in the international money and capital markets in different currencies, mainly euros and U.S. dollars, and at different maturities. The resulting investments and financial liabilities are exposed to interest rate risk, which must be assessed and controlled by GEA Group Aktiengesellschaft's finance unit. Derivative financial instruments may be used on a case-by-case basis to hedge the interest rate risk and reduce the interest rate volatility and financing costs of the hedged items. Only the corporate finance unit is permitted to enter into such interest rate hedges.

All interest rate derivatives are allocated to individual loans. The hedging relationships are documented and recognized as cash flow hedges. Overall, the interest expense from the loans and the allocated derivatives reported in the income statement represents the fixed interest rate for the hedging relationship.

Cross-currency swaps were used in connection with the financing of acquisitions in Canada and the UK. They are also recognized at fair value. However, they are not included in any documented hedging relationship with intragroup hedged items. The earnings effects arising from changes to currency parities that have occurred since the beginning of the cross-currency swaps, and the earnings effects due to the related intragroup receivables, do not match due to different calculation bases (forward rate relative to spot rate). The difference in value amounted to EUR 4,307 thousand in fiscal year 2009 (previous year: EUR -4,708 thousand).

Commodity price risk

GEA Group requires various metals such as aluminum, copper, steel, and titanium. Purchase prices for raw materials may fluctuate sharply depending on the market situation. Long-term supply agreements have been entered into with various suppliers in order to hedge commodity price risk. As of December 31, 2009, a company acquired in the previous year held a small number of copper options relating to the period before its acquisition. Apart from this, there are no other commodity derivatives in the group.

Credit risk

Financial instruments are exposed to credit risk in that the other party to the contract may fail to fulfill its obligations. In the case of customer receivables, this risk is countered by way of a standardized internal risk board procedure. Active receivables management, including non-recourse factoring and credit insurance, is also used. In export operations, confirmed and unconfirmed letters of credit are used alongside sureties, guarantees, and cover notes, including from export credit agencies such as Hermes. In addition to local monitoring by the subsidiary in question, GEA Group also oversees the main credit risks at holding company level so that any accumulation of risk can be better managed.

Trade receivables are usually due from a large number of customers in different sectors and regions, thereby preventing any concentration of risk. Valuation allowances take account of specific credit risks.

To minimize credit risk affecting financial instruments, these instruments are only entered into with reputable financial institutions. The maximum exposure to credit risk is limited to the fair value.

Liquidity risk

GEA Group is exposed to liquidity risk in that it may be unable to meet payment obligations because it has insufficient cash funds at its disposal. Managing this risk is the task of GEA Group Aktiengesellschaft's corporate finance unit. Cash funds are arranged and credit lines managed on the basis of a multi-year financial plan and a rolling month-by-month cash forecast. Cash flow from operating activities is the most important source of liquidity. Intragroup cash pooling avoids the need for external cash investments and borrowings to a large extent. To achieve this, GEA Group Aktiengesellschaft has established cash pooling groups in 13 countries that automatically balance the accounts of the participating group companies every day by crediting or debiting a target account at GEA Group Aktiengesellschaft. Any additional liquidity requirements are generally borrowed by the holding company, which also invests surplus liquidity.

The following tables show the undiscounted contractually agreed interest and principal payments for financial liabilities, including derivative financial instruments with negative fair values:

		Cash flows					
(EUR thousand)	Carrying amount	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
2009							
Trade payables	625,104	620,964	4,140	-	-	-	-
Borrower's note loan	199,707	4,624	204,922	-	-	-	-
Liabilities to banks	245,155	230,908	3,385	12,259	2,210	65	178
Liabilities under finance leases	13,744	1,683	1,104	932	1,046	1,595	14,084
Liabilities to investees	1,299	1,299	-	-	-	-	-
Currency derivatives not included in a recognized hedging relationship	3,943	172,838	4,040	-	-	-	-
Currency derivatives included in a cash flow hedge	4,478	98,012	15,922	1,718	-	112	-
Interest rate and cross-currency derivatives not included in a recognized hedging relationship	3,617	2,012	1,890	1,781	1,670	1,552	3,985
Interest rate and cross-currency derivatives included in a cash flow hedge	14,131	8,301	8,367	241	-	-	-
Commodity derivatives not included in a recognized hedging relationship	-	-	-	-	-	-	-
Other liabilities	676,889	665,981	10,908	-	-	-	-
2008							
Trade payables	723,650	721,470	2,180	-	-	-	-
Borrower's note loan	199,549	8,879	7,027	206,773	-	-	-
Liabilities to banks	300,743	284,487	6,053	1,963	1,805	11,584	3,721
Liabilities under finance leases	14,447	1,570	1,744	1,037	1,172	1,612	14,683
Liabilities to investees	-	-	-	-	-	-	-
Currency derivatives not included in a recognized hedging relationship	11,884	283,315	14,592	1,368	-	-	-
Currency derivatives included in a cash flow hedge	17,095	163,133	28,702	14,064	881	-	-
Interest rate and cross-currency derivatives not included in a recognized hedging relationship	2,153	3,858	3,736	3,638	3,209	2,856	8,356
Interest rate and cross-currency derivatives included in a cash flow hedge	13,332	8,248	8,269	8,335	225	-	-
Commodity derivatives not included in a recognized hedging relationship	1,285	986	299	-	-	-	-
Other liabilities	707,875	701,111	6,771	-	-	-	-

All financial liabilities outstanding as of December 31, 2009 are included to the extent that payments have already been contractually agreed. Projected figures for future new liabilities are not taken into account. Foreign currency amounts are translated at the closing rates. In the case of financial liabilities that can be repaid at any time, it is assumed that they will be repaid within one year.

Payments for derivative financial instruments totaling EUR 322,441 thousand (previous year: EUR 558,070 thousand) were partially offset by payments received from the same instruments of EUR 296,838 thousand (previous year: EUR 508,914 thousand).

As of December 31, 2009, the group held cash credit lines of EUR 1,393,494 thousand (previous year: EUR 1,160,447 thousand), EUR 444,886 thousand of which have been utilized (previous year: EUR 500,292 thousand). The cash credit lines are composed of the following items:

(EUR thousand)	Maturity	12/31/2009 Approved	12/31/2009 Utilized	12/31/2008 Approved	12/31/2008 Utilized
Syndicated credit line 1	July 2011	500,000	200,000	500,000	200,000
Borrower's note loan	August 2011	200,000	200,000	200,000	200,000
Syndicated credit line 2 (club deal)	March 2011	230,000	-	-	-
European Investment Bank	2016 (depending on utilization)	150,000	-	-	-
Various bilateral credit lines	Maximum of 1 year or „until further notice"	313,494	44,886	460,447	100,292
Total		**1,393,494**	**444,886**	**1,160,447**	**500,292**

In addition, guarantee lines for the performance of contracts, advance payments, and warranty obligations of EUR 2,137,234 thousand were available (previous year: EUR 2,464,611 thousand), EUR 1,024,099 thousand of which have been utilized (previous year: EUR 1,088,596 thousand). Of this figure, guarantees amounting to EUR 407,304 thousand (previous year: EUR 531,457 thousand) are payable at first demand. As is generally customary for this type of order collateral and financing instrument, guarantees have only been drawn down by GEA Group in extremely rare exceptional cases in recent years.

As of the year-end, EUR 50,963 thousand (previous year: EUR 144,903 thousand) of bank guarantees under GEA Group Aktiengesellschaft credit lines and EUR 252,085 thousand (previous year: EUR 262,585 thousand) of group guarantees were granted to Lurgi AG's customers to collateralize the company's contractual obligations. EUR 41,167 thousand of the bank guarantees (previous year: EUR 127,286 thousand) are payable at first demand. The purchaser of Lurgi granted bank guarantees that largely cover the relevant amount as collateral in favor of GEA Group Aktiengesellschaft for the unlikely event of default of both Lurgi AG and Air Liquide S.A. EUR 77,725 thousand (previous year: EUR 133,916 thousand) of bank guarantees under GEA Group Aktiengesellschaft credit lines and EUR 154,605 thousand (previous year: EUR 146,759 thousand) of group guarantees were granted to Lentjes GmbH's customers to collateralize the company's contractual obligations. EUR 49,928 thousand of the bank guarantees (previous year: EUR 71,037 thousand) are payable at first demand.

Future payments from operating leases are reported separately under other financial liabilities (see section 9.2).

Foreign currency sensitivity analysis

GEA Group companies are always exposed to foreign currency risk if their cash flows are denominated in a currency other than their functional currency. Foreign currency risk is hedged using suitable hedging instruments, thus largely offsetting fluctuations arising from the hedged item and the hedging transaction over their term.

The foreign currency risk presented in the sensitivity analysis results from the following transactions:

- Currency derivatives that are included in hedging relationships for previously unrecognized hedged items, i.e., for contractually agreed or expected transactions. As these hedging relationships are regularly documented as such and presented as cash flow hedges, only equity is affected by exchange rate risk.

- Cross-currency swaps
  Although swaps are matched by intragroup receivables as hedged items, they are not included in a documented hedging relationship. While receivables are measured using the spot rate, the currency components of the swaps are measured on the basis of the forward rates. The two rates could differ significantly depending on the interest-rate difference between the two currencies.

- Unsecured foreign currency transactions
  The translation of foreign currency receivables or liabilities at the closing rate has a direct effect on earnings.

The currency pairs in which most foreign currency cash flows are settled are included as relevant risk variables in the foreign currency sensitivity analysis. The following table shows the sensitivity of a 10 percent increase or decrease in the relevant foreign currency in relation to the relevant base currency from the group’s perspective:

(EUR thousand)		Nominal amount	Profit/loss for the year		Equity	
Base currency	Foreign currency		2009		2009	
			+ 10%	- 10%	+ 10%	- 10%
EUR	USD	272,503	152	-186	6,129	-7,491
EUR	GBP	68,386	2,875	-3,514	237	-290
EUR	CAD	37,921	3,617	-4,421	-	-
EUR	RUB	14,215	-	-	500	-611
EUR	TRY	9,874	897	-1,096	-	-
EUR	BRL	7,119	434	-531	81	-99

(EUR thousand)		Nominal amount	Profit/loss for the year		Equity	
Base currency	Foreign currency		2008		2008	
			+ 10%	- 10%	+ 10%	- 10%
EUR	USD	261,853	-653	798	10,726	-13,109
EUR	GBP	87,847	633	-774	-819	1,001
EUR	CNY	40,540	-33	40	3,366	-4,115
EUR	CAD	38,897	3,637	-4,446	-7	8
EUR	INR	12,149	-953	1,165	-	-
USD	MXN	10,185	-925	1,131	-	-

The nominal amount relates to contractually agreed foreign currency cash flows as of the reporting date, which are translated into euros at the closing rate. The nominal amount comprises the entire volume traded in foreign currency, and not only the volume on which the analysis of foreign currency sensitivity is based.

The potential fluctuations in the profit or loss for the year result primarily from derivatives that are not included in a designated hedging relationship, but are used to avoid currency risk as part of the general hedging strategy.

Interest rate sensitivity analysis

The interest rate sensitivity analysis presents the effects of changes in market interest rates on interest payments, interest income and expenses, and equity. The sensitivity analyses are based on the following assumptions:

- Primary fixed-income financial instruments are only subject to balance-sheet interest rate risk if they are measured at fair value. GEA Group measures such financial instruments at amortized cost.

- Primary variable-rate financial instruments whose interest payments are not included as hedged items in a hedging relationship that is recognized as a cash flow hedge are subject to interest rate risk both in the income statement and in cash flow (cash flow interest rate risk and interest rate risk recognized in profit or loss).

- Interest rate derivatives included in a hedging relationship that is recognized as a cash flow hedge are subject to equity-related interest rate risk in the amount of the effective portion of the hedging relationship (balance sheet interest rate risk).

- Interest rate derivatives not included in a hedging relationship that is recognized as a cash flow hedge are subject to interest rate risk both in the income statement and in cash flow (cash flow interest rate risk and interest rate risk recognized in profit or loss).

- Currency derivatives are not subject to material interest rate risk and therefore have no effect on interest rate sensitivity.

The sensitivity analysis assumes a linear shift in the yield curve for all currencies of +/- 100 basis points as of the reporting date. This results in the following effects:

	12/31/2009		12/31/2008	
(EUR thousand)	+ 100 basis points	- 100 basis points	+ 100 basis points	- 100 basis points
Cash flow interest rate risk	-1,847	1,874	-5,968	6,071
Balance sheet interest rate risk	2,399	-1,491	4,332	-4,475
Interest rate risk recognized in profit or loss	-2,230	2,067	-6,468	6,304

The calculation is based on a net volume of EUR 690,266 thousand (previous year: EUR 693,718 thousand).

Capital management

One of GEA Group Aktiengesellschaft's key financial goals is to sustainably increase enterprise value in the interests of investors, employees, customers, and suppliers, while safeguarding and securing the group's solvency at all times.

This goal is supported primarily by focusing on margin quality. However, it does not exclude growth through acquisitions. Improving profitability and, as a result, increasing the return on capital employed takes priority in all business decisions.

The creation of sufficient liquidity reserves, including a comfortable volume of credit lines, is extremely important to GEA Group in this form of capital management. In addition, maintaining a sound equity base is a key requirement for ensuring the continued existence of the Company in the long term and for driving forward its growth strategy.

Liquidity reserves and available credit lines are managed permanently on the basis of short- and medium-term forecasts of future liquidity and borrowing requirements. Capital is monitored regularly on the basis of various key indicators, the most important being the net liquidity/debt-to-equity ratio (gearing) and the equity ratio. Net financial liabilities represent liabilities to banks including the borrower's note loan, less cash and cash equivalents plus current securities.

(EUR thousand)	12/31/2009	12/31/2008
Liabilities to banks	-245,155	-300,743
Borrower's note loan	-199,707	-199,549
Cash and cash equivalents	491,979	439,554
Current securities	-	513
Net liquidity/debt	**47,117**	**-60,225**
Equity	**1,735,006**	**1,455,405**
Equity ratio	34.7 %	28.4 %
Gearing	-2.7 %	4.1 %

The equity ratio amounted to 34.7 percent as of December 31, 2009 (previous year: 28.4 percent). Gearing was -2.7 percent, after 4.1 percent in the previous year. The capital structure therefore provides an extremely healthy basis for funding additional investments in property, plant, and equipment and for continuing the group's acquisition strategy.

The rating agencies have given the following external assessment of GEA Group's financial risks:

	2009		2008	
Agency	Rating	Outlook	Rating	Outlook
Moody's	Baa3	stable	Baa3	stable
Fitch	BBB-	stable	BBB-	positive

GEA Group's investment grade rating in the "BBB" range ensures that it has comfortable financing opportunities both with banks and directly on the capital markets. Among other things, the current ratings reflect the Company's strong solvency and generally secure access to a broad investor base.

In a volatile market environment, GEA Group agreed a club deal with 5 banks in March 2009 amounting to EUR 230,000 thousand with a two-year term. This credit line increases GEA Group Aktiengesellschaft's available liquidity, especially for potential acquisitions, and gives the Company greater planning certainty than would be provided by individual loan commitments by lenders that are usually limited to one year or "until further notice," and therefore can be cancelled extremely quickly.

In December 2009, the Company also entered into an agreement with the European Investment Bank in Luxembourg amounting to EUR 150,000 thousand to finance planned research and development projects. This loan may be drawn down in several tranches that are each agreed for a term of 6 years.

4. Disposals

GEA Group sold its 51 percent interest in E.PRO.M s.r.l., Traversetolo/Italy, in fiscal year 2009. The company's net assets were as follows at the date of disposal:

(EUR thousand)	2009	2008
Noncurrent assets	1,221	470
Current assets	2,695	1,811
Liabilities	2,053	1,826
Net assets before noncontrolling interests and accumulated other comprehensive income	**1,863**	**455**
less noncontrolling interests	-913	-223
less accumulated other comprehensive income	-	-
Net assets after noncontrolling interests and accumulated other comprehensive income	**950**	**232**
Selling price	1,020	100
Gain/loss on disposal	**70**	**-132**
Cash received from sale	300	100
Cash and cash equivalents disposed	-750	-354
Net cash flow from disposal	**-450**	**-254**

The prior-year figures relate to the sale of the 51 percent interest in Procme GmbH, Bad Kreuznach.

5. Acquisitions

5.1 DB Wilaard Holding B.V.

On April 6, 2009, the Farm Technologies Division acquired all shares of DB Wilaard Holding B.V., Leeuwarden/Netherlands, and its subsidiaries. The deal closed on May 29, 2009 following the approval of the responsible antitrust authorities. This group of companies is one of Europe's leading manufacturers of barn equipment and will expand the Division's customer base and product range. The company and its investees employed 150 people at the acquisition date. Since the acquisition, the Wilaard Group has generated revenue of EUR 19,253 thousand and earnings before tax of EUR 666 thousand in seven months of being part of the group. If the company had been acquired as of January 1, 2009, it would have recorded revenue of EUR 29,898 thousand and a loss before tax of EUR 672 thousand.

GEA Group acquired the following assets and assumed the following liabilities due to its acquisition of DB Willard Holding B.V.:

(EUR thousand)	Carrying amount	Fair value
Property, plant, and equipment	5,240	6,938
Intangible assets	-	6,781
Equity-accounted investments	734	734
Other noncurrent financial assets	13	13
Noncurrent assets	**5,987**	**14,466**
Inventories	7,704	7,910
Trade receivables	4,729	4,729
Other current financial assets	1,055	1,055
Cash and cash equivalents	79	79
Current assets	**13,567**	**13,773**
Total assets	**19,554**	**28,239**
Provisions	355	355
Other noncurrent financial liabilities	3,007	3,007
Deferred taxes	358	2,676
Noncurrent liabilities	**3,720**	**6,038**
Current financial liabilities	7,111	7,111
Trade payables	3,172	3,172
Other current financial liabilities	2,335	2,335
Current liabilities	**12,618**	**12,618**
Total liabilities	**16,338**	**18,656**
Net assets acquired	**3,216**	**9,583**
Acquisition cost including acquisition-related costs		19,647
Goodwill		**10,062**

The Royal de Boer brand name and dealer network in particular were identified and recognized as separate intangible assets during purchase price allocation. The remaining excess of acquisition cost including acquisition-related costs over the fair value of the recognized net assets of EUR 10,062 thousand relates mainly to the employees' expertise and the resulting strategic advantage of now offering barn construction in Europe in addition to milking facilities, which is a key factor in the selection of milking systems.

5.2 Other acquisitions

GEA Group also acquired all shares of Eurotek Engineering Ltd., Norwich/United Kingdom, and ACO Engineering (India) Pvt. Ltd., Vadodara/India, as well as the business operations of Intec USA, LLC, Durham (NC)/U.S.A., and Ion Blast OY, Helsinki/Finland. However, these four acquisitions are each insignificant. In the aggregate, they have the following effect on the consolidated financial statements, based on the figures at the respective acquisition dates.

(EUR thousand)	Carrying amount	Fair value
Property, plant, and equipment	113	113
Intangible assets	-	10,958
Equity-accounted investments	179	179
Deferred taxes	183	1,337
Noncurrent assets	**475**	**12,587**
Inventories	356	356
Trade receivables	2,189	2,189
Income tax receivables	130	130
Other current financial assets	280	280
Cash and cash equivalents	460	460
Current assets	**3,416**	**3,416**
Total assets	**3,890**	**16,003**
Noncurrent financial liabilities	966	966
Deferred taxes	7	2,480
Noncurrent liabilities	**973**	**3,446**
Provisions	231	231
Employee benefits	26	26
Trade payables	1,939	1,939
Income tax liabilities	450	450
Other current financial liabilities	672	672
Current liabilities	**3,318**	**3,318**
Total liabilities	**4,291**	**6,764**
Net assets acquired	**-400**	**9,239**
Acquisition cost including acquisition-related costs		10,568
Difference		**1,328**

The fair value of the recognized net assets exceeds the acquisition cost including acquisition-related costs of the shares of Eurotek Engineering Ltd. and the business operations of Intec USA, LLC by EUR 1,313 thousand. This difference was reported in the income statement under other income. This income is reduced by writedowns of EUR 524 thousand on parts of the acquired technology portfolio that will not be used in future. The reason for the income is the attractive purchase price.

Goodwill totaling EUR 2,640 thousand arose from the acquisition of the shares of ACO Engineering (India) Pvt. Ltd. and the business operations of Ion Blast1 OY, with EUR 1,659 thousand being attributable to Ion Blast OY and EUR 981 thousand to ACO India (Pty) Ltd.

Since their respective acquisition dates, these companies or business operations have generated revenue of EUR 11,003 thousand and a loss before tax of EUR 402 thousand. This loss includes the gain on realizing the difference between the fair value of the net assets acquired and the lower acquisition cost. If the companies concerned had been acquired as of January 1, 2009, they would have recorded revenue of EUR 11,309 thousand and a loss before tax of EUR 762 thousand.

5.3 Cash effects

The five (previous year: seven) acquisitions in fiscal year 2009 led to the following total cash outflow:

(EUR thousand)	2009	2008
Acquisition costs	28,996	94,833
Acquisition-related costs	1,219	3,688
less noncash consideration	-5,017	-9,095
Purchase price paid including acquisition-related costs	**25,198**	**89,426**
less cash acquired	-539	-9,629
Net cash used in acquisitions	**24,659**	**79,797**

The acquisition-related costs contain fees for legal consultants, auditors, and other experts. The noncash consideration relates mainly to the acquisition of the business operations of Intec USA, LLC and Ion Blast OY.

Payments to acquire subsidiaries and other businesses totaling EUR 23,498 thousand (previous year: EUR 84,882 thousand) are reported in the cash flow statement. These include payments to acquire noncontrolling interests and contingent consideration of EUR 3,164 thousand (previous year. EUR 6,058 thousand) and cash inflows of EUR 4,325 thousand (previous year: EUR 973 thousand) from the inclusion of previously nonconsolidated subsidiaries.

