EXCHANGE RATE INFORMATION

Exchange rate information

The following table sets forth, for the periods and dates indicated, certain information concerning the exchange rates for the euro from 2004 through February 2009 expressed in U.S. dollar per euro. The information concerning the U.S. dollar exchange rate is based on the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate"). We provide the exchange rates below solely for your convenience. We do not represent that euros were, could have been, or could be, converted into U.S. dollars at these rates or at any other rate. For information regarding the effect of currency fluctuations on our results of operations, see "Item 5. Operating and Financial Review and Prospects."

	Period-end Rate	Average Rate (1)	High	Low
	(U.S. dollar per euro)			
2004	1.35	1.25	1.36	1.18
2005	1.18	1.24	1.35	1.17
2006	1.32	1.27	1.33	1.19
2007	1.46	1.38	1.49	1.29
2008	1.39	1.47	1.60	1.24
Last 6 months				
2008				
September	1.41	1.43	1.47	1.39
October	1.27	1.33	1.41	1.24
November	1.27	1.27	1.3	1.25
December	1.39	1.35	1.44	1.26
2009				
January	1.28	1.32	1.39	1.28
February	1.27	1.28	1.31	1.25

(1) The average of the Noon Buying Rates on the last business day of each month during the relevant period for year average, on each business day of the month for monthly average.

B. Capitalization and Indebtedness

N/A

C. Reasons for Offer and Use of Proceeds

N/A

D. Risk Factors

Important factors that could cause actual financial, business, research or operating results to differ materially from expectations are disclosed in this annual report, including without limitation the following risk factors and the factors described under "Cautionary Statement Regarding Forward-Looking Statements." In addition to the risks listed below, we may be subject to other material risks that as of the date of this report are not currently known to us or that we deem immaterial at this time.

Risks Relating to Legal Matters

Generic versions of some of our products may be approved for sale in one or more of their major markets.

Competitors may file marketing authorization requests for generic versions of some of our products. Approval and market entry of a generic product would reduce the price that we receive for these products and/or the volume of the product that we would be able to sell, and could materially adversely affect our business, results of operations and financial condition. Our products could also be affected if a competitor's innovative drug were to become available as a generic. Additionally, a number of our products acquired through business combinations have substantial balance sheet carrying values, as disclosed at Note D.4. to our consolidated financial statements, which could be substantially impaired by the introduction of a generic competitor, with adverse effects on our financial condition and assets.

Through patent and other proprietary rights, we hold exclusivity rights for a number of our research-based products, and are involved in litigation worldwide to enforce these rights against generics and proposed generics. (See "Item 8. Financial Information — A. Consolidated Financial Statements and Other Financial Information — Information on Legal or Arbitration Proceedings" and Note D.22.b) to our consolidated financial statements included in this annual report at Item 18 for additional information.) However, these rights are limited in time and do not always provide effective protection for our products: competitors may successfully avoid our patents through design innovation, we may not hold sufficient evidence of infringement to bring suit, or our infringement claim may not result in a decision that our rights are valid, enforceable and infringed.

Moreover, even in cases where we do ultimately prevail in our infringement claim, legal remedies available for harm caused to us by infringing products may be inadequate to make us whole. A competitor may launch "at risk" before the initiation or completion of the court proceedings, and the court may decline to grant us a preliminary injunction to halt further "at risk" sales and remove the infringing product from the market. Additionally, while we would be entitled to obtain damages in such a case, the amount that we may ultimately be awarded and able to collect may be insufficient to compensate all harm caused to us.

Finally, our successful assertion of a given patent against one competing product is not necessarily predictive of our future success or failure in asserting the same patent — or *a fortiori* the corresponding foreign patent — against a second competing product because of such factors as possible differences in the formulations of the competing products, intervening developments in law or jurisprudence, local variations in the patents and differences in national patent law and legal systems.