6. Consolidated balance sheet disclosures: Assets

6.1 Property, plant, and equipment

Property, plant, and equipment changed as follows:

(EUR thousand)	Land and buildings (owner-occupied)	Technical equipment and machinery	Other equipment, operating and office equipment	Assets under construction	**Total**
Jan. 1, 2008					
Cost	445,020	578,790	273,316	41,141	**1,338,267**
Cumulative depreciation and impairment losses	-215,158	-428,591	-208,319	-162	**-852,230**
Carrying amount	**229,862**	**150,199**	**64,997**	**40,979**	**486,037**
Changes in 2008					
Additions	25,674	35,186	43,175	52,520	**156,555**
Disposals	-954	-2,393	-1,660	-1,095	**-6,102**
Depreciation	-14,253	-33,752	-21,428	-8	**-69,441**
Impairment losses	-4,885	-19,093	-3,186	-1,989	**-29,153**
Changes in consolidated Group	11,087	6,017	2,578	32	**19,714**
Currency translation	-3,428	-499	-2,104	-52	**-6,083**
Other changes	5,285	28,764	3,283	-41,137	**-3,805**
Carrying amount at Dec. 31, 2008	**248,388**	**164,429**	**85,655**	**49,250**	**547,722**
Jan. 1, 2009					
Cost	489,330	641,434	301,354	51,389	**1,483,507**
Cumulative depreciation and impairment losses	-240,942	-477,005	-215,699	-2,139	**-935,785**
Carrying amount	**248,388**	**164,429**	**85,655**	**49,250**	**547,722**
Changes in 2009					
Additions	15,460	29,404	21,224	52,428	**118,516**
Disposals	-1,087	-3,539	-1,001	-742	**-6,369**
Depreciation	-16,201	-33,098	-24,380	-127	**-73,806**
Impairment losses	-	-	-	-	**-**
Changes in consolidated Group	8,621	4,831	904	1,119	**15,475**
Currency translation	1,740	624	1,139	-16	**3,487**
Other changes	25,922	24,932	2,979	-50,939	**2,894**
Carrying amount at Dec. 31, 2009	**282,843**	**187,583**	**86,520**	**50,973**	**607,919**
Dec. 31, 2009					
Cost	539,218	672,556	320,412	51,251	**1,583,437**
Cumulative depreciation and impairment losses	-256,375	-484,973	-233,892	-278	**-975,518**
Carrying amount	**282,843**	**187,583**	**86,520**	**50,973**	**607,919**

The impairment losses in the previous year of EUR 29,153 thousand relate to the property, plant, and equipment of Ruhr-Zink GmbH, which was reduced to the estimated net realizable value due to the decision to close the business.

The other changes are mainly attributable to reclassifications from assets under construction to other items of property, plant, and equipment and to intangible assets.

Items of property, plant, and equipment are depreciated on a straight-line basis using the relevant residual values and the following useful lives:

	Useful life in years
Buildings and parts of buildings	2 to 50
Technical equipment and machinery, other equipment	2 to 30
Operating and office equipment	3 to 40

The residual values and useful lives used as a basis for calculation are reviewed at each reporting date and adjusted if necessary.

Property, plant, and equipment comprises land and buildings, technical equipment and machinery, and office and operating equipment under finance leases:

(EUR thousand)	2009	2008
Cost – capitalized leased assets under finance leases	32,699	31,033
Cumulative depreciation and impairment losses	-13,590	-12,608
Carrying amount	**19,109**	**18,425**

EUR 16,532 thousand (previous year: EUR 17,475 thousand) of the carrying amount of the leased items of property, plant, and equipment relates to buildings. The leases for the buildings extend beyond 2020. None of the leases includes extension options or rent price adjustment clauses. An option to acquire the leased asset is provided for in two key leases.

The corresponding lease liabilities are explained under financial liabilities (see section 7.4).

The carrying amount of property, plant, and equipment that serves as collateral for credit lines amounted to EUR 7,213 thousand at the reporting date (previous year: EUR 1,721 thousand). Most of these assets relate to land.

6.2 Investment property

The following table shows the changes in investment property:

(EUR thousand)	Land	Buildings	Total
Jan. 1, 2008			
Cost	25,889	55,688	**81,577**
Cumulative depreciation and impairment losses	-5,611	-31,300	**-36,911**
Carrying amount	**20,278**	**24,388**	**44,666**
Changes in 2008			
Additions	-	-	**-**
Disposals	-14,275	-12,898	**-27,173**
Depreciation	-	-2,705	**-2,705**
Impairment losses	-	-355	**-355**
Other changes	-	-	**-**
Carrying amount at Dec. 31, 2008	**6,003**	**8,430**	**14,433**
Jan. 1, 2009			
Cost	9,856	23,697	**33,553**
Cumulative depreciation and impairment losses	-3,853	-15,267	**-19,120**
Carrying amount	**6,003**	**8,430**	**14,433**
Changes in 2009			
Additions	14	27	**41**
Depreciation	-	-2,246	**-2,246**
Impairment losses	-1,000	-	**-1,000**
Reclassifications from "held for sale"	14,963	-	**14,963**
Other changes	-2,997	-500	**-3,497**
Carrying amount at Dec. 31, 2009	**16,983**	**5,711**	**22,694**
Dec. 31, 2009			
Cost	21,836	22,630	**44,466**
Cumulative depreciation and impairment losses	-4,853	-16,919	**-21,772**
Carrying amount	**16,983**	**5,711**	**22,694**

The increase in investment property is attributable to the reclassification of assets reported as held for sale in the previous year. These assets represent land and buildings that are no longer used for operating purposes and are therefore intended to be sold. The sale of these assets at an acceptable price in the short term does not appear feasible due to the current economic and financial crisis. As a result, the criteria for continuing to report them as held for sale are no longer met.

The reason for the decline in investment property in the previous year is the disposal of a property by GEA Real Estate GmbH in Frankfurt am Main.

The fair value of investment property is EUR 24,611 thousand (previous year: EUR 15,050 thousand). The fair values are calculated on the basis of comparable market-based prices that are determined internally.

The following amounts are reported in the income statement in connection with investment property:

(EUR thousand)	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Rental income	27,405	23,156
Operating expenses	28,567	27,381
of which: properties used to generate rental income	28,567	27,381
Total	**-1,162**	**-4,225**

The rental income generated by GEA Real Estate GmbH is reported in revenue.

6.3 Intangible assets and goodwill

The carrying amount of intangible assets changed as follows:

(EUR thousand)	Goodwill	Market-related intangible assets	Customer-related intangible assets	Contract-based intangible assets	Technology-based intangible assets	Internally generated intangible assets	**Total**
Jan. 1, 2008							
Cost	1,299,650	24,801	14,730	33,217	78,859	10,431	**1,461,688**
Cumulative amortization and impairment losses	-	-1,205	-1,255	-16,338	-42,607	-4,764	**-66,169**
Carrying amount	**1,299,650**	**23,596**	**13,475**	**16,879**	**36,252**	**5,667**	**1,395,519**
Changes in 2008							
Additions	3,243	54	102	4,992	11,360	509	**20,260**
Disposals	-1,631	-	-	-37	-240	-	**-1,908**
Amortization	-	-392	-2,311	-2,874	-10,173	-1,628	**-17,378**
Impairment losses	-	-	-	-	-607	-	**-607**
Changes in consolidated Group	36,169	22,294	13,004	-82	16,387	71	**87,843**
Currency translation	-5,598	-3,841	-560	-826	-1,320	71	**-12,074**
Other changes	-	-	-	1,579	2,209	740	**4,528**
Carrying amount at Dec. 31, 2008	**1,331,833**	**41,711**	**23,710**	**19,631**	**53,868**	**5,430**	**1,476,183**
Jan. 1, 2009							
Cost	1,331,833	42,936	27,761	38,107	106,528	11,722	**1,558,887**
Cumulative amortization and impairment losses	-	-1,225	-4,051	-18,476	-52,660	-6,292	**-82,704**
Carrying amount	**1,331,833**	**41,711**	**23,710**	**19,631**	**53,868**	**5,430**	**1,476,183**
Changes in 2009							
Additions	189,629	741	330	1,024	6,876	10,168	**208,768**
Disposals	-5,317	-5,831	-51	-	-195	-	**-11,394**
Amortization	-	-374	-3,521	-2,903	-13,792	-2,410	**-23,000**
Impairment losses	-	-142	-	-	-524	-	**-666**
Changes in consolidated Group	13,923	5,986	4,680	-442	10,887	442	**35,476**
Currency translation	793	1,585	632	284	386	-34	**3,646**
Other changes	-	209	-	-1,476	2,137	197	**1,067**
Carrying amount at Dec. 31, 2009	**1,530,861**	**43,885**	**25,780**	**16,118**	**59,643**	**13,793**	**1,690,080**
Dec. 31, 2009							
Cost	1,530,861	45,640	33,073	36,836	126,074	22,691	**1,795,175**
Cumulative amortization and impairment losses	-	-1,755	-7,293	-20,718	-66,431	-8,898	**-105,095**
Carrying amount	**1,530,861**	**43,885**	**25,780**	**16,118**	**59,643**	**13,793**	**1,690,080**

Goodwill

Goodwill is allocated to the divisions that constitute the cash-generating units. The recoverable amount of a division is determined by calculating the value in use using the discounted cash flow method. The cash flows used are the pre-tax operating cash flows from the consolidated medium-term planning (three-year period) prepared on a bottom-up basis and approved by the Executive Board. In contrast to the method used in the previous year, cash flows in the amount of the last planning year were used for the subsequent period, instead of cash flows equivalent to the average of the three planning years covered. As before, these are extrapolated using a uniform growth rate of one percent. The change in the measurement method avoids rolling forward the effects of the financial and economic crisis into the future. The last planning year roughly corresponds to the revenue and earnings level achieved in 2008. If the measurement method had not been changed, an impairment loss of EUR 21,026 thousand would have been charged on goodwill.

The cash flows are discounted using a uniform discount rate. The calculation of this rate is based on the assumption of an unleveraged entity. The interest rate reflects GEA Group's beta factor and its expected tax rate, including existing tax loss carryforwards. The cash flows are discounted using a pre-tax rate of 12.69 percent (previous year: 11.57 percent).

The planning is based on assumptions regarding specific trends in the global economy, commodity prices, and exchange rates. The weighted average growth rates used are largely consistent with forecasts in industrial reports. The discount rate used is a pre-tax rate and reflects the specific risks of the divisions.

All of GEA Group's divisions reported goodwill. The carrying amount of goodwill as of December 31, 2009 was EUR 1,530,861 thousand (previous year: EUR 1,331,833 thousand). The impairment test performed in the fourth quarter confirmed that the value of the existing goodwill is unchanged.

Goodwill is allocated as follows to the divisions:

	12/31/2009		12/31/2008	
Division	Carrying amount of allocated goodwill (EUR thousand)	Proportion of total goodwill (%)	Carrying amount of allocated goodwill (EUR thousand)	Proportion of total goodwill (%)
Process Engineering	353,969	23.1	317,278	23.8
Mechanical Separation	253,244	16.5	214,961	16.1
Process Equipment	221,332	14.5	193,376	14.5
Refrigeration	213,061	13.9	189,886	14.3
Thermal Engineering	168,134	11.0	147,338	11.1
Other	321,121	21.0	268,994	20.2
Total	**1,530,861**	**100.0**	**1,331,833**	**100.0**

None of the divisions' recoverable amounts – which are used to determine an impairment loss – is less than 10 percent above the carrying amount of the division's net assets (previous year: one division). A 10 percent increase in the discount rate would not lead to an impairment loss for any of the divisions (previous year: impairment loss of EUR 14,539 thousand for one division). A 20 percent increase in the discount rate would result in an impairment loss of EUR 19,479 thousand for one division (previous year: EUR 34,382 thousand). However, there would be no impairment loss (previous year: EUR 8,738 thousand) for this division (previous year: this division) if the cash flows expected for the period according to the three-year detailed planning horizon were 10 percent lower. If cash flows were 20 percent lower, the impairment loss for this division would be EUR 10,679 thousand (previous year: EUR 27,178 thousand).

The carrying amount of goodwill changed as follows:

(EUR thousand)	Energy and Farm Technology	Process Technology	**Total**
Carrying amount at Dec. 31, 2007	**390,715**	**908,935**	**1,299,650**
Additions	10,782	28,630	**39,412**
Disposals	-175	-1,456	**-1,631**
Currency translation	-725	-4,873	**-5,598**
Carrying amount at Dec. 31, 2008	**400,597**	**931,236**	**1,331,833**
Additions	74,046	129,506	**203,552**
Disposals	-3,391	-1,926	**-5,317**
Currency translation	-717	1,510	**793**
Carrying amount at Dec. 31, 2009	**470,535**	**1,060,326**	**1,530,861**

In addition to three acquisitions during fiscal year 2009, purchase price adjustments for acquisitions made in previous years, and the purchase of outstanding noncontrolling interests, the main reason for the additions of EUR 203,552 thousand is the effect of the expected outcome of the award proceedings relating to the control and profit transfer agreement entered into by Metallgesellschaft AG and the former GEA AG in 1999 in the amount of EUR 189,000 thousand (see section 7.1). The addition of goodwill due to the expected outcome of the award proceedings did not have any effect on cash outflows.

The disposal of goodwill amounting to EUR 5,317 thousand is due primarily to purchase price adjustments for acquisitions in previous years. In addition, EUR 999 thousand of the disposal relates to the adjustment effect from the preliminary purchase price allocation as of December 31, 2008. Offsetting effects came primarily from intangible assets.

Intangible assets

The additions to purchased intangible assets are mainly attributable to the recognition of intangible assets in connection with acquisitions. These assets essentially comprise technologies, brand names, and customer bases. Because their useful life cannot be determined, assets amounting to EUR 38,108 thousand (previous year: EUR 36,210 thousand) are tested for impairment at least once a year rather than being amortized. These assets are brand and product names of the acquired companies. These company and product names are established brands in their respective sectors and will continue to be used indefinitely after the company in question has been acquired. The impairment test performed at the end of the year for the brand names revealed impairment of EUR 142 thousand (previous year: no impairment). Impairment losses of EUR 524 thousand were also charged in respect of the newly acquired Eurotek Engineering Ltd. and Intec USA, LLC on parts of the technology portfolio that are no longer used.

The carrying amount of intangible assets with indefinite useful lives is broken down as follows:

	12/31/2009		12/31/2008	
Division	Carrying amount (EUR thousand)	Proportion of total carrying amount (%)	Carrying amount (EUR thousand)	Proportion of total carrying amount (%)
Refrigeration Technology	14,725	38.6	16,200	44.7
Process Engineering	8,280	21.7	8,268	22.8
Air Treatment	5,731	15.1	6,433	17.8
Thermal Engineering	3,360	8.8	2,963	8.2
Farm Technologies	3,684	9.7	2,346	6.5
Process Equipment	2,053	5.4	-	-
Other	275	0.7	-	-
Total	**38,108**	**100.0**	**36,210**	**100.0**

Intangible assets with limited useful lives are amortized on a straight-line basis using the following useful lives:

	Useful life in years
Market-related intangible assets	3 to 20
Customer-related intangible assets	1 to 10
Contract-based intangible assets	1 to 18
Technology-based intangible assets	1 to 25

The amortization of intangible assets of EUR 23,000 thousand in fiscal year 2009 (previous year: EUR 17,378 thousand) is reported under cost of sales.

6.4 Equity-accounted investments

Equity-accounted investments are reported at a carrying amount of EUR 10,784 thousand at December 31, 2009 (previous year: EUR 11,983 thousand).

The following overview presents the key figures for equity-accounted investments as of December 31, 2009. The relevant figures are stated at 100 percent and are based on the most recently available annual financial statements in each case.

(EUR thousand)	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Revenue	41,816	80,107
Profit after tax	620	2,454

(EUR thousand)	12/31/2009	12/31/2008
Assets	83,848	115,767
Liabilities	64,814	91,138

The proportionate total assets and the group's share of the profit of equity-accounted investments are insignificant in relation to the group's total assets and profit.

The proportionate assets, liabilities, and income and expense of joint ventures was as follows as of December 31, 2009:

(EUR thousand)	2009	2008
Assets:		
Noncurrent assets	3,769	5,608
Current assets	17,594	18,324
Liabilities:		
Noncurrent liabilities	1,269	1,592
Current liabilities	12,513	15,679
Revenue	19,807	23,474
Profit after tax	1,244	1,058

6.5 Other financial assets

Other financial assets are composed of the following items:

(EUR thousand)	12/31/2009	12/31/2008
Investments in unconsolidated subsidiaries and other equity investments	34,744	46,862
Lease receivables	170	-
Other securities	128	138
Derivative financial instruments	1,636	3,617
Miscellaneous other financial assets	13,185	9,394
Other noncurrent financial assets	**49,863**	**60,011**
Lease receivables	2,107	-
Other securities	-	513
Derivative financial instruments	6,131	12,770
Miscellaneous other financial assets	136,876	152,722
Other current financial assets	**145,114**	**166,005**
Total	**194,977**	**226,016**

Lease receivables

The addition of lease receivables relates to the acquisition of an investee that is to be liquidated. In preparation for liquidation, the receivable was transferred to the investee. The receivable is attributable to a previous sales transaction entered into by the investee. The payments received can be broken down as follows:

	Minimum lease payments		Present value of minimum lease payments	
(EUR thousand)	12/31/2009	12/31/2008	12/31/2009	12/31/2008
Due within one year	2,206	-	2,107	-
Due in more than one year but no later than five years	173	-	170	-
Less unrealized financial income	-	-	-	-
Present value of the minimum lease payments to be received	**2,379**	-	**2,277**	-
Impairment losses on uncollectible lease payments	-	-	-	-
Total	**2,379**	-	**2,277**	-

No residual values of the assets used in finance leases are guaranteed.

The interest rate used for the leases is fixed for the entire term at the inception of the lease. The contractually agreed average effective interest rate is 4.7 percent p.a.

Receivables from finance leases are collateralized by the machine sold. The Group is not permitted to sell the collateral or to recollateralize unless the lessee defaults on its payments.

The maximum default risk relating to receivables from finance leases for the current and previous fiscal year corresponds to the carrying amount of the receivables. The receivables from finance leases are neither past due nor impaired.

The fair value of receivables from finance leases is estimated at EUR 2,277 thousand and is therefore identical to the carrying amount.

Other securities

The current and noncurrent portion of other securities can be broken down as follows:

(EUR thousand)	12/31/2009	12/31/2008
Measured at fair value and recognized in other comprehensive income	128	138
Other noncurrent securities	**128**	**138**
Measured at fair value and recognized in other comprehensive income	-	381
Measured at amortized cost using the effective interest method	-	132
Other current securities	**-**	**513**
Total	**128**	**651**

Noncurrent and current securities measured at fair value and recognized in other comprehensive income are composed of the following equity and debt instruments:

(EUR thousand)	12/31/2009	12/31/2008
Equity instruments	128	138
Debt instruments	-	381
Total securities measured at fair value and recognized in other comprehensive income	**128**	**519**

The equity instruments presented in the table above represent investments in listed securities. The fair value of these securities was based on published market prices in all cases. The average interest rate on debt instruments in the previous year was 3.1 percent.

Derivative financial instruments

Derivative financial instruments are explained in section 7.8.

Miscellaneous other financial assets

Miscellaneous other financial assets with a nominal value of EUR 150,061 thousand (previous year: EUR 162,116 thousand) were recognized as of the reporting date. They are broken down into noncurrent and current assets as follows:

(EUR thousand)	12/31/2009	12/31/2008
Other receivables from unconsolidated subsidiaries	1,434	373
Other receivables from equity investments	1,034	970
Receivables from tax authorities	2,692	201
Sundry miscellaneous other financial assets	8,025	7,850
Other noncurrent financial assets	**13,185**	**9,394**
Other receivables from unconsolidated subsidiaries	19,395	19,948
Other receivables from equity investments	958	4,236
Other receivables from tax authorities	56,665	64,625
Sundry miscellaneous other financial assets	59,858	63,913
Other current financial assets	**136,876**	**152,722**
Total	**150,061**	**162,116**

Receivables from tax authorities primarily comprise VAT receivables.

Sundry miscellaneous other financial assets include prepaid expenses totaling EUR 28,708 thousand (previous year: EUR 38,939 thousand).

The maturity structure of sundry miscellaneous other financial assets is as follows:

(EUR thousand)		12/31/2009	12/31/2008
Carrying amount before impairment losses		**72,167**	**75,336**
Impairment losses		4,284	3,573
Carrying amount		**67,883**	**71,763**
of which not yet due at the reporting date		67,740	71,031
of which past due at the reporting date		143	732
Past due periods (time bands):	less than 30 days	-	203
	between 31 and 60 days	-	-
	between 61 and 90 days	-	4
	between 91 and 180 days	-	-
	between 181 and 360 days	-	35
	more than 360 days	143	490

6.6 Inventories

Inventories are composed of the following items:

(EUR thousand)	12/31/2009	12/31/2008
Raw materials, consumables, and supplies	187,128	228,843
Work in progress	125,524	167,210
Assets for third parties under construction	19,770	28,136
Finished goods and merchandise	200,692	256,912
Advance payments	33,015	36,697
Total	**566,129**	**717,798**

Impairment losses of EUR 25,594 thousand (previous year: EUR 11,232 thousand) were charged on inventories in the year under review. Impairment losses on inventories in previous years amounting to EUR 1,158 thousand (previous year: EUR 2,006 thousand) were reversed due to increased market prices.

6.7 Trade receivables

Trade receivables are composed of the following items:

(EUR thousand)	12/31/2009	12/31/2008
Trade receivables	815,604	1,019,287
of which from third parties	796,392	986,440
of which from unconsolidated subsidiaries	15,869	29,842
of which from equity investments	3,343	3,005
Gross amount due from customers for contract work	248,055	330,961
Total	**1,063,659**	**1,350,248**

Trade receivables include receivables of EUR 9,059 thousand (previous year: EUR 16,412 thousand) that will not be realized until later than one year after the reporting date. Bad debt allowances on trade receivables totaled EUR 70,864 thousand (previous year: EUR 59,920 thousand).

The receivables include collateral claims amounting to EUR 31,026 thousand (previous year: EUR 28,814 thousand).

No trade receivables (previous year: EUR 5,249 thousand) were assigned in global form as collateral for bank loans in fiscal year 2009.

The average payment period and volume of receivables outstanding are in line with the general market.

The maturity structure of trade receivables – with the exception of receivables from affiliated companies and equity investments – is as follows:

(EUR thousand)		12/31/2009	12/31/2008
Carrying amount before impairment losses		**867,256**	**1,046,360**
Impairment losses		70,864	59,920
Carrying amount		**796,392**	**986,440**
of which not yet due at the reporting date		622,091	758,851
of which past due at the reporting date		174,301	227,589
Past due periods (time bands):	less than 30 days	72,389	89,744
	between 31 and 60 days	23,890	50,123
	between 61 and 90 days	17,913	17,881
	between 91 and 180 days	18,293	27,885
	between 181 and 360 days	16,073	19,321
	more than 360 days	25,743	22,635

Construction contracts

The gross amount due from and to customers for contract work is composed of the following items:

(EUR thousand)	12/31/2009	12/31/2008
Capitalized production cost of construction contracts	1,983,915	2,204,371
plus POC gain	353,626	388,536
less anticipated losses	14,054	18,029
less progress billings	2,374,468	2,546,529
Total	**-50,981**	**28,349**
Gross amount due from customers for contract work (included in trade receivables)	248,055	330,961
Gross amount due to customers for contract work (included in other liabilities)	-299,036	-302,612
Total	**-50,981**	**28,349**

The gross amount due to customers for contract work relates almost exclusively to progress billings that exceed capitalized production cost.

Advance payments received on construction contracts amounting to EUR 54,417 thousand (previous year: EUR 46,938 thousand) were reported as of December 31, 2009. Revenue of EUR 2,316,328 thousand (previous year EUR 2,762,952 thousand) was generated from construction contracts in the year under review.

6.8 Income tax receivables

Income tax receivables amounted to EUR 21,303 thousand at the reporting date (previous year: EUR 10,672 thousand). All income tax assets are due within one year.

6.9 Cash and cash equivalents

Cash and cash equivalents were composed of the following items at the reporting date:

(EUR thousand)	12/31/2009	12/31/2008
Unrestricted cash	488,057	431,106
Restricted cash	3,922	8,448
Total	**491,979**	**439,554**

Cash and cash equivalents comprise cash funds and overnight deposits. Restricted cash consists of term deposits and bank deposits.

The standard market interest rate for short-term bank deposits in the euro zone was between 0.3 and 2.0 percent (previous year: between 1.6 and 4.3 percent). The average interest rate at the end of the year was 0.4 percent.

6.10 Assets held for sale/liabilities associated with assets held for sale

Assets held for sale relate to a property that is no longer required for operating purposes. After the property has been divided into lots, the individual lots will be sold. The property is expected to be sold within a year.

In the previous year, other plots of land and buildings that are no longer used for operating purposes were reported as assets held for sale. As the sale of these assets at an acceptable price does not appear feasible in the short term due to the current market environment, they no longer meet the criteria for recognition as assets held for sale. They were therefore reclassified as investment property (see section 6.2). This also applies to the assets belonging to MG Rohstoffhandel GmbH, which were reported under this item in the previous year. Despite serious negotiations, the sale of MG Rohstoffhandel GmbH has not yet been completed. As it is unclear whether the ongoing efforts to sell the company will be successful, the assets in question have been reallocated to the relevant balance sheet items. The same procedure was applied to the liabilities of the company that were reported as liabilities associated with assets held for sale.

7. Consolidated balance sheet disclosures: Equity and liabilities

7.1 Equity

Subscribed capital

The subscribed capital of GEA Group Aktiengesellschaft was unchanged at EUR 496,890,369 as of December 31, 2009. As before, the shares are composed of 183,807,845 no-par value bearer shares. All the shares are fully paid up.

As in the previous year, the shares have a notional value of EUR 2.70 each (rounded).

Authorized capital

(EUR thousand)	Annual General Meeting resolution	Expiring on	Amount (EUR thousand)
Authorized Capital I	April 30, 2007	April 29, 2012	77,000
Authorized Capital II	April 22, 2009	April 21, 2014	72,000
Authorized Capital III	April 22, 2009	April 21, 2014	99,000
Total			**248,000**

Under **Authorized Capital I**, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital by issuing new no-par value shares against cash contributions on one or more occasions and, in accordance with § 5(4) of the Articles of Association, to set a starting date for profit rights that deviates from the date stipulated by law. The Executive Board is also entitled, with the approval of the Supervisory Board, to exclude fractions from the shareholders' preemptive rights. Furthermore, the Executive Board is authorized, with the approval of the Supervisory Board, to stipulate the further details of the capital increase from Authorized Capital I and the terms and conditions of the share issue.

Under **Authorized Capital II**, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital by issuing new no-par value shares against cash contributions on one or more occasions and, in accordance with § 5(4) of the Articles of Association, to set a starting date for profit sharing that deviates from the date stipulated by law. The Executive Board is also entitled, with the approval of the Supervisory Board, to exclude fractions from the shareholders' preemptive rights. Furthermore, the Executive Board is authorized, with the approval of the Supervisory Board, to stipulate the further details of the capital increases from Authorized Capital II and the terms and conditions of the share issue. The new shares may also be underwritten by banks with the obligation of offering them to the shareholders for subscription.

Under **Authorized Capital III**, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital by issuing new no-par value shares against cash or noncash contributions on one or more occasions and, in accordance with § 5(4) of the Articles of Association, to set a starting date for profit sharing that deviates from the date stipulated by law. The Executive Board is also authorized, with the approval of the Supervisory Board, to disapply the shareholders' preemptive rights in the case of capital increases against noncash contributions for the purpose of business combinations or the acquisition of companies, parts of companies, or equity interests in companies. Furthermore, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply the shareholders' preemptive rights in the case of capital increases against cash contributions if the issue price of the new shares does not fall materially below the market price of the same class of shares of the Company at the time the issue price is set. This disapplication of preemptive rights in accordance with §§ 203(1) and 186(3) sentence 4 of the AktG is limited to a maximum of 10 percent of the Company's share capital. The limit of 10 percent of the share capital is reduced by the proportion of the share capital attributable to the treasury shares of the Company that are sold during the term of Authorized Capital III while the shareholders' preemptive rights are disapplied in accordance with §§ 71(1) no. 8 sentence 5 and 186(3) sentence 4 of the AktG. The limit is also reduced by the proportion of the share capital attributable to those shares that are issued to service bonds with warrants or convertible bonds with an option or conversion right or with an option or conversion obligation, provided that the bonds are issued during the term of Authorized Capital III and the shareholders' preemptive rights are disapplied in accordance with § 186(3) sentence 4 of the AktG. Furthermore, the Executive Board is entitled, with the approval of the Supervisory Board, to exclude fractions from the shareholders' preemptive rights. The Executive Board is also authorized, with the approval of the Supervisory Board, to stipulate the further details of the capital increases from Authorized Capital III and the terms and conditions of the share issue. The new shares may also be underwritten by banks with the obligation of offering them to the shareholders for subscription.

Contingent capital

(EUR thousand)	12/31/2009	12/31/2008
Bonds with warrants and convertible bonds	48,573	48,573
Right to compensation of the shareholders of the former GEA Aktiengesellschaft in accordance with § 305 of the AktG	3,211	3,211
Convertible profit participation certificates	-	1
Total	**51,784**	**51,785**

Under a resolution adopted by the Annual General Meeting on April 30, 2007, the share capital was contingently increased by up to EUR 48,573 thousand, comprising up to 19,000,000 bearer shares. The contingent capital increase will only be implemented to the extent that the holders of option or conversion rights arising from bonds with warrants or convertible bonds that are issued or guaranteed by the Company or a subordinate group company on the basis of the authorization of the Executive Board under the Annual General Meeting resolution dated April 30, 2007 utilize these rights. As in the previous year, no bonds with warrants or convertible bonds were issued in fiscal year 2009.

The share capital was contingently increased by a further EUR 3,211 thousand, comprising 1,188,791 bearer shares. The contingent capital increase serves to grant compensation in shares of the Company to the external shareholders of the former GEA Aktiengesellschaft, Bochum, in accordance with section 5 of the control and profit transfer agreement entered into by the former Metallgesellschaft AG and the former GEA Aktiengesellschaft dated June 29, 1999. Award proceedings on the appropriateness of the settlement and compensation defined in the control and profit transfer agreement are pending before the Dortmund Local Court. The contingent capital increase will only be implemented to the extent that the external shareholders of the former GEA Aktiengesellschaft prior to the squeeze-out assert any right to compensation once the award proceedings have been concluded by a non-appealable ruling.

The convertible profit participation certificates amounting to EUR 1 thousand were canceled effective April 23, 2009 and therefore expired.

Capital reserves

Capital reserves increased by EUR 189,046 thousand compared with the previous year to EUR 1,268,656 thousand (previous year: EUR 1,079,610 thousand). This rise is due to the amount of EUR 189,000 thousand recognized for the award proceedings (see section 6.3) and to expenses of EUR 46 thousand resulting from the launch of an employee share-based payment plan in South Africa.

Under the major “Medupi” order received at the end of 2007, GEA Group undertook to meet certain assessment criteria defined by the Broad Based Black Economic Empowerment Act of 2003. To do this, GEA Group launched a share-based payment plan for staff at its South African company, among other things. The shares granted to these employees are held indirectly via a trustee, which in turn issues options on these shares to the employees. The options vest after a five-year holding period. 20 percent of the options will be exercised each year after the holding period expires. The exercise price corresponds to the fair value of the shares at the grant date. The options lapse if employees leave the company before the five-year period expires.

13,610 options were issued on May 6, 2009. The number of options was unchanged as of December 31, 2009.

The weighted average fair value of the options issued amounted to EUR 36.69 at the grant date. The fair value of the options is determined using a Monte Carlo simulation. Expenses of EUR 46 thousand were recognized taking into account expected staff turnover in the period up to December 31, 2009.

Retained earnings and net retained profits

The changes in retained earnings and net retained profits are reported in the statement of changes in equity.

The distribution of profits is based on the single-entity financial statements of GEA Group Aktiengesellschaft prepared in accordance with the HGB.

Other comprehensive income

Other comprehensive income comprises the gains or losses on financial assets measured at fair value and recognized directly in equity, the effective portion of the change in fair value of derivatives designated as cash flow hedges, and the gains or losses on exchange rate differences caused by translating the currencies of foreign subsidiaries.

Noncontrolling interests

Noncontrolling interests in GEA Group companies amount to EUR 548 thousand (previous year: EUR 3,319 thousand).

7.2 Provisions

The following table shows the composition of and changes in provisions in 2009:

(EUR thousand)	Guarantees, warranties	Financial guarantee contracts	Litigation risks	Follow-up costs	Environmental protection, mining	Other provisions	**Total**
Balance at Jan. 1, 2009	**104,732**	**418,728**	**33,624**	**56,065**	**55,035**	**158,664**	**826,848**
of which noncurrent	11,703	47,894	24,815	7,016	44,121	45,566	**181,115**
of which current	93,029	370,834	8,809	49,049	10,914	113,098	**645,733**
Additions	65,966	300	15,414	37,148	18,467	83,481	**220,776**
of which reported in profit from discontinued operations	-	300	10,000	-	18,000	799	**29,099**
Utilization	-40,031	-160,957	-2,246	-21,128	-6,289	-69,587	**-300,238**
Reversal	-16,886	-17,480	-11,051	-4,840	-815	-13,767	**-64,839**
of which reported in profit from discontinued operations	-	-17,480	-10,025	-	-	-1,850	**-29,355**
Changes in consolidated Group	910	-	-	-	-	-69	**841**
Effect of interest rate changes	-	-	-	-	771	1,204	**1,975**
Interest cost	314	-	-81	-	1,428	1,535	**3,196**
of which reported in profit from discontinued operations	-	-	-	-	-	-	**-**
Exchange differences	942	-387	136	-648	1	622	**666**
Balance at Dec. 31, 2009	**115,947**	**240,204**	**35,796**	**66,597**	**68,598**	**162,083**	**689,225**
of which noncurrent	17,180	25,736	10,363	7,121	61,586	53,696	**175,682**
of which current	98,767	214,468	25,433	59,476	7,012	108,387	**513,543**

Provisions for guarantees and warranties

Provisions for guarantees and warranties relate to warranty commitments for products and equipment. As is customary in the industry, the guarantees and warranties on which they are based are granted in connection with certain performance criteria relating to products or equipment (e.g., guaranteed output volume, quality of product manufactured). Warranties usually have a contractual term of between one and two years from the date on which the products or equipment are accepted. In addition to warranties explicitly agreed under contract, product liability rules apply in many sales countries and may also stipulate that the manufacturer is liable beyond the contractually defined term of the warranty. In some cases, recourse claims exist in the form of insurance refunds or subcontractor guarantees. The level of provisions is based on management's best estimate. Refund claims against non-Group third parties are recognized in the amount of EUR 87 thousand (previous year: EUR 80 thousand).

Provisions for financial guarantee contracts

Provisions for guarantees comprise obligations under indemnification agreements as well as warranties and undertakings relating to the sale of business activities. The utilization of provisions in fiscal year 2009 is due mainly to the performance of the Lentjes orders. The income from the reversal of provisions reported in profit from discontinued operations relates among other things to lower estimated risks from other warranties and undertakings in the share purchase agreements for Lurgi and Lentjes as well as Dynamit Nobel.

Litigation risks

Provisions were recognized for risks arising from expected or pending litigation against GEA Group companies if it is believed that there is likely to be an unfavorable outcome to the proceedings. Assessments by the lawyers or legal experts representing the Company were used to determine the likelihood of such litigation. The probable damages or sanctions have been recognized as a liability. The expenses relating to additions and the income from the reversal of provisions reported in profit from discontinued operations relate to the arbitration proceedings involving Esso Deutschland GmbH against LL Plant Engineering AG and the legal dispute between the insolvency administrator of Dörries Scharmann AG and GEA Group Aktiengesellschaft (see section 9.4)

Follow-up costs

This item comprises the cost of residual work that is incurred after a contract has already been invoiced and the profit from the contract has been recognized. The amount of the expected cost is stated.

Environmental protection, mining

This item mainly comprises provisions for the clean-up of pit water from past mining activities, the clean-up of other instances of groundwater contamination, and the removal of contamination resulting from zinc production by Ruhr-Zink. Due to a lack of legal precedents, the law is unclear in some cases as to the amount and duration of the Company's obligation to clean up pit and ground water. The amount of the obligation will be influenced by the legal clarification of this issue, which the Company aims to achieve in cooperation with the authorities and the state of North Rhine-Westphalia. The level of provisions is based on the best estimate. The expenses relating to additions reported in profit from discontinued operations are attributable to the obligation to remove contamination resulting from zinc production, including related measures to protect groundwater.

Other provisions

Other provisions include provisions for expected losses of EUR 36,303 thousand (previous year: EUR 29,577 thousand), restructuring provisions of EUR 4,592 thousand (previous year: EUR 5,016 thousand), provisions for repayments of investment subsidies of

EUR 29,728 thousand (previous year: EUR 27,193 thousand), and provisions for unconsolidated companies of EUR 12,659 thousand (previous year: EUR 10,425 thousand). Provisions for expected losses of EUR 36,303 thousand (previous year: EUR 29,577 thousand) relate mainly to leases.

7.3 Employee benefit obligations

Employee benefit obligations are composed of the following items:

(EUR thousand)	12/31/2009	12/31/2008
Obligations under pension plans	432,799	441,579
of which defined benefit pension plans	431,948	440,642
of which defined contribution pension plans	851	937
Obligations under supplementary healthcare benefits	16,021	16,038
Other post-employment benefits	12,264	14,128
Partial retirement	22,909	24,875
Jubilee benefits	7,474	7,134
Other noncurrent obligations to employees	260	2,207
Noncurrent employee benefit obligations	**491,727**	**505,961**
Redundancy plan and severance payments	31,577	14,227
Outstanding vacation, flexitime/overtime credits	46,058	50,355
Bonuses	61,601	76,855
Other current obligations to employees	32,217	57,598
Current employee benefit obligations	**171,453**	**199,035**
Total employee benefit obligations	**663,180**	**704,996**

7.3.1 Defined benefit pension plans

Pension obligations and funded status

Pension benefits are granted to a large number of employees at GEA Group. The benefits in Germany usually comprise pension commitments. Employees typically receive fixed pension payments per year of service. Individual foreign subsidiaries operate country-specific pension plans, some of which are funded. As a rule, benefit obligations in Germany are unfunded.

As in the previous year, Klaus Heubeck's 2005G mortality tables were used as a basis for measuring all German pension plans as of December 31, 2009.

All German pension plans were measured as of December 31, 2009. The measurement date of the majority of foreign pension plans is also December 31, 2009.

The following table shows the changes in the present value of the defined benefit obligation and the plan assets, as well as in the calculation of the funded status:

	12/31/2009		12/31/2008	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Present value of defined benefit obligation at beginning of fiscal year	**409,247**	**99,659**	**444,360**	**106,614**
Reclassification as held for sale	1,441	-	-1,486	-
Service cost: present value of vested entitlements earned during the period	3,551	1,645	3,684	1,891
Interest cost of expected pension obligations	23,147	5,226	22,967	5,158
Employee contributions	-	646	-	653
Plan settlements	-	-2,684	-	-702
Actuarial loss (+)/gain (-)	9,903	4,911	-32,282	-3,703
Past service cost	-	-2,192	-	2,300
Transfer of assets	-	-	1,223	-
Changes in consolidated Group	-	116	-	-6,766
Exchange differences	-	31	-	-69
Pension payments	-29,826	-5,609	-29,219	-5,717
Present value of defined benefit obligation at end of fiscal year	**417,463**	**101,749**	**409,247**	**99,659**
Fair value of plan assets at beginning of fiscal year	**16,152**	**61,642**	**15,594**	**84,707**
Expected return on plan assets	729	3,570	749	4,854
Actuarial gain (+)/loss (-)	-75	5,251	-18	-21,233
Employer contributions	1,680	4,652	647	5,342
Employee contributions	-	646	-	653
Plan settlements	-	-1,639	-	-
Changes in consolidated Group	-	-	-	-8,192
Exchange differences	-	102	-	150
Pension payments by the funds	-1,033	-4,578	-820	-4,642
Fair value of plan assets at end of fiscal year	**17,453**	**69,646**	**16,152**	**61,642**
Calculation of funded status				
Funded status	400,010	32,103	393,095	38,017
Unrecognized actuarial gains (+)/losses (-)	13,610	-15,844	27,510	-17,752
Reclassification as held for sale	-80	-	148	-
Unrecognized past service cost	-	-102	-	-2,245
Net carrying amount	**413,540**	**16,157**	**420,753**	**18,020**

The following overview shows the present value of the defined benefit obligation broken down into funded and unfunded plans:

	12/31/2009		12/31/2008	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Present value of funded obligations	113,447	94,074	107,531	90,868
Fair value of plan assets	17,453	69,646	16,152	61,642
Funded status	**95,994**	**24,428**	**91,379**	**29,226**
Unrecognized actuarial losses	-2,557	-14,919	-2,252	-17,021
Unrecognized past service cost	-	-102	-	-1,290
Net carrying amount of funded obligations	**93,437**	**9,407**	**89,127**	**10,915**
Present value of unfunded obligations	304,016	7,675	301,716	8,791
Unrecognized actuarial gains (+)/losses (-)	16,087	-925	29,910	-731
Unrecognized past service cost	-	-	-	-955
Net carrying amount of unfunded obligations	**320,103**	**6,750**	**331,626**	**7,105**
Net carrying amount	**413,540**	**16,157**	**420,753**	**18,020**

Experience adjustments made to reflect differences between actuarial assumptions and actual developments had the following effects:

	Germany			
(EUR thousand)	12/31/2009	12/31/2008	12/31/2007	12/31/2006
Present value of defined benefit obligation	**417,463**	**409,247**	**444,360**	**484,931**
Effects of experience adjustments in the fiscal year (loss)	5,138	1,286	4,124	793
Fair value of plan assets	**17,453**	**16,152**	**15,594**	**14,734**
Effects of experience adjustments in the current fiscal year (gain (+) / loss (-))	-75	-18	-164	243
Funded status	**400,010**	**393,095**	**428,766**	**470,197**

	Other countries			
(EUR thousand)	12/31/2009	12/31/2008	12/31/2007	12/31/2006
Present value of defined benefit obligation	**101,749**	**99,659**	**106,614**	**101,790**
Effects of experience adjustments in the fiscal year (loss (+) / gain (-))	-11	1,100	-548	-552
Fair value of plan assets	**69,646**	**61,642**	**84,707**	**72,745**
Effects of experience adjustments in the current fiscal year (gain (+) / loss (-))	5,251	-21,333	-5,328	239
Funded status	**32,103**	**38,017**	**21,907**	**29,045**

The net carrying amount of defined benefit pension plans changed as follows in fiscal years 2009 and 2008:

	12/31/2009		12/31/2008	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Net carrying amount at beginning of fiscal year	420,753	18,020	426,874	21,782
Reclassification as held for sale	1,361	-	-1,338	-
Net pension expenses	21,899	4,819	23,040	2,155
of which reported in profit from discontinued operations	348	-	318	-
Employer contributions	-1,680	-4,652	-647	-5,342
Pension payments	-28,793	-1,031	-28,399	-1,075
Plan settlements/curtailments	-	-1,045	-	-702
Changes in consolidated Group/transfers of assets/exchange differences	-	46	1,223	1,202
Net carrying amount	**413,540**	**16,157**	**420,753**	**18,020**

The amounts for pensions plans relating to continuing operations reported in the consolidated balance sheet are composed of the following items:

	12/31/2009		12/31/2008	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Employee benefit obligations	413,540	18,408	420,753	19,889
Prepaid expenses	-	-2,251	-	-1,869
Net carrying amount	**413,540**	**16,157**	**420,753**	**18,020**

Of the pension provisions reported as of December 31, 2009, EUR 36,260 thousand (previous year: EUR 35,672 thousand) are classified as current.

Actuarial assumptions

The weighted actuarial assumptions used to calculate the present value of the defined benefit obligation and the obligations under key pension plans are as follows:

	12/31/2009		12/31/2008	
(Percent)	Germany	Other countries	Germany	Other countries
Discount factor	5.75	5.10	5.85	5.50
Wage and salary increase rate	2.80	2.30	2.80	2.30
Pension increase rate	1.54	0.50	1.55	0.70

The actuarial measurement factors for German pension plans are established in consultation with actuarial experts Watson Wyatt Heissmann GmbH, Wiesbaden. The corresponding assumptions for pension plans outside Germany are determined with the help of local experts in accordance with national conditions.

Plan assets

The weighted composition of the plan assets used to cover the pension obligations was as follows at the reporting date:

(Percent)	12/31/2009 Germany	12/31/2009 Other countries	12/31/2008 Germany	12/31/2008 Other countries
Equity instruments	2.2	40.9	0.9	32.8
Debt instruments	29.8	25.6	30.2	30.2
Real estate	-	2.4	-	1.8
Insurance	67.0	22.1	68.8	24.4
Other	1.0	9.0	0.1	10.8
	100.0	**100.0**	**100.0**	**100.0**

As in the previous year, the plan assets of German pension plans were managed by pension funds and an endowment fund, and are mainly invested in fixed-income securities and term deposits, with only a relatively small proportion invested in equities. Plan assets held outside Germany are invested according to country-specific conditions as shown in the table above. In addition, a proportion of both the German and foreign plan assets is managed by insurance companies in accordance with their specific investment guidelines. The basic objective is that these investments ensure secure returns and preserve the value of the underlying assets in order to fund current and future pension benefits. There are currently no plans to change this investment strategy. The fair values and the expected long-term return on the plan assets are presented in the relevant tables. The returns are based primarily on average historical interest rates and current capital market rates.

In fiscal year 2010, EUR 941 thousand is expected to be added to the plan assets of German pension plans and EUR 4,974 thousand to foreign plans.

The actual return on plan assets in 2009 was EUR 9,475 thousand (previous year: EUR -15,648 thousand). It exceeded the expected return by EUR 5,176 thousand (previous year: EUR -21,251 thousand).

Pension expenses

The pension expenses recognized in the income statement are composed of the following items:

(EUR thousand)	01/01/2009 - 12/31/2009 Germany	Other countries	01/01/2008 - 12/31/2008 Germany	Other countries
Service cost: present value of vested entitlements earned during the year	3,551	1,645	3,684	1,891
Less service cost included in profit from discontinued operations	-45	-	-70	-
Interest cost of expected pension obligations	23,147	5,226	22,967	5,158
Less interest cost reported in profit from discontinued operations	-303	-	-296	-
Expected return on plan assets	-729	-3,570	-749	-4,857
Less return on plan assets reported in profit from discontinued operations	-	-	3	-
Effects of plan settlements	-	-1,045	-	-594
Amortization of actuarial losses (+) / gains (-)	-4,070	1,567	-2,861	-96
Less amortization expense reported in profit from discontinued operations	-	-	45	-
Amortization of past service cost	-	-49	-	56
Net pension expenses	**21,551**	**3,774**	**22,723**	**1,558**

Service cost, the effects of plan settlements, amortized actuarial gains and losses, and the past service cost of continuing operations are recognized as personnel expenses under functional costs (cost of sales, selling expenses, and general and administrative expenses). The interest cost of expected pension obligations and the expected return on plan assets are reported under net interest income.

Actuarial assumptions

The weighted actuarial assumptions used to calculate net pension expenses are as follows:

(Percent)	2009 Germany	Other countries	2008 Germany	Other countries
Discount factor	5.85	5.50	5.60	5.30
Wage and salary increase rate	2.80	2.30	2.80	2.70
Pension increase rate	1.55	0.70	2.00	1.20
Expected long-term return on plan assets	4.80	6.50	4.70	6.70

Future payments

The following payments are expected to be made under the German and foreign pension plans in the coming years:

(EUR thousand)	2010	2011	2012	2013	2014	2015 - 2019
German pension plans	30,952	31,059	31,090	31,103	31,306	153,486
Foreign pension plans	5,308	5,049	5,249	5,561	5,747	29,354

7.3.2 Obligations under supplementary healthcare benefits

Obligations and funded status

In addition to occupational pension benefits, certain retired employees are granted health insurance subsidies. The following information relates to the group's obligations under supplementary healthcare benefits in Germany and abroad:

	12/31/2009		12/31/2008	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Changes in present value of defined benefit obligation				
Present value of defined benefit obligation at beginning of fiscal year	15,365	252	15,493	345
Reclassification as held for sale	527	-	-522	-
Service cost: present value of vested entitlements earned during the period	20	2	31	2
Interest cost of expected additional payment obligations	893	11	807	14
Actuarial loss (+)/gain (-)	-77	43	259	-66
Changes in consolidated Group	-	-	539	-
Exchange differences	-	-16	-	28
Payments	-1,267	-69	-1,242	-71
Present value of defined benefit obligation at end of fiscal year	**15,461**	**223**	**15,365**	**252**
Calculation of funded status				
Funded status	15,461	223	15,365	252
Unrecognized actuarial gains	257	106	230	159
Reclassification as held for sale	-26	-	32	-
Net carrying amount	**15,692**	**329**	**15,627**	**411**

Experience adjustments made to reflect differences between actuarial assumptions and actual developments had the following effects:

	Germany			
(EUR thousand)	12/31/2009	12/31/2008	12/31/2007	12/31/2006
Present value of defined benefit obligation	**15,461**	**15,365**	**15,493**	**17,972**
Effects of experience adjustments in the current fiscal year (loss (+) / gain (-))	-213	669	-527	-396

	Other countries		
(EUR thousand)	12/31/2009	12/31/2008	12/31/2007
Present value of defined benefit obligation	**223**	**252**	**345**
Effects of experience adjustments in the current fiscal year (loss (+) / gain (-))	38	-9	7

The net carrying amount of obligations under supplementary healthcare benefits changed as follows in fiscal years 2009 and 2008:

	2009		2008	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Net carrying amount at beginning of fiscal year	15,627	411	16,206	442
Reclassification as held for sale	501	-	-490	-
Net pension expenses	831	3	614	12
of which reported in profit from discontinued operations	21	-	27	-
Payments	-1,267	-69	-1,242	-71
Changes in consolidated Group/exchange differences	-	-16	539	28
Net carrying amount	**15,692**	**329**	**15,627**	**411**

Actuarial assumptions

The weighted actuarial assumptions used to calculate the present value of the defined benefit obligation relating to supplementary healthcare benefits were as follows:

	2009		2008	
(Percent)	Germany	Other countries	Germany	Other countries
Discount factor	5.75	5.00	5.85	5.25
Growth rate in the cost of healthcare benefits	4.00	9.00	4.00	10.00

The growth rate in the cost of supplementary healthcare benefits in Germany is estimated at an unchanged 4 percent for fiscal year 2010. Based on past experience, this rate is not expected to change in the future.

Forecast growth rates in the cost of additional medical and dental care benefits are taken into account when determining foreign supplementary healthcare benefits. The growth rates in the cost of supplementary medical benefits amounted to 10.0 percent (previous year: 11.0 percent). They will decrease by 1.0 percentage points per year until 2014. The growth rates in the cost of supplementary dental care benefits amounted to 5.5 percent (previous year: 6.5 percent). They will decline by 0.5 percentage points per year until 2012.

The date used to measure obligations under supplementary healthcare benefits in Germany and abroad is December 31, 2009.

Expenses

The cost of supplementary healthcare benefits is composed of the following items:

	12/31/2009		12/31/2008	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Service cost: present value of vested entitlements earned during the year	20	2	31	2
Less service cost included in profit from discontinued operations	-	-	-6	-
Interest cost of expected additional payment obligations	893	11	807	14
Less interest cost reported in profit from discontinued operations	-21	-	-21	-
Amortization of actuarial gains	-82	-10	-224	-4
Net pension expenses	**810**	**3**	**587**	**12**

Service cost and amortized actuarial gains and losses from continuing operations are reported as personnel expenses under functional costs; the interest cost on expected pension obligations is recognized under interest expense.

Actuarial assumptions

The weighted actuarial assumptions used to calculate the cost of supplementary healthcare benefits in Germany and abroad are as follows:

	2009		2008	
(Percent)	Germany	Other countries	Germany	Other countries
Discount factor	5.85	5.25	5.60	5.00
Growth rate in the cost of healthcare benefits	4.00	10.00	4.00	11.00

Future payments

Estimated future payments for additional benefits in Germany and abroad are as follows:

(EUR thousand)	2010	2011	2012	2013	2014	2015 - 2019
German plans	1,268	1,273	1,270	1,269	1,260	6,086
Foreign plans	86	72	53	29	-	-

The following overview presents the effect of a one percentage point change in the growth rate of healthcare and life insurance benefits in Germany and abroad on the total of service cost and interest cost, as well as on the present value of the defined benefit obligation at December 31, 2009:

	1% increase		1% decrease	
(EUR thousand)	Germany	Other countries	Germany	Other countries
Effects on the total of service cost and interest cost	93	1	-78	1
Effects on the present value of the defined benefit obligation	1,498	2	-1,304	-2

7.3.3 Defined contribution pension plans

Various companies – especially in the U.S.A. and Scandinavia – operate defined contribution pension plans. Under these plans, the obligation does not lie with GEA Group, but with the respective pension funds. Contributions totaling EUR 11,227 thousand were paid in fiscal year 2009 (previous year: EUR 11,545 thousand). These contributions are recognized as personnel expenses at the same time as the relevant work is performed.

A joint pension plan operated by several employers in the Netherlands was recognized as a defined contribution pension plan because the manager of the plan does not provide sufficient information to the participating companies on the amount of the obligation and of the plan assets for it to be recognized as a defined benefit pension plan. Contributions amounting to EUR 42 thousand (previous year: EUR 202 thousand) were made to the joint pension plan in fiscal year 2009. Neither a surplus nor a deficit in the plan would have any effect on the amount of future contributions.

7.3.4 Performance Share Plan

Effective July 1, 2006 and July 1, 2007, GEA Group Aktiengesellschaft launched a long-term remuneration program entitled "GEA Performance Share Plan" for all first- and second-level managers below the Executive Board. Third-level managers were also eligible to participate for the first time in the third tranche as of August 1, 2008. The fourth tranche was issued on August 1, 2009. The goal of the GEA Performance Share Plan is to link managers' remuneration with the long-term success of the Company and to align their interests with those of the shareholders.

Under the plan, participants are granted a defined number of Performance Shares at the beginning of the performance period. The number of Performance Shares allotted is determined by the participants' seniority. The Performance Shares must then be held for three years (performance period). To participate in the plan, managers must invest 20 percent of the amount of the allotted Performance Shares in shares of GEA Group Aktiengesellschaft.

The performance of GEA Group Aktiengesellschaft's shares relative to all other MDAX companies over the three-year performance period is measured on the basis of their total shareholder return (TSR). TSR is a suitable indicator for investors to compare the performance and appeal of different companies. It measures the total percentage return that an investor earns from a share over a certain period. In addition to share price performance, dividends and adjustments such as share splits are included in the calculation of TSR. This method of comparison eliminates share price performance that is due to general market volatility and enables the effects of different profit retention strategies to be compared. The relative performance of GEA Group Aktiengesellschaft's shares determines the number of Performance Shares finally paid out (between 0 percent and 300 percent).

The Performance Shares are paid out once the three-year performance period has expired. The performance of GEA Group Aktiengesellschaft's shares relative to the MDAX determines how many Performance Shares are paid out: If the performance of the Company's shares equals the median in a TSR comparison, 50 percent of the Performance Shares are issued; if it reaches the third quartile, 100 percent of the Performance Shares are paid out. If GEA Group Aktiengesellschaft's shares outperform all other MDAX companies, 300 percent of the Performance Shares are issued. Other performance figures are interpolated between these values. The total amount paid out corresponds to the number of Performance Shares allotted to a participant multiplied by the average share price over the last quarter of the three-year performance period. Once the performance period has expired, participants may freely dispose of their GEA Group Aktiengesellschaft shares.

The first tranche expired on June 30, 2009. The TSR comparison over the three-year performance period resulted in a payout ratio of 88.85 percent. The average share price over the last quarter of the performance period was EUR 10.40. The fair value of the Performance Shares therefore amounted to EUR 9.24. A total of EUR 942 thousand was paid out.

The number of Performance Shares changed as follows in fiscal year 2009:

(Number of shares)	12/31/2008	Additions	Expired	Paid out	12/31/2009
2006 tranche	104,040	-	-2,040	-102,000	-
2007 tranche	70,180	-	-11,470	-	58,710
2008 tranche	187,970	-	-18,390	-	169,580
2009 tranche	-	371,595	-8,100	-	363,495
Total	**362,190**	**371,595**	**-40,000**	**-102,000**	**591,785**

The total expense for fiscal year 2009 amounts to EUR 779 thousand (previous year: EUR 97 thousand), taking into account the fair value as of December 31, 2009 of EUR 11.73 (previous year: EUR 10.68) for the second tranche, EUR 6.34 (previous year: EUR 7.49) for the third tranche, and EUR 9.85 EUR for the fourth tranche, as well as EUR 9.24 (previous year: EUR 13.50) for the first tranche at the payment date. The fair value of the Performance Shares is determined using a multidimensional Monte Carlo simulation. The obligation under the plan amounted to EUR 1,579 thousand as of December 31, 2009 (previous year: EUR 1,774 thousand). The noncurrent portion is reported under provisions for other obligations to employees and the current portion under provisions for bonuses.

7.3.5 Redundancy plan and severance payments

The increase in provisions for redundancy plan obligations and severance payments is due to the measures initiated in fiscal year 2009 to adjust capacity as a result of ongoing market weakness in the various customer segments and regions (see the disclosures on capacity adjustment measures in the management report).

7.4 Financial liabilities

Financial liabilities as of December 31, 2009 were composed of the following items:

(EUR thousand)	12/31/2009	12/31/2008
Borrower's note loan	199,707	199,549
of which with a remaining maturity of > 5 years	-	-
Liabilities to banks	16,390	21,280
of which with a remaining maturity of > 5 years	165	3,217
Liabilities under finance leases	12,155	13,399
of which with a remaining maturity of > 5 years	8,530	10,047
Liabilities from derivatives	18,872	20,850
of which with a remaining maturity of > 5 years	3,617	1,977
Noncurrent financial liabilities	**247,124**	**255,078**
Liabilities to banks	228,765	279,463
Liabilities under finance leases	1,589	1,048
Liabilities from derivatives	7,297	24,899
Liabilities to equity investments	1,299	-
Current financial liabilities	**238,950**	**305,410**
Total financial liabilities	**486,074**	**560,488**

Borrower's note loan

In August 2008, GEA Group Aktiengesellschaft placed a borrower's note loan with a nominal amount of EUR 200,000 thousand. The loan bears interest at 110 basis points above the relevant 3M Euribor. The effective interest rate was 1.814 percent as of December 31, 2009. The borrower's note loan is unsecured, has a three-year term and a bullet maturity. The difference between the carrying amount and the nominal value of EUR 293 thousand is attributable to the transaction costs that were allocated over the term of the loan using the effective interest method.

Liabilities to banks

The decline in bank liabilities is due in particular to the results of the measures to reduce working capital. The maturities of liabilities to banks are as follows:

(EUR thousand)	12/31/2009	12/31/2008
< 1 year	228,765	279,463
1 - 2 years	2,550	4,955
2 -3 years	11,500	1,134
3 -4 years	2,118	1,111
4 -5 years	57	10,863
>5 years	165	3,217
Total	**245,155**	**300,743**

The current liabilities relate mainly to the utilization of the syndicated multicurrency revolving credit facility. In July 2006 the facility was extended until July 2011. The interest rate on drawdowns is based on the fixed money market rate at the time of the drawdown. This corresponds to Euribor for the possible terms of 1 month to 12 months plus a margin of 40 basis points. The margin increases to 45 basis points once the total drawdowns reach EUR 250,000 thousand. As of the reporting date, EUR 200,000 thousand of the syndicated credit line had been utilized; its interest payments were fixed for a total of three years in 2008 using four interest rate swaps. The weighted average interest rate for these swaps is 3.93 percent. This allowed an interest rate of 4.33 percent including the margin to be secured for this drawdown for a term of three years. The credit line is unsecured, as is the case with the borrower's note loan. However, adherence to a particular key performance indicator relating to the gearing level must be proven at the end of each quarter.

Other liabilities to banks in the euro zone bore interest rates of between 0.8 percent and 5.9 percent, depending on their maturity and financing purpose (previous year: between 3.2 percent and 6.0 percent). The group also held foreign currency liabilities in Indian rupees (previous year: Indian rupees) and Brazilian real (previous year: Chinese renminbi) that also bear standard market interest rates in the respective countries of around 13.0 percent (previous year: 16.7 percent) and 11.4 percent (previous year: 6.2 percent).

Liabilities to banks totaling EUR 3,479 thousand (previous year: EUR 4,859 thousand) were secured.

Cash credit and guarantee credit lines

Including the borrower's note loan and the two syndicated credit lines, the group had cash credit lines of EUR 1,393,494 thousand as of December 31, 2009 (previous year: EUR 1,160,447 thousand). Of this amount, cash credit lines of EUR 948,608 thousand (previous year: EUR 660,155 thousand) are unutilized (see section 3). In addition, guarantee lines of EUR 2,137,234 thousand (previous year: EUR 2,464,611 thousand) were available for the performance of contracts, advance payments, and warranty obligations; EUR 1,024,099 thousand of this amount (previous year: EUR 1,088,596 thousand) was utilized.

Liabilities under finance leases

The following table shows a breakdown of future payments under finance leases:

	Minimum lease payments		Present value of minimum lease payments	
(EUR thousand)	12/31/2009	12/31/2008	12/31/2009	12/31/2008
< 1 year	1,683	1,570	1,589	1,483
1 - 2 years	1,104	1,744	969	1,555
2 -3 years	932	1,037	750	850
3 -4 years	1,046	1,172	776	894
4 -5 years	1,595	1,612	1,130	1,163
> 5 years	14,084	14,683	8,530	8,502
Total future payments under finance leases	**20,444**	**21,818**	**13,744**	**14,447**

Leases relate primarily to land and buildings. The present value of minimum lease payments as of December 31, 2009 relating to leases for land and buildings amounted to EUR 12,770 thousand (previous year: EUR 13,450 thousand).

The weighted average incremental borrowing rate of interest used to calculate the present value of the minimum lease payments was 8 percent (previous year: 7 percent).

As the interest rates used in leases are constant, the fair value of lease liabilities may be exposed to interest rate risk. All leases comprise contractually agreed payments.

Liabilities under finance leases are effectively secured because the rights to the leased asset revert to the lessor if the terms and conditions of the lease are violated.

Derivative financial instruments

Derivative financial instruments are explained in section 7.8.

7.5 Trade payables

Trade payables were as follows as of December 31, 2009:

(EUR thousand)	12/31/2009	12/31/2008
Trade payables	625,104	723,650
of which to unconsolidated companies	3,366	4,207
of which to equity investments	845	790

Trade payables of EUR 620,964 thousand (previous year: EUR 721,470 thousand) are due within one year. As in the previous year, no liabilities were due after more than five years.

Trade payables in the amount of EUR 78,865 thousand (previous year: EUR 159,370 thousand) are secured.

7.6 Income tax liabilities

Income tax liabilities relate to current taxes and amounted to EUR 44,500 thousand at the reporting date (previous year: EUR 55,680 thousand).

7.7 Other liabilities

Other liabilities as of December 31, 2009 are composed of the following items:

(EUR thousand)	12/31/2009	12/31/2008
Other noncurrent liabilities	**10,908**	**6,771**
Payments on account received in respect of orders and construction contracts	224,591	250,661
Gross amount due to customers for contract work	299,036	302,612
Other liabilities to unconsolidated subsidiaries	30,424	24,273
Liabilities from other taxes	42,689	36,885
Other noncurrent liabilities	69,241	86,673
of which for social security	17,092	16,228
of which to employees	10,025	10,620
Other current liabilities	**665,981**	**701,104**
Total other liabilities	**676,889**	**707,875**

Payments on account received in respect of orders amounting to EUR 61,906 thousand (previous year: EUR 93,290 thousand) and other liabilities amounting to EUR 14,311 thousand (previous year: EUR 22,193 thousand) are secured.

The gross amount due to customers for contract work is the total orders whose progress billings exceed the capitalized cost plus the contract gains and losses recognized. The balance includes an amount of EUR 6,599 thousand (previous year: EUR 11,488 thousand) that acts as a provision.

7.8 Financial instruments

The following tables provide an overview of the composition of financial instruments as of December 31, 2009 according to balance sheet classification and measurement categories. The tables also include financial assets and liabilities as well as derivatives that are included in recognized hedging relationships that do not belong to any of the IAS 39 measurement categories.

		Measurement in accordance with IAS 39				
(EUR thousand)	Carrying amount 12/31/2009	Amortized cost	Fair value through profit or loss	Fair value recognized in other comprehensive income	Measurement in accordance with other IFRSs	Fair value at 12/31/2009
Assets						
Trade receivables	1,063,659	815,604			248,055	1,063,659
Income tax receivables	21,303				21,303	21,303
Cash and cash equivalents	491,979	491,979				491,979
Other financial assets	194,977	96,740	4,278	3,617	90,342	194,977
of which: derivatives included in hedging relationships	3,489			3,489		3,489
In accordance with IAS 39 measurement categories						
Loans and receivables	1,369,579	1,369,579				1,369,579
Held-to-maturity investments	-					-
Available-for-sale investments	34,872	34,744		128		34,881
Investments at fair value through profit or loss (derivatives not included in a recognized hedging relationship)	4,278		4,278			4,278
Equity and liabilities						
Trade payables	625,104	625,104				625,104
Financial liabilities	486,074	446,161	7,560	18,609	13,744	485,719
of which: derivatives included in hedging relationships	18,609			18,609		18,609
Income tax liabilities	44,500				44,500	44,500
Other financial liabilities	676,889	79,189			597,700	676,889
In accordance with IAS 39 measurement categories						
Financial liabilities measured at amortized cost	1,150,454	1,150,454				1,150,099
Financial liabilities at fair value through profit or loss (derivatives not included in a hedging relationship)	7,560		7,560			7,560

	Measurement in accordance with IAS 39					
Carrying amount at 12/31/2008	Amortized cost	Fair value through profit or loss	Fair value recognized in other comprehensive income	Measurement in accordance with other IFRSs	Fair value at 12/31/2008
1,350,248	1,019,287			330,961	1,350,248
10,672				10,672	10,672
439,554	439,554				439,554
226,016	105,345	8,269	8,637	103,765	226,016
8,118			8,118		8,118
1,517,192	1,517,192				1,517,192
132	132				132
47,381	46,862		519		47,356
8,269		8,269			8,269
723,650	723,650				723,650
560,488	500,292	15,322	30,427	14,447	556,766
30,427			30,427		30,427
55,680				55,680	55,680
707,875	86,631			621,244	707,875
1,310,573	1,310,573				1,306,851
15,322		15,322			15,322

Financial instruments measured at fair value can be classified as follows into the respective levels defined in the valuation method:

Level 1 – quoted prices (unadjusted) in active markets for identical financial instruments.
Level 2 – inputs that are observable directly (as prices) or indirectly (derived from prices) and that are not quoted prices as defined by Level 1.
Level 3 – inputs that are not based on observable market data.

	12/31/2009		12/31/2008	
(EUR thousand)	Level 1	Level 2	Level 1	Level 2
Assets				
Other financial assets	128	7,767	138	16,768
of which: derivatives included in hedging relationships	-	3,489	-	8,118
Equity and liabilities				
Financial liabilities	-	26,169	-	45,749
of which: derivatives included in hedging relationships	-	18,609	-	30,427

The group has no financial instruments that are measured in accordance with Level 3.

Nonderivative financial assets

The carrying amount of the trade receivables and other financial assets that are subject to the measurement rules of IAS 39 corresponds to their fair value. Assets allocated to the "available-for-sale financial assets" measurement category are predominantly measured at amortized cost as their fair values cannot be determined reliably.

Nonderivative financial liabilities

The carrying amount of the trade payables and other current liabilities that are subject to the measurement rules of IAS 39 corresponds to their fair value. The fair value of fixed-interest liabilities is the present value of their expected future cash flows. They are discounted at the rates prevailing at the reporting date. The carrying amount of variable-rate liabilities corresponds to their fair value.

Derivative financial instruments

The fair value of currency forwards at the reporting date is calculated on the basis of the spot exchange rate, taking into account forward premiums and discounts corresponding to the relevant remaining maturities. Forward premiums and discounts are derived from yield curves observable at the reporting date. The fair value of currency options is calculated on the basis of recognized measurement models. The fair value is affected by the remaining term of the option, the current exchange rate, the volatility of the exchange rate, and the underlying yield curves.

The fair value of interest rate swaps and options is determined on the basis of discounted expected future cash flows using the market interest rates applicable to the remaining maturities of these financial instruments. Cross-currency swaps also include the exchange rates of the relevant foreign currencies in which the cash flows are generated.

The fair value of commodity futures and options is calculated by measuring all contracts at the market terms prevailing at the reporting date, and thus corresponds to the current value of the contract portfolio at the end of the fiscal year. The fair value of exchange-traded contracts is derived from their quoted market price. Measurements are performed both internally and by external financial institutions as of the reporting date.

GEA Group uses derivative financial instruments, including currency forwards, currency options, interest rate swaps, cross-currency swaps, and commodity futures. Derivative financial instruments serve to hedge foreign currency risk, interest rate risk, and commodity price risk for existing or planned underlying transactions.

The following table presents the notional values and fair values of the derivative financial instruments in use as of the reporting date. The notional value in foreign currency is translated at the closing rate.

(EUR thousand)	12/31/2009 Notional value	12/31/2009 Fair value	12/31/2008 Notional value	12/31/2008 Fair value
Assets				
Currency derivatives not included in a hedging relationship	91,792	3,572	178,884	5,255
Currency derivatives included in a cash flow hedge	71,497	3,489	114,235	8,118
Interest rate and cross-currency derivatives not included in a hedging relationship	24,772	673	47,663	2,741
Interest rate and cross-currency derivatives included in a cash flow hedge	-	-	-	-
Commodity derivatives not included in a hedging relationship	364	33	9,920	273
Total	**188,425**	**7,767**	**350,702**	**16,387**
Equity and liabilities				
Currency derivatives not included in a hedging relationship	179,280	3,943	292,174	11,884
Currency derivatives included in a cash flow hedge	111,964	4,478	200,558	17,095
Interest rate and cross-currency derivatives not included in a hedging relationship	37,348	3,617	21,174	2,153
Interest rate and cross-currency derivatives included in a cash flow hedge	208,445	14,131	207,874	13,332
Commodity derivatives not included in a hedging relationship	-	-	10,923	1,285
Total	**537,037**	**26,169**	**732,703**	**45,749**

Derivative financial instruments included in a recognized hedging relationship

Derivative financial instruments included in a recognized hedging relationship serve exclusively to hedge future cash flows exposed to foreign currency risk from future sales and procurement transactions, as well as interest rate risk from long-term financing (cash flow hedges). Hedging relationships (fair value hedges) are recognized to hedge changes in the fair value of assets, liabilities, or binding agreements. The group had not entered into any fair value hedges as of December 31, 2009.

Derivatives are measured at fair value, which is split into an effective and an ineffective portion. The effective portion and any change in this amount is reported directly in equity under other comprehensive income until the hedged item is recognized in the balance sheet. The ineffective portion is reported in the income statement. When the hedged item is recognized in the balance sheet, the effect reported in equity is realized and the hedge is unwound. In the case of a sales transaction, the effective portion is reported in revenue, while in the case of a procurement transaction the cost is adjusted accordingly. With regard to interest rate derivatives, the effects reported in equity are reversed to interest expenses.

As of December 31, 2009, gains of EUR 3,489 thousand (previous year: EUR 8,118 thousand) and losses of EUR 11,875 thousand (previous year: EUR 23,909 thousand) from currency and interest rate derivatives were reported in equity.

In the course of fiscal year 2009, EUR -5,959 thousand (previous year: EUR 9,897 thousand) was recognized in the income statement due to the hedged items being reported in the balance sheet. EUR -4,802 thousand (previous year: EUR 9,624 thousand) of this amount relates to revenue, EUR -1,005 thousand (previous year: EUR 273 thousand) to the cost of sales, and EUR -152 thousand (previous year: EUR 0 thousand) to general and administrative expenses.

As in the previous year, there was no significant hedge ineffectiveness.

82 percent (previous year: 75 percent) of the hedged cash flows from the underlying transactions designated at the reporting date are expected to fall due in the following year. The other 18 percent (previous year: 25 percent) will fall due by 2014 (previous year: 2012). As underlying transactions primarily serve to hedge financial assets, they are initially recognized directly in the income statement.

Derivative financial instruments not included in a recognized hedging relationship

If the criteria for recognizing a hedging relationship are not met, the change in fair value is reported in the income statement.

8. Consolidated income statement disclosures

8.1 Revenue

Revenue is composed of the following items:

(EUR thousand)	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Revenue from the sale of goods and services	2,094,842	2,416,016
Revenue from construction contracts	2,316,328	2,762,952
Total	**4,411,170**	**5,178,968**

8.2 Other income

Other income is composed of the following items:

(EUR thousand)	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Income from the disposal of assets	4,166	7,201
Income from compensation payments and cost reimbursements	13,344	7,299
Income from payments received on reversals previously written off	3,637	6,918
Exchange rate gains	87,116	61,557
Income from the reversal of provisions	14,091	30,222
Rental and lease income	5,736	6,789
Difference between fair value and cost of assets acquired	1,252	2,260
Miscellaneous other income	30,991	33,075
Total	**160,333**	**155,321**

8.3 Other expenses

Other expenses are composed of the following items:

(EUR thousand)	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Non-refunded R&D expenses	55,425	59,097
Exchange rate losses	81,712	62,781
Restructuring expenses	64,991	-
Bad debt allowances on trade receivables	11,240	9,229
Cost of money transfers and payment transactions	865	912
Losses on the disposal of noncurrent assets	542	1,845
Miscellaneous other expenses	9,744	18,350
Total	**224,519**	**152,214**

Restructuring expenses

The restructuring expenses are attributable to the programs designed to adjust capacity, improve efficiency, and cut administrative costs that were initiated in fiscal year 2009 in the context of the general economic and financial crisis (see the disclosures on capacity adjustment measures in the management report).

Miscellaneous other expenses

Miscellaneous other expenses primarily comprise additions to provisions.

Research and development expenses

Total research and development expenses in fiscal year 2009 amounted to:

(EUR thousand)	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Refunded R&D expenses	14,865	17,173
Non-refunded R&D expenses	55,425	59,097
Total	**70,290**	**76,270**

Refunded R&D expenses are research and development expenses that are invoiced to customers as part of construction contracts and are included in cost of sales.

Non-refunded R&D expenses are not directly related to specific contracts and are expensed directly.

In fiscal year 2009, development costs of EUR 10,168 thousand (previous year: EUR 509 thousand) were capitalized as internally generated intangible assets (see section 6.3).

8.4 Origin of selected income and expense items

Cost of materials

The cost of materials included in cost of sales declined by EUR 581,669 thousand in the year under review to EUR 2,302,725 thousand (previous year: EUR 2,884,394 thousand). This reduction is more pronounced than the drop in revenue. The cost of materials accounted for 52.6 percent of gross revenue for the period, down 3.2 percentage points on the previous year. This was primarily due to lower procurement prices, weaker demand for products made from high-value materials, and a growing proportion of transactions involving a comparatively higher level of internally generated value added.

Personnel expenses

Personnel expenses increased in 2009 by EUR 18,778 thousand to EUR 1,192,948 thousand (previous year: EUR 1,174,170 thousand). Interest cost on expected pension obligations is not recognized under personnel expenses but under financial and interest expenses. Subsidies for short-time working are also not included in personnel expenses. Personnel expenses include wages and salaries in the amount of EUR 980,839 thousand (previous year: EUR 974,610 thousand) as well as social security contributions and expenses for post-employment benefits of EUR 212,109 thousand (previous year: EUR 199,560 thousand). The increase in personnel expenses despite the clear decline in revenue is due among other things to a baseline effect: The workforce at the end of 2008 was substantially higher than the average for that year. In addition, this item contains restructuring expenses of EUR 49,850 thousand.

Depreciation, amortization, and impairment losses

Deprecation, amortization, and impairment losses totaling EUR 100,718 thousand (previous year: EUR 119,639 thousand) were charged on property, plant and equipment, investment property, and intangible assets. Depreciation, amortization, and impairment losses are generally included in cost of sales. Depreciation, amortization, and impairment losses in the amount of EUR 645 thousand (previous year: EUR 38,264 thousand) attributable to Ruhr-Zink are contained in the profit or loss from discontinued operations. Impairment losses on nonderivative financial assets excluding trade receivables amounted to EUR 652 thousand in the year under review (previous year: EUR 742 thousand). EUR 372 thousand of this amount (previous year: EUR 405 thousand) was attributable to noncurrent financial assets. Inventories were written down by EUR 25,594 thousand (previous year: EUR 11,232 thousand). Impairment losses on equity investments and marketable securities are contained in the financial expenses item.

8.5 Financial and interest income

Financial income

Financial income is composed of income from profit transfers and investment income from other equity investments:

(EUR thousand)	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Income from profit transfer agreements	703	302
Income from other equity investments	4,832	3,324
of which from unconsolidated subsidiaries	4,598	3,238
Total	**5,535**	**3,626**

Interest income

Interest and similar income is composed of the following items:

(EUR thousand)	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Interest income on receivables, cash investments, and marketable securities	8,417	20,831
of which from unconsolidated subsidiaries	479	1,178
Interest income on plan assets	4,299	5,603
Other interest income	2,737	7,610
Total	**15,453**	**34,044**

The following table shows the interest income on financial instruments broken down by the IAS 39 measurement categories, along with the interest income on assets measured in accordance with other standards:

(EUR thousand)	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Loans and receivables	9,059	17,817
Held-to-maturity investments	-	7
Available-for-sale investments	-	29
Financial assets at fair value through profit or loss	1,993	10,588
Financial assets not measured in accordance with IAS 39	4,401	5,603
Total	**15,453**	**34,044**

8.6 Financial and interest expenses

Financial expenses

Financial expenses for fiscal year 2009 amounted to EUR 1,603 thousand (previous year: EUR 968 thousand) and comprised impairment losses on financial assets (excluding trade receivables) totaling EUR 652 thousand (previous year: EUR 815 thousand) plus expenses from loss assumptions totaling EUR 951 thousand (previous year: EUR 153 thousand).

Interest expenses

Interest and similar expenses comprised the following items:

(EUR thousand)	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Interest expenses on liabilities to banks	24,385	24,839
Interest cost on discounted pension obligations	28,953	28,629
Interest cost on discounted provisions and other employee benefit obligations	5,169	3,967
Other interest expenses	15,976	22,014
of which to unconsolidated subsidiaries	246	1,433
Total interest expenses	**74,483**	**79,449**

The following table shows the interest expenses on financial instruments broken down by the IAS 39 measurement categories, along with the interest expenses on liabilities measured in accordance with other standards:

(EUR thousand)	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Financial liabilities at amortized cost	33,474	34,048
Financial liabilities at fair value through profit or loss	6,012	12,043
Financial liabilities not measured in accordance with IAS 39	34,997	33,358
Total	**74,483**	**79,449**

Interest expenses were reduced by the capitalization of borrowing costs in the amount of EUR 455 thousand. If finance can be allocated to a specific investment, the actual borrowing costs are capitalized. Where no direct relationship can be established, the average interest rate for group borrowings in the current period is used. Due to the GEA Group's central financing function, an average interest rate on borrowings for the group of 4,4 percent was applied in 2009.

In the fiscal year under review, expenses totaling EUR 865 thousand (previous year: EUR 912 thousand) were incurred for fees that were not included in the calculation of the effective interest rate.

The following table shows the net income from financial instruments, broken down by the IAS 39 measurement categories:

	12/31/2009			12/31/2008		
(EUR thousand)	Net income	of which interest income/ expense	of which impairment losses/ reversals of impairment losses	Net income	of which interest income/ expense	of which impairment losses/ reversals of impairment losses
Loans and receivables	12,830	9,059	-7,168	21,328	17,817	-2,311
Held-to-maturity investments	-	-	-	76	7	-2
Available-for-sale investments	-153	-	-387	3,842	29	-604
Financial assets/liabilities at fair value through profit or loss	-8,396	-4,019	-	-9,346	-1,455	-136
Financial liabilities at amortized cost	-33,621	-33,474	-	-33,842	-34,048	-
Total	**-29,340**	**-28,434**	**-7,555**	**-17,942**	**-17,650**	**-3,053**

Net impairment losses on assets allocated to the “loans and receivables” measurement category relate to trade receivables.

8.7 Income taxes

Income taxes for continuing operations are composed of the following items:

(EUR thousand)	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Current taxes	77,083	75,233
Germany	25,544	5,963
Other countries	51,539	69,270
Deferred taxes	-29,255	34,597
Total	**47,828**	**109,830**

The following reconciliation of income taxes for fiscal year 2009 is based on a composite tax rate of 29.42 percent, which is reconciled to the effective tax rate of 22.86 percent as follows:

	01/01/2009 - 12/31/2009		01/01/2008 - 12/31/2008	
	(EUR thousand)	(%)	(EUR thousand)	(%)
Profit before tax	**209,206**	**-**	**458,805**	**-**
Expected tax expense	61,548	29.4	135,348	29.5
Non-tax deductible expense	3,972	1.9	4,722	1.0
Tax-exempt income	-4,857	-2.3	-1,297	-0.3
Change in valuation allowances	-16,842	-8.1	-12,104	-2.6
Change in tax rates	-364	-0.2	-1,178	-0.3
Foreign tax rate differences	-3,325	-1.6	790	0.2
Other	7,694	3.7	-16,451	-3.6
Income tax and effective tax rate	**47,828**	**22.9**	**109,830**	**23.9**

Change in valuation allowances

The decline in valuation allowances in the amount of EUR 16,842 thousand was due primarily to a revised assessment of the recoverability of the deferred tax assets on tax loss carryforwards in Germany. The change reported in the previous year was due primarily to the utilization of tax loss carryforwards and prior-year corrections in Germany and the U.S.A.

Change in tax rates

The effects of changes in tax rates in the amount of EUR -364 thousand (previous year: EUR -1,178 thousand) were mainly due to various changes in tax rates outside Germany.

Foreign tax rate differences

The foreign tax rate differences were due to different, generally lower, tax rates outside Germany in comparison to the German tax rate of 29.42 percent. Compared with the previous year, less taxable income was generated in countries with a higher tax rate than in Germany.

Other

The other reconciliation effects were due to tax expenses (previous year: tax refunds) for previous years.

Deferred taxes

Deferred tax assets and liabilities during the year under review can be broken down into current and noncurrent assets and liabilities as follows:2

(EUR thousand)	12/31/2009	12/31/2008
Current deferred tax assets	73,250	62,306
Noncurrent deferred tax assets	248,611	252,050
Total deferred tax assets	**321,861**	**314,356**
Current deferred tax liabilities	36,814	42,675
Noncurrent deferred tax liabilities	37,597	45,720
Total deferred tax liabilities	**74,411**	**88,395**
Net deferred tax assets	**247,450**	**225,961**

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities and if the deferred taxes relate to income taxes levied by the same taxation authority.

Excluding offsetting, deferred taxes relate to the following items:

	Deferred tax assets		Deferred tax liabilities	
(EUR thousand)	2009	2008	2009	2008
Property, plant, and equipment	6,617	5,767	25,242	23,917
Investment property	932	-	-	-
Intangible assets	1,534	1,265	30,584	26,942
Goodwill	67,241	75,782	41,950	41,347
Equity-accounted investments	18	19	-	213
Other financial assets	6,662	10,741	4,229	3,648
Noncurrent assets	**83,004**	**93,574**	**102,005**	**96,067**
Inventories	26,116	22,810	2,535	3,314
Trade receivables	9,267	11,680	23,963	26,522
Other financial assets	7,981	9,394	4,584	6,132
Cash and cash equivalents	156	113	10	96
Current assets	**43,520**	**43,997**	**31,092**	**36,064**
Assets held for sale	**229**	**107**	**-**	**793**
Total assets	**126,753**	**137,678**	**133,097**	**132,924**
Provisions	19,208	17,079	680	1,149
Employee benefits	35,978	38,600	843	901
Financial liabilities	5,579	3,317	656	732
Other financial liabilities	1,044	917	3,050	10,002
Noncurrent liabilities	**61,809**	**59,913**	**5,229**	**12,784**
Provisions	38,797	27,804	7,344	5,954
Employee benefits	10,180	7,840	1,184	213
Financial liabilities	8,214	6,727	250	1,565
Trade payables	3,264	2,329	1,629	492
Other financial liabilities	10,318	7,844	34,568	33,538
Current liabilities	**70,773**	**52,544**	**44,975**	**41,762**
Total equity and liabilities	**132,582**	**112,457**	**50,204**	**54,546**
Valuation allowances on temporary differences	-5,972	-4,266	-	-
Deferred taxes on temporary differences	**253,363**	**245,869**	**183,301**	**187,470**
Tax loss carryforwards	1,063,289	992,011	-	-
Valuation allowances on tax loss carryforwards	-885,901	-824,449	-	-
Offsetting of deferred taxes	-108,890	-99,075	-108,890	-99,075
Recognized deferred taxes	**321,861**	**314,356**	**74,411**	**88,395**

As of December 31, 2009, the GEA Group recognized deferred tax assets in the amount of EUR 177,388 thousand on tax loss carryforwards:

(EUR thousand)	12/31/2009	12/31/2008
Deferred tax assets on domestic tax loss carryforwards		
- Corporate income tax	45,794	41,198
- Trade tax	39,040	35,106
Deferred tax assets on foreign tax loss carryforwards	92,554	91,258
Total	**177,388**	**167,562**

The increase in deferred tax assets on domestic tax loss carryforwards relates to a revised assessment of the time at which they will be utilizable in future. The amount of the deferred tax assets on foreign tax loss carryforwards was almost unchanged year-on-year.

A tax rate of 29.42 percent is used for German group companies. This includes an average trade tax rate in addition to the uniform corporate income tax rate and solidarity surcharge.

The tax rates for foreign companies vary between 10.0 percent (Qatar) and 40.0 percent (Japan).

No deferred tax assets were recognized for corporate income tax loss carryforwards in the amount of EUR 2,082,117 thousand (previous year: EUR 2,233,060 thousand) and trade tax loss carryforwards in the amount of EUR 1,704,355 thousand (previous year: EUR 1,761,522 thousand) as their utilization is not sufficiently certain. The tax loss carryforwards at the German companies can be carried forward for an indefinite period. Foreign tax loss carryforwards can generally only be utilized for a limited period. A new foreign tax loss carryforward was recognized as of December 31, 2009 as a result of restructuring measures abroad; this expires in 2029. It replaces the foreign tax loss carryforward as of December 31, 2008, which would have expired in 2011 and which was for a highly similar amount.

8.8 Profit or loss from discontinued operations

Overall, discontinued operations did not materially affect profit for the period in fiscal year 2009. As in the past, the items recognized under profit or loss from discontinued operations relate to the implementation of the obligations resulting from the discontinuation of Ruhr-Zink's business operations, the residual risk resulting from the sale of the plant engineering activities, and specific material legal disputes relating to the discontinuation of operations in the past.

Ruhr-Zink's business operations are being wound up as planned. Soil samples taken in 2009 revealed that a number of measures need to be taken at the site. Additional provisions were set up in fiscal year 2009 for the expected expense of these measures in the amount of EUR 18,000 thousand. Including these additions to the provisions, the loss before tax at Ruhr-Zink amounted to EUR -18,693 thousand (previous year: EUR -82,467 thousand).

On the sale of the Boiler Plants, Dynamit Nobel, Dynamit Nobel Plastics, Lurgi, and Lentjes business units, the various share purchase agreements included the standard general warranties and guarantees in such transactions as well as a number of specific indemnities relating to the individual situations concerned. In the past fiscal year, the expiration of particular deadlines along with agreements reached led to a reduction in the risk associated with these general warranties and guarantees and specific indemnities. The provisions recognized for these risks were reversed in the amount of EUR 15,914 thousand (previous year: addition of EUR 149,099 thousand).

Furthermore, the profit or loss from discontinued operations includes the addition of EUR 10,000 thousand to a provision for legally binding arbitration proceedings (Schiedsverfahren) brought by Esso Deutschland GmbH against LL Plant Engineering AG as the legal successor of a former group plant engineering company. In the proceedings, Esso is seeking the reversal of the agreement, i.e., the repayment of the remuneration and the dismantling of the plant. The parties provisionally agreed a settlement in this amount in a hearing held at the beginning of February 2010.

The decisive expert opinion commissioned by the court in relation to the case brought by the receiver of Dörries Scharmann AG against GEA Group Aktiengesellschaft had a positive effect. The expert concerned confirmed GEA Group Aktiengesellschaft's opinion in relation to the issue of equity substitution. As a result, the relevant provision could be reduced in this respect. The profit or loss from discontinued operations contains income of EUR 10,025 thousand relating to the reversal.

Total tax effects amounted to EUR 3,074 thousand (previous year: EUR -12,606 thousand).

Further details of legal disputes relating to discontinued operations are contained in the information on legal disputes (see section 9.4).

8.9 Earnings per share

Earnings per share are calculated as follows:

(EUR thousand)	01/01/2009 - 12/31/2009	01/01/2008 - 12/31/2008
Profit for the period attributable to shareholders of GEA Group Aktiengesellschaft	160,623	99,630
of which from continuing operations	160,303	347,628
of which from discontinued operations	320	-247,998
Weighted average number of shares outstanding (thousand)	183,808	183,942
Earnings per share (EUR)		
from profit for the period	0.87	0.54
of which attributable to continuing operations	0.87	1.89
of which attributable to discontinued operations	0.0	-1.35
Profit for the period attributable to shareholders of GEA Group Aktiengesellschaft	160,623	99,630
of which from continuing operations	160,303	347,628
of which from discontinued operations	320	-247,998
Weighted average number of shares outstanding (thousand)	183,808	183,942
Potential dilutive effect of award proceedings under court's settlement proposal	12,115	-
Adjusted weighted average number of shares outstanding (thousand)	195,922	183,942
Diluted earnings per share (EUR)		
from profit for the period	0.82	0.54
of which attributable to continuing operations	0.82	1.89
of which attributable to discontinued operations	0.0	-1.35

The award proceedings may result in a dilution of the earnings per share. The settlement proposal by the Dortmund Regional Court would lead to diluted consolidated profit for the period of EUR 0.82 per share. It is uncertain from today's perspective whether a settlement will be reached at acceptable conditions. If this is not the case, the proceedings are expected to last at least another three to five years until a final judgment is obtained.

8.10 Appropriation of net profit

GEA Group Aktiengesellschaft reported net income for the fiscal year of EUR 143,349 thousand in accordance with the HGB. The Executive Board and Supervisory Board have transferred an amount of EUR 50,000 thousand in accordance with § 58(2a) of the AktG, and an amount of EUR 38,000 thousand out of the then remaining net income of EUR 93,348 thousand in accordance with § 58(2) of the AktG, to retained earnings. Including the profit brought forward of EUR 478 thousand, the net retained profits amounted to EUR 55,827 thousand.

The Executive Board and Supervisory Board will propose to the Annual General Meeting that the net retained profits of EUR 55,827 thousand be appropriated as follows:

Appropriation	(EUR thousand)
Dividend payment to shareholders	55,143
Profit carried forward	684
Total	**55,827**

The dividend payment corresponds to the payment of a dividend of 30 cents per share for a total of 183,807,845 shares. The dividend will be paid from the contribution account for tax purposes (§ 27 of the Körperschaftssteuergesetz (KStG – German Corporate Income Tax Act)) without deduction of investment income tax and the solidarity surcharge.

9. Contingent liabilities, other financial obligations, contingent assets, and litigation

9.1 Contingent liabilities

GEA Group Aktiengesellschaft has issued or instructed the issue of both bank and group guarantees in favor of customers or lenders. The obligations presented in the following table relate to contingent liabilities for which the primary creditor is not a consolidated company.

	Bank guarantees		Group guarantees	
(EUR thousand)	2009	2008	2009	2008
Guarantees for prepayments	6,375	15,316	124	312
Warranties	13,276	20,453	-	402
Performance guarantees	108,951	280,759	400,411	398,753
Other declarations of liability	2,798	11,344	20,892	30,698
Total	**131,400**	**327,872**	**421,427**	**430,165**
of which attributable to Lurgi/Lentjes	128,687	278,819	406,690	409,344

Most of the bank and group guarantees are attributable to Lurgi and Lentjes (see section 3).

The other guarantees relate mainly to customers of unconsolidated companies, banks, and employees of former subsidiaries. The beneficiaries are entitled to assert claims under the guarantees if the primary debtor does fails to meet its contractual obligations, for example in the case of late or defective delivery, non-compliance with warranted performance parameters, or failure to repay loans in accordance with the contractual requirements.

The terms vary depending on the nature of the guarantee. The weighted average term of the group guarantees is 3.1 years (previous year: 3.5 years).

All guarantees issued by or on the instructions of GEA Group Aktiengesellschaft are issued on behalf of and with recourse against the primary debtor.

In addition to the liability risks resulting from bank and group guarantees, there are risks in particular from court, arbitration, or out-of-court disputes (see section 9.4) that could result in cash outflows.

9.2 Other financial obligations

Other financial obligations as of December 31, 2009 are composed of the following items:

(EUR thousand)	12/31/2009	12/31/2008
Rental and lease obligations	294,851	317,375
Purchase commitments	92,745	274,135

Rental and lease agreements

Obligations under rental and lease agreements amounting to EUR 294,851 thousand (previous year: EUR 317,375 thousand) relate primarily to land and buildings, and to a lesser extent to technical equipment and machinery. The leases run until no later than 2031. Payments are spread over future fiscal years as follows:

(EUR thousand)	12/31/2009
2010	77,160
2011	64,745
2012	42,589
2013	29,552
2014	15,407
Thereafter	65,398
Total payments	**294,851**

Expenses related to rental and lease agreements in fiscal year 2009 amounted to EUR 104,019 thousand (previous year: EUR 104,210 thousand), of which EUR 14,798 thousand (previous year: EUR 13,496 thousand) was attributable to variable payments. Subleases resulted in income of EUR 24,598 thousand in fiscal year 2009 (previous year: EUR 20,261 thousand). These subleases give rise to claims for rental income of EUR 46,347 thousand (previous year: EUR 76,947 thousand) over the coming. The decline in the expected rental income is a result of the termination of a long-term lease. The lease agreement was terminated against payment of EUR 8,595 thousand. Provisions have been recognized to cover the full amount of risks relating to the renewed lease of the property.

Sale and leaseback transactions relating to buildings resulted in future payments at the reporting date of EUR 91,802 thousand (previous year: EUR 120,414 thousand).

Purchase commitments

Ninety percent of the total purchase commitment of EUR 92,745 thousand (previous year: EUR 274,135 thousand) is attributable to inventories (previous year: 91 percent), and the remaining ten percent is attributable to items of property, plant, and equipment (previous year: 9 percent).

9.3 Contingent assets

On September 15, 2006, GEA Group Aktiengesellschaft won a judgment in its favor on the cause of action in the arbitration proceedings against Flex-N-Gate Corp., Urbana, Illinois, U.S.A. This requires Flex-N-Gate to compensate GEA Group Aktiengesellschaft for losses incurred as a result of the collapse of the sale of the Dynamit Nobel plastics business to Flex-N-Gate in autumn 2004. The second part of the proceedings, where the amount of compensation payable to GEA Group Aktiengesellschaft will be decided, is still pending before the court of arbitration. The arbitrator's decision on the amount of compensation in this matter is expected in the course of fiscal year 2010.

In 2008, GEA Group Aktiengesellschaft instituted arbitration proceedings against Ukraine at the International Centre for Settlement of Investment Disputes (ICSID), the court of arbitration of the World Bank Group. These relate to the enforcement of an arbitration award made by the International Chamber of Commerce (ICC) in 2002 against a former near-government entity for an amount in the low double-digit millions. The background to the ICC arbitration award, which fully vindicated the claimant, was the disappearance of large deliveries of diesel oil made to Ukraine by a former GEA Group subsidiary. The claimant accuses Ukraine of supporting the disappearance of the oil and hindering the enforcement of the ICC arbitration award in a manner tantamount to expropriation and in breach of the existing investment protection agreement between the Federal Republic of Germany and Ukraine. A final arbitration award in the ICSID proceedings is expected at the end of 2010 at the earliest.

9.4 Litigation

Award proceedings

An initial hearing was held on September 9, 2009 in the award proceedings pending at the Dortmund Regional Court relating to the control and profit transfer agreement entered into by Metallgesellschaft AG and the former GEA AG in 1999. The court addressed the facts of the matter and the status of the dispute and stated that, despite the criticism from both sides, it regarded the expert opinion at its disposal, which reduced the enterprise value of Metallgesellschaft AG, as at least not implausible. In the light of this, the court proposed that the parties accept in principle the figures calculated by the expert and to terminate the award proceedings by reaching a settlement. Implementing the court's settlement proposal would mean that, in addition to the shares that have already been issued or that may still be issued on the basis of the contingent capital increase resolved in 1999, GEA Group Aktiengesellschaft would be obliged to issue up to approx. 12.1 million shares to the external shareholders in 1999. This would represent 6.6 percent of the current total number of outstanding shares (around 183.8 million). Furthermore, in the event of a settlement, the Company may have to make an additional cash payment proposed by the court of less than EUR 1 per share outstanding at the time (approx. 5.2 million ordinary shares and 20.75 million preferred shares) as well as meeting costs relating to the proceedings. Irrespective of the legal opinion, which it maintains unchanged, GEA Group Aktiengesellschaft has initiated talks on a possible settlement with the applicants, the outcome of which is still unclear. If these talks do not result in an acceptable settlement, GEA Group Aktiengesellschaft will use every means of defense in the further course of legal proceedings.

Plant engineering

There are still sector-specific legal disputes relating to order acceptance and processing in the former plant engineering business. In some cases, the amounts in dispute are in the high millions; often, they have been set too high for tactical reasons.

In selling the Lentjes Group, GEA Group to a large extent indemnified the buyer against various risks arising from legacy orders and legal disputes. In 2009, the parties reached an out-of-court settlement in this context, resolving their differences of opinion on the level of indemnity to be granted for losses relating to foreign-currency items.

The main legal disputes relating to the former plant engineering business include the following:

A final decision has now been reached in the action brought by the insolvency administrator of Polyamid 2000 AG against LL Plant Engineering AG ("LL PE"), a subsidiary of GEA Group Aktiengesellschaft from the former Lentjes plant engineering business, for repayment of remuneration of EUR 164.6 million plus interest for the construction of a carpet recycling plant. In a judgment handed down by the Bundesgerichtshof (BGH – Federal Court of Justice) on May 11, 2009, LL PE was ordered to again pay a cash contribution of EUR 0.3 million plus interest relating to a capital increase. In all other respects, the action brought by the insolvency administrator was dismissed.

In Hamburg, Esso Deutschland GmbH ("Esso") is pursuing binding arbitration proceedings (Schiedsverfahren) against LL PE as the legal successor to a former group company that constructed a pioneering, jointly developed plant for the claimant to convert vacuum residue at the Ingolstadt refinery. Because, in Esso's view, the plant does not meet expectations, Esso is demanding that the contract be reversed, i.e., that the remuneration be repaid and the plant dismantled. It is also claiming a significant amount of interest. The claims asserted by Esso amount to more than EUR 40 million in total. Through a cross-action, LL PE is seeking payment of additional costs of approximately EUR 12 million. At the suggestion of the court of arbitration in the final hearing at the beginning of February 2010, the parties have provisionally agreed the key elements of a settlement that provides for the defendant to contribute EUR 10 million towards the financial consequences of the failed project. It is still unclear whether the settlement will actually come about.

In the arbitration action brought by LL PE (jointly in concert with Italian company Pianimpianti S.p.A.) against Biomasse S.p.A. ("Biomasse") at an ICC court in Milan over the unauthorized use of a guarantee in the amount of EUR 2.8 million, the defendant has brought a cross-action in which it is claiming roughly EUR 38 million for repair costs, additional costs, and lost profit due to the interruption of production, citing poor workmanship and defects in the construction of a biomass plant in Calabria, Italy. Outside the proceedings, Biomasse is pursuing additional claims for compensation. The amounts that it is demanding are far higher than the contractually agreed limits of liability. In an initial appraisal during the final hearing at the beginning of February 2010, the expert appointed by the court of arbitration, whose written opinion is still outstanding, pointed to certain defects in the plant, which GEA Group Aktiengesellschaft believes may result in LL PE being liable for an amount in the single-digit millions. At the suggestion of the court of arbitration, the parties are currently in talks on a settlement, the outcome of which is unclear.

Following the sale of the Lurgi Group to the French Air Liquide Group, Air Liquide instituted non-binding arbitration proceedings (Schiedsgutachterverfahren) and GEA Group Aktiengesellschaft instituted DIS (German Institution of Arbitration) binding arbitration proceedings. Both proceedings concern a purchase price adjustment demanded by Air Liquide. The dispute stems from a difference of opinion over various items in the reference balance sheet as of December 31, 2006, based on which the purchase price was calculated. The proceedings have entered the final stage.

Dörries Scharmann AG

An action brought by the insolvency administrator of Dörries Scharmann AG against GEA Group Aktiengesellschaft is pending at the Düsseldorf Regional Court. The former Metallgesellschaft AG, the legal predecessor to GEA Group Aktiengesellschaft, held an interest in Schiess AG, which later became Dörries Scharmann AG. On the basis of that interest, the insolvency administrator is asserting various claims under company law, in particular for equity substitution, which amount to approximately EUR 20 million including possible interest. GEA Group Aktiengesellschaft considers the claims that have been asserted to be unfounded. The senior expert appointed by the court to decide matters relating to equity substitution has fully confirmed GEA Group Aktiengesellschaft's opinion. GEA Group Aktiengesellschaft will continue to defend itself against all claims.

Bechtel

GEA Power Cooling Inc. ("GPC"), a GEA Group subsidiary, has brought an action against Bechtel Power Corporation ("Bechtel") at the U.S. District Court for the District of Colorado for payment of a total amount of approximately USD 3.6 million due to the use of a letter of credit and outstanding payments for a completed project. In its cross-action, Bechtel is demanding a monetary amount, to be determined by the court, as compensation for losses that it suffered in previous binding arbitration proceedings with a third party. GPC considers the cross-action to be unfounded and will defend itself against it. The proceedings are still at an early stage of pre-action discovery.

General

Further legal proceedings or official investigations have been or may be instituted against GEA Group companies as a result of earlier business disposals and operating activities.

Adequate provisions have been recognized for all risks arising from both the legal disputes described above and other legal disputes being pursued by GEA Group in the course of its ordinary operating activities. However, the outcome of those proceedings cannot be predicted with any degree of certainty. It is possible, therefore, that the conclusion of the proceedings may result in expenses that exceed the amounts that may have been set aside for them.

10. Segment reporting

10.1 Disclosures by segment

The group is divided into three global operating segments as of December 31, 2009. The main activities are as follows:

- Energy and Farm Technology
- Process Technology
- Other

A detailed description of the business activities and the products and services offered by the individual operating segments can be found in the management report. At the same time, the segmentation corresponds to the responsibilities at Executive Board level, and thus to the activities whose results were regularly analyzed by the Executive Board and the Supervisory Board.

(EUR million)	Energy and Farm Technology	Process Technology	Other	Consolidation	**GEA Group**
01/01/2009 – 12/31/2009					
External revenue	1,479.9	2,898.3	33.0	-	**4,411.2**
Intersegment revenue	3.9	6.2	-	-10.0	**-**
Total revenue	1,483.7	2,904.4	33.0	-10.0	**4,411.2**
Share of profit of equity-accounted investments	0.5	1.7	0.1	-	**2.2**
EBITDA	103.6	272.7	-7.6	-	**368.7**
EBIT	72.4	217.1	-21.3	-	**268.2**
Interest income	5.7	11.6	28.9	-30.7	**15.5**
Interest expense	21.7	29.6	54.0	-30.7	**74.5**
Segment profit or loss before tax	56.4	199.1	-46.3	-	**209.2**
Income taxes	17.3	30.0	0.5	-	**47.8**
Profit from discontinued operations	-	-	0.3	-	**0.3**
Segment assets	1,696.2	3,443.0	2,102.3	-2,247.0	**4,994.4**
Segment liabilities	887.7	1,707.0	1,880.4	-1,215.6	**3,259.4**
Carrying amount of equity-accounted investments	3.6	5.6	1.6	-	**10.8**
Investments in property, plant, and equipment, intangible assets, and goodwill	144.6	225.7	23.4	-	**393.7**
Depreciation and amortization	31.1	55.0	13.0	-	**99.1**
Impairment losses	0.1	0.6	1.0	-	**1.7**
Additions to provisions	104.9	191.9	78.5	-	**375.2**
Restructuring expenses	15.2	48.6	1.2	-	**65.0**
01/01/2008 – 12/31/2008					
External revenue	1,816.3	3,330.6	32.1	-	**5,179.0**
Intersegment revenue	2.2	7.5	-	-9.8	**-**
Total revenue	1,818.6	3,338.1	32.1	-9.8	**5,179.0**
Share of profit of equity-accounted investments	0.7	1.3	0.2	-	**2.2**
EBITDA	190.8	415.5	-20.2	-0.2	**585.9**
EBIT	165.5	369.7	-30.8	-0.2	**504.2**
Interest income	11.3	23.9	46.9	-48.1	**34.0**
Interest expense	18.1	36.2	73.3	-48.1	**79.4**
Segment profit or loss before tax	158.7	357.5	-57.4	-	**458.8**
Income taxes	27.6	49.8	32.4	-	**109.8**
Loss from discontinued operations	-	-	-248.0	-	**-248.0**
Segment assets	1,657.0	3,315.1	2,135.8	-1,979.6	**5,128.3**
Segment liabilities	883.4	1,770.0	2,001.4	-981.8	**3,672.9**
Carrying amount of equity-accounted investments	3.6	6.8	1.6	-	**12.0**
Investments in property, plant, and equipment, intangible assets, and goodwill	97.8	204.1	11.1	-	**312.9**
Depreciation and amortization	25.2	45.4	19.0	-	**89.5**
Impairment losses	-	0.1	30.0	-	**30.1**
Additions to provisions	88.5	181.5	275.4	-	**545.5**
Restructuring expenses	-	-	-	-	**-**

Consolidation primarily comprises the elimination of intercompany revenue and interest income and expense. Intersegment revenue is calculated using standard market prices.

The segment asset recognition and measurement policies are the same as those used in the group and described in the accounting policies section. The profitability of the individual group segments is measured using "earnings before interest and tax" (EBIT) and "profit or loss before tax" (EBT), as presented in the income statement. It therefore includes restructuring expenses.

Impairment losses include all impairment losses on property, plant, and equipment, intangible assets, and investment property.

The following table shows the reconciliation of EBITDA to EBIT:

(EUR thousand)	2009	2008
EBITDA	**368,681**	**585,917**
Depreciation of property, plant, and equipment, and investment property, and amortization of intangible assets (see notes 6.1, 6.2, 6.3)	-99,052	-89,524
Impairment losses on property, plant, and equipment, investment property, intangible assets, and goodwill (see notes 6.1, 6.2, 6.3)	-1,666	-30,115
Plus depreciation and amortization contained in profit from discontinued operations (see section 8.4)	645	38,264
Impairment losses on noncurrent financial assets (see section 8.4)	-372	-405
Reversals of impairment losses on noncurrent financial assets	-	73
EBIT	**268,236**	**504,210**

10.2 Pro forma information in accordance with the new segment structure

Since January 1, 2010, the group has been organized worldwide into six operating segments. In addition to the segmentation applicable as of December 31, 2009, the business activities are also presented voluntarily on a pro forma basis in accordance with the new segmentation as of December 31, 2009. In the future, the primary activities will be as follows:

GEA Farm Technologies

As a full-line supplier for livestock farming, GEA Farm Technologies offers milking and refrigeration technology and animal hygiene products to ensure profitable milk production. Barn equipment, professional slurry management systems, and farm services round off the segment's profile as a systems provider for all farm sizes.

GEA Heat Exchangers

GEA Heat Exchangers encompasses all of the group's heat exchanger activities. With its finned-tube, shell-tube, and plate heat exchangers, as well as wet and dry cooling systems, and air conditioning and treatment systems, the segment offers a comprehensive range of products for all conceivable applications. It focuses in particular on markets in the food and energy sectors, as well as air conditioning and environmental technology.

GEA Mechanical Equipment

GEA Mechanical Equipment offers high-quality process equipment in the form of separators, decanters, and homogenizers, as well as pumps and valves. Among other applications, these products are used in food processing, the pharmaceutical industry, biotechnology, the chemical industry, marine applications, the mineral oil industry, energy generation, and environmental technology.

GEA Process Engineering

GEA Process Engineering specializes in the design and installation of process lines for the food and beverage industries, the pharmaceutical and chemical industries, and for cosmetics. Gas cleaning plants round off this segment's product portfolio.

GEA Refrigeration Technologies

GEA Refrigeration Technologies is active in the field of industrial refrigeration technology. Its activities comprise the development, production, installation, and maintenance of refrigeration technology systems in a wide variety of industries, the production of reciprocating and screw processors for refrigeration, and the development and production of state-of-the-art freezing equipment for processing chilled and frozen foods.

Other

The "Other" segment comprises the companies with business activities that do not form part of the core business. In addition to the holding company and service companies, it includes companies that report investment property held for sale, pension obligations, and residual mining obligations.

(EUR million)	Farm Technologies	Heat Exchangers	Mechanical Equipment	Process Engineering	Refrigeration Technologies	Other	Consolidation	GEA Group
01/01/2009 – 12/31/2009								
External revenue	411.2	1,597.2	663.0	1,142.7	564.1	33.0	-	**4,411.2**
Intersegment revenue	0.6	26.2	54.6	1.2	1.5	-	-84.1	**-**
Total revenue	411.8	1,623.4	717.5	1,144.0	565.6	33.0	-84.1	**4,411.2**
Share of profit or loss of equity-accounted investments	-0.2	0.6	-	0.5	1.1	0.1	-	**2.2**
EBITDA	23.0	160.8	103.5	66.4	22.5	-7.6	0.2	**368.7**
EBIT	12.4	123.8	87.6	52.3	13.3	-21.3	0.2	**268.2**
Interest income	1.8	5.0	5.4	5.6	3.3	28.9	-34.5	**15.5**
Interest expense	11.2	17.5	9.5	10.7	6.1	54.0	-34.5	**74.5**
Segment profit or loss before tax	2.9	111.3	83.4	47.2	10.5	-46.3	0.2	**209.2**
Income taxes	2.0	24.0	10.4	11.0	0.1	0.5	-0.2	**47.8**
Profit or loss from discontinued operations	-	-	-	-	-	0.3	-	**0.3**
Segment assets	483.1	1,924.4	1,052.0	1,240.6	635.7	2,102.3	-2,443.6	**4,994.4**
Segment liabilities	230.0	967.9	411.7	738.7	338.2	1,880.4	-1,307.4	**3,259.4**
Carrying amount of equity-accounted investments	0.6	3.0	-	4.1	1.5	1.6	-	**10.8**
Investments in property, plant, and equipment, intangible assets, and goodwill	59.9	143.2	69.7	56.7	40.9	23.4	-	**393.7**
Depreciation and amortization	10.6	37.0	15.9	14.1	8.6	13.0	-	**99.1**
Impairment losses	-	0.1	-	-	0.6	1.0	-	**1.7**
Additions to provisions	30.9	107.0	50.6	78.3	30.0	78.5	-	**375.2**
Restructuring expenses	6.1	18.2	11.8	21.6	6.1	1.2	-	**65.0**
01/01/2008 – 12/31/2008								
External revenue	503.7	1,826.3	724.3	1,485.8	606.9	32.1	-	**5,179.0**
Intersegment revenue	0.8	32.9	85.4	1.6	3.7	-	-124.5	**-**
Total revenue	504.5	1,859.2	809.7	1,487.4	610.6	32.1	-124.5	**5,179.0**
Share of profit of equity-accounted investments	0.3	0.4	-	0.6	0.7	0.2	-	**2.2**
EBITDA	62.3	243.2	139.3	113.2	48.1	-20.2	-0.2	**585.9**
EBIT	53.4	215.4	125.6	100.2	40.7	-30.8	-0.2	**504.2**
Interest income	3.2	9.3	7.3	12.2	4.6	46.9	-49.5	**34.0**
Interest expense	8.6	18.8	8.6	13.5	6.3	73.3	-49.5	**79.4**
Segment profit or loss before tax	48.0	206.0	124.3	99.0	39.0	-57.4	-	**458.8**
Income taxes	8.3	28.6	12.4	19.6	8.8	32.4	-0.3	**109.8**
Loss from discontinued operations	-	-	-	-	-	-248.0	-	**-248.0**
Segment assets	468.2	1,870.5	998.0	1,191.4	597.1	2,135.8	-2,132.8	**5,128.3**
Segment liabilities	229.5	968.9	447.1	751.2	306.6	2,001.4	-1,031.8	**3,672.9**
Carrying amount of equity-accounted investments	1.0	2.6	-	5.7	1.1	1.6	-	**12.0**
Investments in property, plant, and equipment, intangible assets, and goodwill	28.1	201.6	29.4	28.4	14.4	11.1	-	**312.9**
Depreciation and amortization	8.9	27.8	13.8	12.9	7.2	19.0	-	**89.5**
Impairment losses	-	-	-	0.1	-	30.0	-	**30.1**
Additions to provisions	26.1	91.4	48.0	72.2	32.1	275.4	0.3	**545.5**
Restructuring expenses	-	-	-	-	-	-	-	**-**

10.3 Disclosures by geographic region

In the presentation of segment disclosures by geographic region, revenue is allocated by customer domicile. Assets are allocated by their location.

The geographic region "Rest of Europe" comprises all EU and EFTA countries (with the exception of Germany), and the Commonwealth of Independent States (CIS). The "Americas" region comprises the countries of North, Central, and South America.

(EUR million)	Germany	Rest of Europe	Americas	Asia/ Oceania	Africa	**Total**
01/01/2009 – 12/31/2009						
External revenue	605.1	1,766.7	861.8	983.8	193.8	**4,411.2**
Noncurrent assets (property, plant, and equipment, intangible assets, and investment property)	1,535.9	451.3	233.8	94.4	5.2	**2,320.7**
01/01/2008 – 12/31/2008						
External revenue	682.1	2,149.5	1,042.7	1,125.6	179.2	**5,179.0**
Noncurrent assets (property, plant, and equipment, intangible assets, and investment property)	1,013.4	736.2	213.3	71.5	3.8	**2,038.3**

There are no relationships with individual customers whose revenue can be considered material compared with total group revenue.

11. Other disclosures

11.1 Cash flow disclosures

Cash flow from investing activities includes outflows of EUR 163,405 thousand (previous year: EUR 215,007 thousand) from the sale of discontinued operations. These outflows relate to payments linked to the sale of business activities in previous periods. The majority of this amount, at EUR 162,928 thousand (previous year: EUR 192,944 thousand), is attributable to the former Lurgi and Lentjes operations and results almost entirely from project-related indemnifications.

11.2 Government grants

Government grants related to income amounting to EUR 2,733 thousand were received in fiscal year 2009 (previous year: EUR 637 EUR thousand). This item contains an amount of EUR 1,288 thousand (previous year: EUR 0 thousand) for grants related to short-time working. EUR 365 thousand (previous year: EUR 0 thousand) of this amount relates to grants for social security contributions. The grants received were deducted from the corresponding expenses. Grants related to assets amounting to EUR 502 thousand (previous year: EUR 3,227 thousand) were deducted from the carrying amounts of the assets concerned. In fiscal year 2009, expenses of EUR 488 thousand (previous year: EUR 158 thousand) were incurred for the potential repayment of grants received.

11.3 Related party disclosures

11.3.1 Related party transactions

Transactions between GEA Group Aktiengesellschaft and its consolidated subsidiaries have been eliminated in the course of consolidation, with the exception of income and expenses between continuing and discontinued operations.

Income and expenses from transactions with unconsolidated subsidiaries and associates are composed of the following items:

(EUR thousand)	Revenue	Other income	Other expenses
01/01/2009 – 12/31/2009			
Unconsolidated subsidiaries	28,460	1,648	912
Associates and joint ventures	11,864	117	86
Total	**40,324**	**1,765**	**998**
01/01/2008 – 12/31/2008			
Unconsolidated subsidiaries	48,047	2,253	3,819
Associates and joint ventures	9,262	189	71
Total	**57,309**	**2,442**	**3,890**

Related party transactions resulted in the following outstanding items as of December 31, 2009:

(EUR thousand)	Trade receivables	Trade payables	Other receivables	Other liabilities
12/31/2009				
Unconsolidated subsidiaries	15,887	3,353	20,829	30,562
Associates and joint ventures	3,343	845	1,992	1,303
Total	**19,230**	**4,198**	**22,821**	**31,865**
of which current	19,230	4,198	20,353	31,732
12/31/2008				
Unconsolidated subsidiaries	27,313	3,662	20,141	23,653
Associates and joint ventures	4,638	1,052	125	1,173
Total	**31,951**	**4,714**	**20,266**	**24,826**
of which current	31,951	4,714	20,266	24,826

The reduction in revenue and trade receivables from unconsolidated subsidiaries is mainly a result of the initial consolidation of subsidiaries in fiscal year 2009.

The outstanding amounts will be settled by bank transfer and are unsecured.

11.3.2 Remuneration of the Executive Board and the Supervisory Board

The Executive Board of GEA Group Aktiengesellschaft received total remuneration of EUR 3,296 thousand in fiscal year 2009. This is composed of the following components:

(EUR thousand)	2009	2008
Fixed salary	2,287	2,221
Bonus	753	3,175
Noncash benefits	180	164
Pension subsidies	76	75
Total	**3,296**	**5,635**

Former members of the Executive Board and their surviving dependents received remuneration of EUR 1,900 thousand (previous year: EUR 1,666 thousand) from GEA Group Aktiengesellschaft and payments of EUR 5,652 thousand (previous year: EUR 5,238 thousand) from GEA Group. GEA Group Aktiengesellschaft recognized pension provisions for former Executive Board members and their surviving dependents in accordance with IFRSs of EUR 27,623 thousand (previous year: EUR 27,548 thousand); the amount recognized by GEA Group for these persons was EUR 55,174 thousand (previous year: EUR 56,616 thousand).

The expenses incurred for the Supervisory Board amounted to EUR 735 thousand in fiscal year 2009 (previous year: EUR 738 thousand).

Other information on the remuneration of the Executive Board and the Supervisory Board can be found in the management report starting on page 80.

There were no other transactions by members of the Executive Board or Supervisory Board or their related parties in either the reporting or the comparative period.

11.4 Supplemental disclosures in accordance with § 315a of the HGB

11.4.1 Declaration on the Corporate Governance Code

The Executive Board and the Supervisory Board issued an updated declaration of conformity in accordance with § 161 of the Aktiengesetz (AktG – German Stock Corporation Act) on December 17, 2009 and made it permanently available to the shareholders on the Company's website.

11.4.2 Number of employees

The average number of employees during the year was as follows:

Average number of employees during the year *	2009	2008
Hourly workers	8,299	8,224
Salaried employees	12,618	12,388
Continuing operations	**20,917**	**20,612**
Hourly workers	29	155
Salaried employees	17	77
Discontinued operations	**46**	**232**
Total	**20,963**	**20,844**

* Full-time equivalents (FTEs) excluding vocational trainees and inactive employment contracts

The number of employees at the reporting date was as follows:

Employees at reporting date *	2009	2008
Hourly workers	8,108	8,614
Salaried employees	12,585	12,713
Continuing operations	**20,693**	**21,327**
Hourly workers	6	157
Salaried employees	2	74
Discontinued operations	**8**	231
Total	**20,701**	**21,558**

* Full-time equivalents (FTEs) excluding vocational trainees and inactive employment contracts

11.4.3 Audit and consulting fees

The fees charged by the auditors of the consolidated financial statements for fiscal year 2009 are broken down as follows:

(EUR thousand)	2009	2008
Audit	1,711	1,911
Tax consulting services	306	244
Other services	97	70
Total	**2,114**	**2,225**

11.4.4 Significant investments

The complete list of investments is published in the electronic Bundesanzeiger (Federal Gazette). A list of investments is also available on the Company's website at www.geagroup.com. The following list presents only significant investments in terms of revenue and total assets:

Segment	Company	Head Office	Country
Energy and Farm Technology	GEA Air Treatment GmbH	Herne	Germany
	GEA WestfaliaSurge Deutschland GmbH	Bönen	Germany
	GEA Farm Technologies, Inc.	Delaware	USA
	GEA Energietechnik GmbH	Bochum	Germany
	GEA Batignolles Technologies Thermiques S.A.S.	Nantes	France
	GEA Bischoff GmbH	Essen	Germany
Process Technology	Royal GEA Grasso Holding N.V.	's-Hertogenbosch	Netherlands
	GEA Process Equipment GmbH	Duisburg	Germany
	GEA Ecoflex GmbH	Sarstedt	Germany
	GEA Westfalia Separator GmbH	Oelde	Germany
	GEA Westfalia Separator Process GmbH	Oelde	Germany
	GEA Process Engineering A/S	Søborg	Denmark
	GEA Procomac S.p.A.	Sala Baganza	Italy
	GEA Pharma Systems Limited	Eastleigh Hampshire	United Kingdom
Other	GEA Group Aktiengesellschaft	Bochum	Germany
	GEA North America, Inc.	Delaware	USA
	GEA Real Estate GmbH	Frankfurt am Main	Germany
	GEA PT Holding GmbH	Bochum	Germany
	GEA PT France SAS	Saint-Quentin en Yvelines	France
	LL Plant Engineering AG	Ratingen	Germany
	ZiAG Plant Engineering GmbH	Frankfurt am Main	Germany

11.4.5 Companies exempted in accordance with § 264(3) of the HGB

GEA 2H Water Technologies GmbH, Wettringen
GEA Air Treatment GmbH, Herne
GEA Air Treatment Marketing Services International GmbH, Herne
GEA Air Treatment Services GmbH, Herne
GEA AWP GmbH, Prenzlau
GEA Bischoff GmbH, Essen
GEA Brewery Systems GmbH, Kitzingen
GEA Deichmann Umwelttechnik GmbH, Bebra
GEA Delbag Lufttechnik GmbH, Herne
GEA Delbag-Luftfilter Vetriebsgesellschaft mbH, Herne
GEA Diessel GmbH, Hildesheim
GEA Ecoflex GmbH, Sarstedt
GEA Energietechnik Anlagen- und Betriebs-GmbH, Bochum
GEA Energietechnik GmbH, Bochum
GEA Energy Technology GmbH, Bochum
GEA Grasso GmbH, Berlin
GEA Grasso International GmbH, Berlin
GEA Happel Klimatechnik GmbH, Herne
GEA Happel Klimatechnik Produktions- und Servicegesellschaft mbH, Herne
GEA Happel Service GmbH, Willich
GEA Happel Wieland GmbH, Sprockhövel-Haßlinghausen
GEA Industrial Products GmbH, Bochum
GEA Industriebeteiligungen GmbH, Bochum
GEA Insurance Broker GmbH, Frankfurt am Main
GEA IT Services GmbH, Oelde
GEA Klima- und Filtertechnik Wurzen GmbH, Wurzen
GEA Küba GmbH, Baierbrunn
GEA Luftkühler GmbH, Bochum
GEA Lyophil GmbH, Hürth
GEA Management Gesellschaft für Wärme- u. Energietechnik mbH, Bochum
GEA Maschinenkühltechnik GmbH, Bochum
GEA Messo GmbH, Duisburg
GEA NEMA Wärmetauscher GmbH, Netzschkau
GEA NIRO GmbH, Müllheim
GEA Process Equipment GmbH, Duisburg
GEA PT Holding GmbH, Bochum
GEA Real Estate GmbH, Frankfurt am Main
GEA Renzmann & Grünewald GmbH, Monzingen
GEA TDS GmbH, Sarstedt
GEA Tuchenhagen GmbH, Büchen
GEA Westfalia Separator Deutschland GmbH, Oelde
GEA Westfalia Separator GmbH, Oelde
GEA Westfalia Separator Process GmbH, Oelde

GEA Westfalia Separator Production GmbH, Oelde
GEA Westfalia Separator Systems GmbH, Oelde
GEA WestfaliaSurge Deutschland GmbH, Bönen
GEA WestfaliaSurge GmbH, Bönen
GEA Wiegand GmbH, Ettlingen
GEA WTT GmbH, Nobitz-Wilchwitz
LL Plant Engineering AG, Ratingen
mg Altersversorgung GmbH, Bochum
mg capital gmbh, Bochum
mg vv Projektgesellschaft Hornpottweg GmbH, Frankfurt am Main
Paul Pollrich GmbH, Mönchengladbach
ZiAG Plant Engineering GmbH, Frankfurt am Main

Bochum, March 1, 2010

The Executive Board

Jürg Oleas   Dr Helmut Schmale   Niels Graugaard

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the management report of the Group, which has been combined with the management report of the Company, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Bochum, March 1, 2010

The Executive Board

Jürg Oleas Dr Helmut Schmale Niels Graugaard

Compressors from GEA generate both refrigeration and heat by means of natural refrigerants. Although this process is significantly more complex than the use of synthetic refrigerants, it is also much more efficient and environmentally friendly. GEA compressors are developed entirely by our own research and development department. This means we are able to offer our customers unique solutions tailored to their individual requirements.

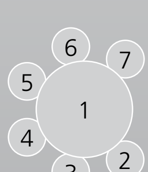
In the refrigeration process, a screw compressor is used to compress a refrigerant to a higher pressure and thus elevate heat from a lower to a higher temperature level. In this way, heat is removed from the system and can either be emitted into the immediate environment or – and herein lies an additional benefit to the customer and the environment – used for further processes.

GEA screw compressors have a wide range of applications. They are used in, for example, the food and beverage industries, the pharmaceuticals and chemicals industries, the automotive industry, the leisure industry, and for air conditioning systems in buildings and commercial greenhouses. Today, there is barely a sector of industry

Chilling Technology

that does not make some use of refrigeration technology or air conditioning. Increasingly, GEA screw compressors are also utilized in heat pumps in order to elevate ambient heat to a higher temperature for further use.

GEA screw compressors are also used in the following areas: for providing an unbroken cold chain in the production of convenience foods, for cold storage of food in warehouses, for air conditioning in trade fair halls, for producing artificial snow for outdoor and indoor ski slopes, for deep-freezing and cold storage in slaughter houses, for ground freezing to protect against groundwater seepage during construction projects, for simulating extreme weather conditions in wind tunnels for the automotive industry, for deep-freezing fish on board factory ships, for cooling the combustion air of huge gas turbines, and for providing refrigeration for a wide variety of processes in the brewing, dairy, and chemicals industries.



1. GEA screw compressors provide refrigeration and heat by means of natural refrigerants.
2. GEA technology ensures that fruit juices are properly chilled.
3. GEA compressors are used to cool natural gas heated as a result of being pressurized by compressor stations for transportation through pipelines.
4. Compressors from GEA are also used to chill ice cream to a perfect temperature.
5. Crushed and cubed ice is required in many areas of the food industry – especially in refrigerated counters to ensure fresh and attractive presentation.
6. GEA technology creates a cool atmosphere in Düsseldorf's ISS Dome, when the ice hockey stars are at home.
7. Perishable foodstuffs such as fish often complete a long journey to the display counter – GEA ensures an unbroken cold chain from catch to consumer.

Independent Group Auditors' Report

We have audited the consolidated financial statements prepared by GEA Group Aktiengesellschaft, Bochum - comprising the group balance sheet, group income statement, statement of consolidated comprehensive income, consolidated cash flow statement, statement of changes in consolidated equity, and notes to the consolidated financial statements - and the group management report combined with the management report of the parent company for the financial year from 1 January to 31 December 2009. The preparation of the consolidated financial statements and group management report in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU, and regulations under German commercial law to be applied as a supplement according to § 315a (1) German Commercial Code (HGB) is the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB ("German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with applicable accounting rules and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of GEA Group Aktiengesellschaft, Bochum, comply with the IFRS, as applicable in the EU, and regulations under German commercial law to be applied as a supplement according to § 315a (1) German Commercial Code (HGB) and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these regulations. The group management report which has been combined with the management report of the parent company is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, March 1, 2010

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Kompenhans	Dr. Buhleier
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Report of the Supervisory Board

In the year under review, the Supervisory Board comprehensively performed the controlling and advisory functions incumbent on it by virtue of the law, the Articles of Association and the internal Rules of Procedure, dealing in depth with the Company's position and its business prospects as well as some special issues. The Supervisory Board provided ongoing advice to the Executive Board on the management of the Company and monitored its conduct of business, based on regular written and oral reports provided by the Executive Board on all aspects material to the Company, in addition to the consultations at the meetings. Moreover, the Supervisory Board chairman maintained continuous contact with the Executive Board and with the Executive Board's chairman in particular who provided him with regular and prompt information on the individual business units and further important developments and imminent decisions. Besides the Supervisory Board chairman, other Supervisory Board members held regular contact with the Executive Board outside meetings to obtain information on the current business progress and important transactions and to support the Executive Board with advice.

The Supervisory Board was directly involved in all decisions of fundamental importance for the Company and was comprehensively and promptly informed on all relevant matters of the Company, on the course of business and the position of the group.

The Supervisory Board obtained continuous and thorough information on the order intake, revenue, earnings and capacity utilization trends at the group and its Segments and their Business Units and on discontinued operations as well as the financial situation. Any variances of the course of business from the plans and targets were explained to the Supervisory Board in detail on the basis of supporting documents and made plausible to the Supervisory Board. The prospects and strategic development of the Company and its business units, including corporate planning, were extensively discussed and agreed with the Supervisory Board. The impact of the worldwide financial and economic crisis on the business progress of GEA Group as well as the necessary restructuring measures and strategic advance development of the group called for intensive consultations. In this context, special attention was attributed to the risk exposure, financial situation and the risk management of the Company.

After in-depth examination and following comprehensive debates, the Supervisory Board approved and voted on the reports and motions submitted by the Executive Board to the extent that this was required under the law and the provisions of the Articles of Association as well as the Rules of Procedure. Before and in between the meeting dates, the Executive Board provided written reports on material events. The Supervisory Board and/or its committees were informed extensively about projects and plans which called for urgent decision. As far as required, resolutions were adopted by correspondence.

None of the Supervisory Board members attended less than half of the meetings.

Focal Points of the Supervisory Board's Deliberations

Five Supervisory Board meetings were held in the year under review, 2009. The repercussions of the worldwide financial and economic crisis on the GEA Group and consultations on what measures to take in order to respond to the crisis were the subject of regular discussions on the Supervisory Board.

The main issues discussed at the Supervisory Board meeting held on March 10, 2009 were, besides matters relating to Executive Board members including the remuneration structure for the Executive Board, the treatment of the annual financial statements and of the consolidated financial statements for fiscal 2008, the determination of the proposals to be submitted for approval to the Annual General Meeting on April 22, 2009, the status of the divestment projects of Plant Engineering and the winding up of Ruhr-Zink GmbH which was closed as of the end of the year 2008 as well as potential acquisition projects. Furthermore, the Supervisory Board approved the proposed action plan in view of anticipated declines in order intake in the wake of the economic crisis. At that meeting, the Supervisory Board, after the respective preparation, carried through an efficiency check of its own performance.

The Supervisory Board meeting held directly before the Annual General Meeting on April 22, 2009 served in particular to prepare for the Annual General Meeting on that same day. In addition, the Executive Board reported on the current business progress.
The Supervisory Board used the meeting held on June 23, 2009 to resolve, on the basis of a comprehensive report by the Executive Board, on the additional restructuring measures imposed by the economic crisis. At that meeting, the Supervisory Board was also informed on the status of divestments and on the innovation management and the Global Sourcing activities. Moreover, it deliberated on the initiated project of simplifying the group structure by reducing the number of legal entities as well as the impact of the economic crisis on the Division Process Engineering in the Process Technology Segment.

The Supervisory Board held its meeting on September 22, 2009 in Changshu/China and on the occasion of several plant visits to various business units of GEA Group it assured itself of the sound positioning of the Company in China. The meeting was focused on the strategic alignment, the long-term corporate objectives to be derived from it and the reorganization of the group proposed by the Executive Board and subsequently approved by the Supervisory Board, geared to the combination of all heat exchanger activities of the group in a new Business Unit GEA Heat Exchangers and the resulting new segmentation for the entire group. After the respective explanations, the Supervisory Board also took approving note of the further restructuring measures induced by the economic crisis. Moreover, the forecast of the mid-term planning, management staff development and status of the residual risks inherent in the divestments were discussed at the meeting.

Main topics at the meeting on December 17, 2009 were the pending resolutions on the implementation of the new group organization structure, the earnings trends at the Segments and their Business Units as well as the mid-term planning of the group and its new Segments. The Supervisory Board approved the budget for the 2010 fiscal year as well as the Declaration of Compliance with the Corporate Governance Code. In connection with matters relating to Executive Board members, the Supervisory Board discussed extensively the essential contents of the new German law on the appropriateness of management board remuneration ("VorstAG") and the resulting need for action by the Supervisory Board. In addition, the status of the mg/GEA evaluation proceedings, the further strategy to be adopted and the potential repercussions on the balance sheet were discussed. The Chief Compliance Officer provided a comprehensive report on his area of responsibility and the further extension of compliance activities at the group.

Work of the Committees

The Chairman's Presiding Committee met on four occasions. Besides the preparation of Supervisory Board meetings, the key topics related to amendments of service contracts for individual Executive Board members, current legal disputes of the group as well as reports on potential acquisition projects. Furthermore, the Presiding Committee dealt with the report of the Internal Audit function on the findings of audits performed in 2008 and the audit plan for 2009. The Presiding Committee also approved the conclusion of a backup loan agreement and a credit agreement with the European Investment Bank. Further items on the agenda were the report of the Chief Compliance Officer and the annual renewal of the D&O insurance policy. In between the meetings, the Presiding Committee members discussed projects of significance for the group with the Executive Board.

The Audit Committee met four times. In the presence of the accounts auditor as well as the Executive Board chairman and the CFO, the Audit Committee focused on the annual financial statements and the consolidated financial statements as well as the combined management report for the 2008 fiscal year and the quarterly financial statements and the respective quarterly reports in fiscal 2009. The remaining risks emanating from the divested Plant Engineering business and the closure of Ruhr-Zink GmbH were discussed comprehensively. The Audit Committee also received reports on the internal risk control system and the risk management and risk exposure situation of the Company. The accounts auditors explained their auditing activities in depth. The Audit Committee also deliberated on the order award to the auditors as well as the definition and monitoring of the audit process including agreement on the auditors' fees. In addition, the Audit Committee was concerned with the reports of the Internal Audit function and of the Chief Compliance Officer. Another topic discussed was the impact of the effectiveness of the new German Accounting Law Modernization Act on the group.

The respective committee chairmen reported to the Supervisory Board on the committee work at the subsequent plenary Supervisory Board meetings. The Mediation Committee did not have to be convened. In March 2009, the Nomination Committee proposed to the Supervisory Board the election of Mr. Eberlein to the Supervisory Board.

Corporate Governance

The Supervisory Board followed up on the further development of the German Corporate Governance Standards. At its December meeting, it discussed the amendments to the German Corporate Governance Code resolved on by the Government Commission in June 2009. Subsequently, at the meeting the Executive and Supervisory Boards prepared an updated Declaration of Compliance under § 161 AktG which they made permanently accessible by publication at the Company's website. GEA Group Aktiengesellschaft complies with the updated version of the German Corporate Governance Code with only one exception (no performance-related remuneration component for Supervisory Board members). Further information on Corporate Governance can be found in the Corporate Governance Declaration including Corporate Governance Report (p. xxx).

Annual Financial Statements and Consolidated Financial Statements for 2009

The 2009 annual financial statements of GEA Group Aktiengesellschaft, the consolidated financial statements prepared in accordance with IFRS and the combined management report have been audited by Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft and have been given their unqualified opinion.

The combined management report, the annual financial statements of GEA Group Aktiengesellschaft, the proposal for the appropriation of the net earnings as well as the consolidated financial statements and the audit reports for 2009 were discussed exhaustively and examined in detail at the meeting of the Audit Committee on March 2, 2010 and at the meeting of the Supervisory Board held on March 9, 2010 for adopting the annual accounts in the presence of the accounts auditors. The auditors reported on the procedures applied and the material findings of their audit. They were also available to answer any questions.

On the basis of the final results of the examination performed by the Audit Committee and having conducted its own audit, the Supervisory Board agreed with the auditors' findings at its meeting on March 9, 2010 and found that it had no reservations to make. The Supervisory Board approved the 2009 consolidated financial statements and the annual financial statements of GEA Group Aktiengesellschaft as well as the combined management report. The annual financial statements of GEA Group Aktiengesellschaft have been adopted therewith. The Supervisory Board regards the proposal for the appropriation of the net earnings as reasonable.

Composition of the Supervisory Board and Executive Board

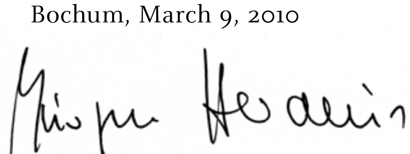
With effect from the close of the Annual General Meeting held on April 22, 2009, Mr. Louis Graf von Zech stepped down from the Supervisory Board. Mr. Louis Graf von Zech was a member of the Supervisory Board since 2004. At the Annual General Meeting on April 22, 2009, Mr. Hartmut Eberlein was elected as his successor on the Supervisory Board.

Effective April 1, 2009 Dr. Helmut Schmale became a regular Executive Board member and with effect from the close of the Annual General Meeting on April 22, 2009, he took over as CFO on the Executive Board as Mr. Eberlein's successor who resigned from this office at that point in time.

At the Supervisory Board meeting held on December 17, 2009, the term of office of Mr. Niels Graugaard on the Executive Board was renewed by another three years until July 31, 2013.

The Supervisory Board would like to express its thanks and appreciation to the managements, employee representatives and, especially, all employees of the companies of the GEA Group for their personal dedication and performance in a difficult business climate.

Bochum, March 9, 2010



Dr. Jürgen Heraeus
Chairman of the Supervisory Board

Executive Body Appointments

held by members of the Excecutive Board

Jürg Oleas, Düsseldorf / Hausen b. Brugg (Switzerland),
CEO – Chairman of the Executive Board
COO – Energy and Farm Technology

a) LL Plant Engineering AG, Ratingen,
Chairman of the Supervisory Board

b) Allianz Global Corporate & Specialty AG, Munich,
Member of the Advisory Board

Deutsche Bank AG, Frankfurt am Main,
Member of the Central Regional Advisory Board

Hartmut Eberlein, Gehrden, (until April 22, 2009)
CFO – Chief Financial Officer

a) GEA Beteiligungsgesellschaft AG, Bochum,
Chairman of the Supervisory Board (until April 22, 2009)

b) GEA North America, Inc., Delaware, USA,
Chairman of the Board of Directors (until April 22, 2009)

Dr. Helmut Schmale, Bochum,
(member of the Excecutive Board since April 1, 2009)
CFO – Chief Financial Officer (since April 22, 2009)

b) GEA North America, Inc., Delaware, USA,
Chairman of the Board of Directors (since April 22, 2009)

Niels Graugaard, Düsseldorf,
COO – Process Engineering

b) GEA North America, Inc., Delaware, USA,
Member of the Board of Directors

Royal GEA Grasso Holding N.V., 's-Hertogenbosch, Netherlands
Member of the Supervisory Board

GEA Process Engineering A/S, Søborg, Denmark,
Chairman of the Supervisory Board

a) Membership of statutory German supervisory boards

b) Membership of comparable German or foreign supervisory bodies of business entities

Executive Body Appointments

held by members of the Supervisory Board

Dr. Jürgen Heraeus, Maintal,
Chairman of the Supervisory Board
Chairman of the Supervisory Board of Heraeus Holding GmbH

a) Heraeus Holding GmbH, Hanau,
Chairman of the Supervisory Board

Messer Group GmbH, Sulzbach,
Chairman of the Supervisory Board

b) Argor-Heraeus S.A., Mendrisio, Switzerland,
Chairman of the Board of Directors

Reinhold Siegers, Mönchengladbach,
Deputy Chairman of the Supervisory Board
Chairman of the Works Council of GEA Group Aktiengesellschaft

Dieter Ammer, Hamburg,
Chairman of the Executive Board of Conergy AG

a) Beiersdorf AG, Hamburg,
Member of the Supervisory Board (until April 30, 2009)

Heraeus Holding GmbH, Hanau,
Member of the Supervisory Board

Ahmad M.A. Bastaki, Safat, Kuwait,
Executive Director, Office of the Managing Director,
Kuwait Investment Authority

Hartmut Eberlein, Gehrden, (from April 22, 2009)
Former CFO – Chief Financial Officer GEA Group Aktiengesellschaft

Rainer Gröbel, Sulzbach/Taunus,
Departmental Head, IG Metall, Management Board

a) Schunk GmbH, Heuchelheim,
Deputy Chairman of the Supervisory Board

Klaus Hunger, Herne,
Chairman of the Works Council of GEA Maschinenkühltechnik GmbH

Michael Kämpfert, Düsseldorf,
Head of Human Resources at GEA Group Aktiengesellschaft

Dr. Dietmar Kuhnt, Essen,
Former Chairman of the Executive Board of RWE AG

a) BDO Deutsche Warentreuhand AG, Hamburg,
Member of the Supervisory Board

Dresdner Bank AG, Frankfurt am Main,
Member of the Supervisory Board (until Januar 15, 2009)

Hapag-Lloyd AG, Hamburg,
Member of the Supervisory Board (until Februar 23, 2009)

TUI AG, Hannover,
Chairman of the Supervisory Board (from Oktober 28, 2009)

Kurt-Jürgen Löw , Ebernhahn,
Chairman of the Works Council of GEA Westfalia Production GmbH

a) Membership of statutory German supervisory boards

b) Membership of comparable German or foreign supervisory bodies of business entities

Dr. Helmut Perlet, Munich,
Former Member of the Executive Board of Allianz SE
(until August 31, 2009)

a) Allianz Deutschland AG, Munich,
Member of the Supervisory Board

Allianz Global Corporate & Specialty AG, Munich,
Deputy Chairman of the Supervisory Board (until August 31, 2009)

Allianz Global Investors AG, Munich,
Member of the Supervisory Board (until September 15, 2009)

Allianz Investment Management SE, Munich,
Deputy Chairman of the Board of Directors (until September 9, 2009)

Commerzbank AG, Frankfurt,
Member of the Supervisory Board (from May 15, 2009)

Dresdner Bank AG, Frankfurt,
Member of the Supervisory Board (until January 12, 2009)

b) Allianz Life Insurance Company of North America, Minneapolis, USA,
Member of the Board of Directors

Fireman's Fund Ins. Co., Novato, USA,
Member of the Board of Directors

Allianz of America Inc., Novato, USA,
Member of the Board of Directors

Allianz S.p.A., Mailand, Italy,
Member of the Board of Directors

Allianz France S.A., Paris, France,
Member of the Board of Directors (from November 1, 2009)

Joachim Stöber , Biebergemünd,
Secretary of the Executive Board of IG Metall

a) Rheinmetall AG, Düsseldorf,
Deputy Chairman of the Supervisory Board

Louis Graf von Zech, Frankfurt am Main, (until April 22, 2009)
Member of the Board of Managing Directors of
BHF-Bank Aktiengesellschaft

a) Cocomore AG, Frankfurt am Main,
Member of the Supervisory Board

ZRT/Zertus GmbH, Hamburg,
Deputy Chairman of the Supervisory Board

a) Membership of statutory German supervisory boards

b) Membership of comparable German or foreign supervisory bodies of business entities

Supervisory Board committees of GEA Group Aktiengesellschaft

Mediation Committee in accordance with section 27(3) of the Mitbestimmungsgesetz (MitbestG – German Co-determination Act)

Dr. Jürgen Heraeus, Chairman
Dr. Helmut Perlet
Reinhold Siegers
Klaus Hunger

Presiding Committee

Dr. Jürgen Heraeus, Chairman
Dr. Helmut Perlet
Reinhold Siegers
Rainer Gröbel

Audit Committee

Dr. Dietmar Kuhnt, Chairman
Dr. Jürgen Heraeus
Kurt-Jürgen Löw
Joachim Stöber

Nomination Committee

Dr. Jürgen Heraeus, Chairmanr
Dr. Dietmar Kuhnt
Dr. Helmut Perlet


GEA

From Wet to Dry

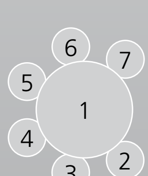
Spray drying is the method most commonly used to turn a liquid feedstock into a dry powder. In the process, water or a chemical solvent is removed from the feedstock. Many years of experience have enabled GEA to build up a unique fund of know-how in this field.

In the course of the drying process, an enormous transfer of heat and mass takes place within just a few seconds. Spray drying begins with the atomization of the liquid feedstock into tiny droplets. One liter of the liquid feedstock yields 15 billion droplets with a diameter of 50 micrometers and a combined surface area of 120 square meters. These droplets are then sprayed into a current of warm air, which triggers a process of evaporation.

Over the years, GEA has developed, supplied, and commissioned over 10,000 industrial spray dryers for customers from the food, dairy, chemical, and pharmaceutical industries worldwide. GEA supplies spray drying systems in a wide range of specifications. The correct choice of spray dryer depends on both the feedstock and the properties required of the end product.

In many cases, a project to determine the right system specification begins with tests in one of the 75 pilot plants at our test centers. In the course of these tests, our engineers and process technicians are able to ascertain the operating parameters and drying settings that are best suited to achieving the properties the customer requires from the end product.

GEA is a full-line supplier of complex process lines. In many cases, different companies from the Group will team up in order to provide the customer with a complete service from a single source.



1. GEA spray dryers are used in the manufacture of a host of products in powdered, granulated, and agglomerated form.
2. Powdered fruits – oranges and lemons, for example – are used as fragrances and flavorings in a whole range of applications.
3. Practically every step in the production of instant coffee can be optimized with the use of GEA technology, thus ensuring that consumers worldwide enjoy the full flavor and aroma of their favorite drink.
4. GEA runs its own spray dryer test facilities for the pharmaceutical industry, where trials can be conducted and production processes refined.
5. GEA spray dryers are also used in the production of cemented carbide.
6. Spray dryers from GEA convert around seven liters of milk into one kilogram of milk powder, thus facilitating transport.
7. GEA spray dryers are essential in many of the processes used in the production of convenience foods.

Key Figures by Quarter

Former group segment structure until fiscal year 2009, including restructuring expenses in 2009:

	Q1 2009	Q1 2008	Q2 2009	Q2 2008	Q3 2009	Q3 2008	Q4 2009	Q4 2008	**2009**	**2008**
Order intake (EUR million)										
Energy and Farm Technology	361.9	451.8	309.3	385.9	338.4	397.1	321.2	410.8	**1,330.8**	**1,645.6**
Process Technology	713.5	924.9	729.5	889.4	626.4	828.9	691.0	703.4	**2,760.4**	**3,346.6**
GEA Group	1,072.5	1,374.3	1,036.0	1,272.7	962.3	1,223.5	1,009.9	1,113.3	**4,080.7**	**4,983.9**
Revenue (EUR million)										
Energy and Farm Technology	327.8	363.2	368.7	447.1	354.7	478.7	432.5	529.6	**1,483.7**	**1,818.6**
Process Technology	723.0	757.4	731.6	844.6	700.6	831.9	749.1	904.2	**2,904.4**	**3,338.1**
GEA Group	1,054.5	1,127.2	1,103.9	1,295.8	1,060.8	1,318.0	1,191.9	1,438.0	**4,411.2**	**5,179.0**
EBIT (EUR million)										
Energy and Farm Technology	8.2	20.1	12.0	37.6	25.8	48.9	26.4	59.0	**72.4**	**165.5**
Process Technology	49.1	62.5	48.7	85.7	39.8	91.9	79.6	129.5	**217.1**	**369.7**
GEA Group	53.8	76.1	58.1	119.3	63.5	131.8	92.8	177.1	**268.2**	**504.2**
EBIT margin (%)										
Energy and Farm Technology	2.5	5.5	3.3	8.4	7.3	10.2	6.1	11.1	**4.9**	**9.1**
Process Technology	6.8	8.3	6.7	10.2	5.7	11.1	10.6	14.3	**7.5**	**11.1**
GEA Group	5.1	6.7	5.3	9.2	6.0	10.0	7.8	12.3	**6.1**	**9.7**

EBIT margin before restructuring expenses in 2009:

EBIT margin (%)	Q1 2009	Q1 2008	Q2 2009	Q2 2008	Q3 2009	Q3 2008	Q4 2009	Q4 2008	**2009**	**2008**
Energy and Farm Technology	2.7	5.5	5.3	8.4	7.8	10.2	7.3	11.1	**5.9**	**9.1**
Process Technology	7.0	8.3	7.5	10.2	8.8	11.1	13.2	14.3	**9.2**	**11.1**
GEA Group	5.3	6.7	6.4	9.2	8.2	10.0	10.0	12.3	**7.6**	**9.7**

Pro forma history reflecting the new group segment structure from fiscal year 2010, including restructuring expenses in 2009:

	Q1 2009	Q1 2008	Q2 2009	Q2 2008	Q3 2009	Q3 2008	Q4 2009	Q4 2008	**2009**	**2008**
Order intake (EUR million)										
GEA Farm Technologies	94.9	123.5	101.2	120.5	94.9	137.0	98.6	116.0	**389.6**	**497.1**
GEA Heat Exchangers	413.6	485.0	338.9	416.4	365.0	389.1	301.3	431.4	**1,418.7**	**1,721.9**
GEA Mechanical Equipment	194.9	257.4	162.2	258.0	158.6	237.0	169.4	177.0	**685.1**	**929.4**
GEA Process Engineering	251.0	367.3	308.7	355.4	254.0	346.4	334.6	264.4	**1,148.3**	**1,333.6**
GEA Refrigeration Technologies	138.9	174.1	143.2	152.3	114.3	144.2	130.3	143.3	**526.6**	**613.9**
GEA Group	1,072.5	1,374.3	1,036.0	1,272.7	962.3	1,223.5	1,009.9	1,113.3	**4,080.7**	**4,983.9**
Revenue (EUR million)										
GEA Farm Technologies	86.6	94.9	98.5	123.9	112.0	138.5	114.7	147.1	**411.8**	**504.5**
GEA Heat Exchangers	387.0	398.7	421.2	449.8	372.0	481.7	443.1	529.0	**1,623.4**	**1,859.2**
GEA Mechanical Equipment	200.0	196.9	179.9	190.7	163.8	210.9	174.0	211.2	**717.5**	**809.7**
GEA Process Engineering	270.7	328.2	281.9	395.8	278.1	364.5	313.2	398.9	**1,144.0**	**1,487.4**
GEA Refrigeration Technologies	122.3	132.5	136.9	159.3	148.2	142.9	158.2	175.9	**565.6**	**610.6**
GEA Group	1,054.5	1,127.2	1,103.9	1,295.8	1,060.8	1,318.0	1,191.9	1,438.0	**4,411.2**	**5,179.0**
EBIT (EUR million)										
GEA Farm Technologies	-1.6	4.1	3.6	11.6	7.4	18.8	3.1	18.8	**12.4**	**53.4**
GEA Heat Exchangers	27.2	36.4	21.8	49.1	26.0	58.1	48.8	71.8	**123.8**	**215.4**
GEA Mechanical Equipment	23.0	27.0	19.1	29.7	22.7	29.4	22.7	39.5	**87.6**	**125.6**
GEA Process Engineering	6.7	9.2	10.4	23.1	7.8	24.8	27.4	43.1	**52.3**	**100.2**
GEA Refrigeration Technologies	1.8	5.9	5.9	9.8	1.7	9.7	3.9	15.2	**13.3**	**40.7**
GEA Group	53.8	76.1	58.1	119.3	63.5	131.8	92.8	177.1	**268.2**	**504.2**
EBIT margin (%)										
GEA Farm Technologies	-1.8	4.3	3.6	9.4	6.6	13.6	2.7	12.8	**3.0**	**10.6**
GEA Heat Exchangers	7.0	9.1	5.2	10.9	7.0	12.1	11.0	13.6	**7.6**	**11.6**
GEA Mechanical Equipment	11.5	13.7	10.6	15.6	13.8	13.9	13.1	18.7	**12.2**	**15.5**
GEA Process Engineering	2.5	2.8	3.7	5.8	2.8	6.8	8.7	10.8	**4.6**	**6.7**
GEA Refrigeration Technologies	1.5	4.4	4.3	6.2	1.1	6.8	2.5	8.7	**2.4**	**6.7**
GEA Group	5.1	6.7	5.3	9.2	6.0	10.0	7.8	12.3	**6.1**	**9.7**

EBIT margin before restructuring expenses in 2009:

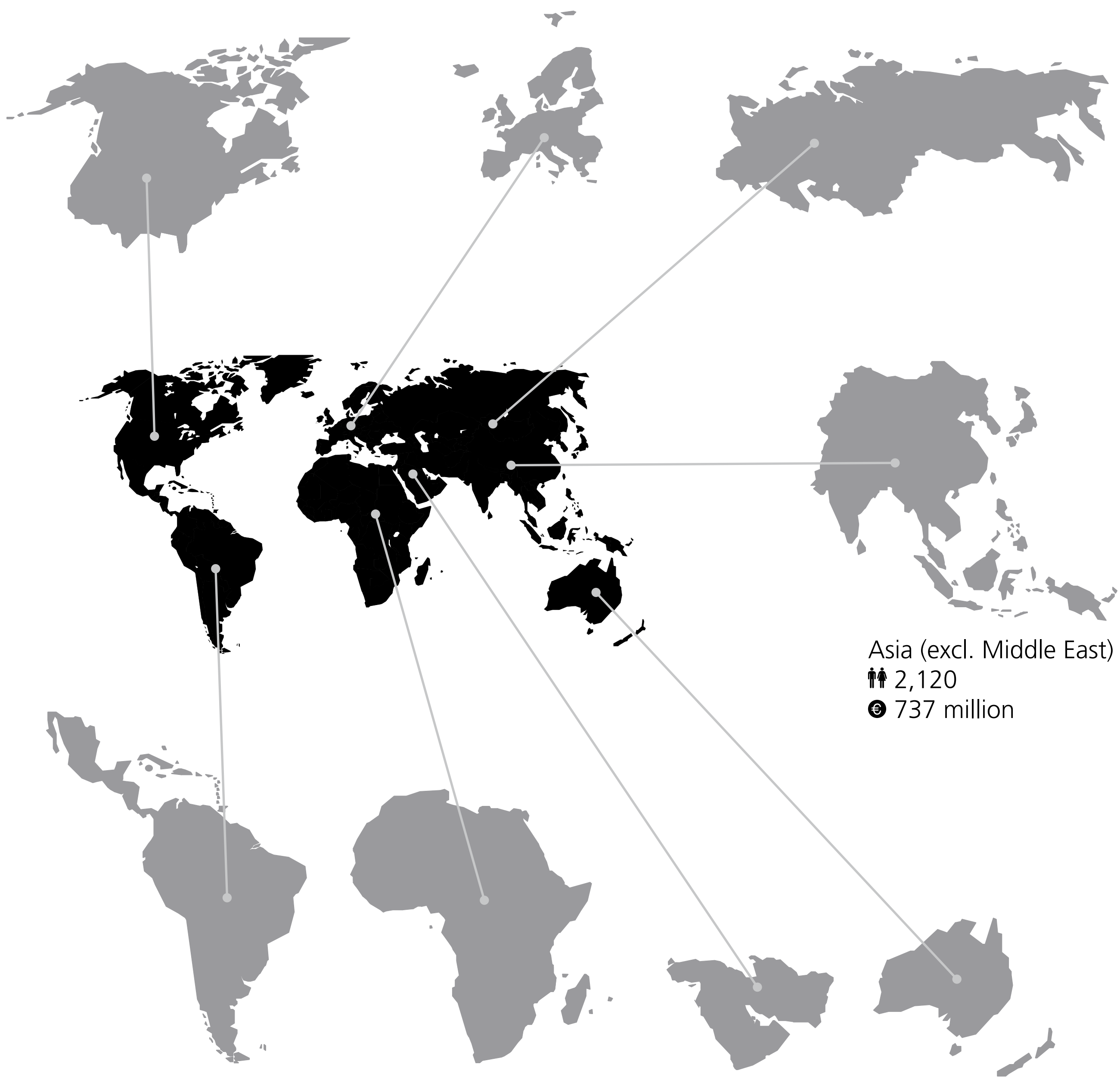
EBIT margin (%)	Q1 2009	Q1 2008	Q2 2009	Q2 2008	Q3 2009	Q3 2008	Q4 2009	Q4 2008	**2009**	**2008**
GEA Farm Technologies	-1.8	4.3	5.7	9.4	7.1	13.6	5.7	12.8	**4.5**	**10.6**
GEA Heat Exchangers	7.2	9.1	6.9	10.9	9.8	12.1	10.9	13.6	**8.7**	**11.6**
GEA Mechanical Equipment	11.5	13.7	10.7	15.6	15.0	13.9	18.7	18.7	**13.8**	**15.5**
GEA Process Engineering	2.8	2.8	4.9	5.8	6.3	6.8	11.2	10.8	**6.5**	**6.7**
GEA Refrigeration Technologies	1.8	4.4	4.6	6.2	1.9	6.8	5.0	8.7	**3.4**	**6.7**
GEA Group	5.3	6.7	6.4	9.2	8.2	10.0	10.0	12.3	**7.6**	**9.7**

GEA Group: Globally Active

North America
2,224
621 million

Europe (excl. CIS)
14,616
2.203 million

CIS
223
168 million



Asia (excl. Middle East)
2,120
737 million

Latin America
665
241 million

Africa
407
194 million

Middle East
219
172 million

Oceania
219
75 million

Published by	GEA Group Aktiengesellschaft Corporate Communications Dorstener Strasse 484 44809 Bochum Germany www.geagroup.com		
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This report is a translation of the German original; in the event of variances, the German version shall take precedence over the Englisch translation.

Financial Calendar

April 21, 2010	Annual Shareholders' Meeting for 2009
May 6, 2010	Quarterly Financial Report for the period to March 31, 2010
July 30, 2010	Half-yearly Financial Report for the period to June 30, 2010
October 29, 2010	Quarterly Financial Report for the period to September 30, 2010

The GEA Group Stock: Key data

WKN	660 200
ISIN	DE0006602006
Reuters code	G1AG.DE
Bloomberg code	G1A.GR
Xetra	G1A.DE

American Depository Receipts (ADR)

CUSIP	361592108
Bloomberg code	GEAGY:US
Sponsor	Deutsche Bank Trust Company Americas
ADR-Level	1
Ratio	1:1

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