A number of the Group's products are already subject to aggressive generic competition (in particular, in the United States where legislative initiatives to further facilitate the introduction of generic drugs or comparable biologic products through accelerated approval procedures may create further challenges) and additional products could become subject to generic competition in the future. A few particularly significant products that may face the risk of generic competition in a major market as early as 2009 are described below:

- Lovenox® may face generic competition in the United States following a decision by a U.S. court (upheld on appeal in May 2008) to the effect that our patent is unenforceable. While we have petitioned the U.S. Supreme Court to hear this case, there can be no assurance that it will do so or that the U.S. Supreme Court's ruling would change the outcome of this case. While we are not aware of any Food and Drug Administration (FDA) decision to approve any of the related Abbreviated New Drug Applications (ANDAs) filed to date, there currently is no stay in effect against FDA approval.
- Plavix® (*clopidogrel bisulfate*) faces competition in Germany following a May 2008 decision by the German health authorities to approve a clopidogrel salt (*clopidogrel besylate*) different from the specific clopidogrel salt expressly claimed by our European patent. In addition, our data exclusivity protection in the European Union expired in July 2008, and we believe that competitors have filed marketing requests throughout Europe, which may lead to generic competition in a number of markets.
- Ambien® CR may face generic competition in the United States following the expiration of data protection in March 2009. Several ANDAs have been filed in respect of different generic formulations of this product, but we have only filed patent infringement suits to oppose certain of these.

- Eloxatine® may face generic competition in the United States following the expiration of data protection in February 2008 and the submission of more than a dozen ANDAs relating to this product. While all ANDA filers are currently subject to regulatory 30-month stays against FDA approval as a result of our pending patent litigation, if the court were to render an unfavorable decision (including on summary judgment) in 2009, the regulatory stay would be lifted (the stay is currently expected to expire in August 2010).

Product liability claims could adversely affect our business, results of operations and financial condition.

Product liability is a significant business risk for us, particularly in the United States where product liability claims can be particularly costly. Substantial damage awards have been made in certain jurisdictions against pharmaceutical companies based upon claims for injuries allegedly caused by the use of their products. Not all possible side effects of a drug can be anticipated based on preapproval clinical studies involving only several hundred to several thousand patients. Routine review and analysis of the continually growing body of post-marketing safety surveillance and clinical trials provide additional information — for example, potential evidence of rare, population-specific or long-term adverse reactions or of drug interactions that were not observed in preapproval clinical studies — and may cause product labeling to evolve, restriction of therapeutic indications and potentially even the suspension or withdrawal of a product. Several pharmaceutical companies have recalled or withdrawn products from the market because of actual or suspected adverse reactions to their products, and currently face significant product liability claims. We are currently defending a number of product liability claims (see Note D.22.a) to the consolidated financial statements included at Item 18 of this annual report and “Item 8. Financial Information — A. Consolidated Financial Statements and Other Financial Information — Information on Legal or Arbitration Proceedings”), and there can be no assurance that the Group will not face additional claims in the future.

Although we continue to insure part of our product liability, product liability coverage is increasingly difficult and costly to obtain, and in the future it is possible that self-insurance may become the sole commercially reasonable means available for managing the product liability risk of our pharmaceutical and vaccines businesses. The availability of insurance capacity may also suffer from the possible effects of the global financial crisis on insurers that remain active in this market. Moreover, given the long time span required to evaluate risks that have actually materialized, the insolvency of a carrier could negatively affect our ability to achieve the practical recovery of the coverage for which we have already paid a premium.

Product liability claims, regardless of their merits or the ultimate success of the Group’s defense, are costly, divert management attention and harm our reputation and demand for our products. Substantial product liability claims, if successful, could adversely affect our business, results of operations and financial condition.

Claims and investigations relating to marketing practices and competition law could adversely affect our business, results of operations and financial condition.

The marketing of our products is heavily regulated, and alleged failures to comply fully with applicable regulations could subject us to substantial fines, penalties and injunctive or administrative remedies, potentially leading to the imposition of additional regulatory controls or exclusion from government reimbursement programs. Sanofi-aventis and certain of its subsidiaries are under investigation by various government entities and are defending a number of lawsuits relating to antitrust and/or pricing and marketing practices, including, for example, class action lawsuits and whistle blower litigation. See “Item 8. Financial Information — A. Consolidated Financial Statements and other Financial Information — Information on Legal or Arbitration Proceedings” and Note D.22.c) to our consolidated financial statements included at Item 18 of this annual report.

Because many of these cases allege substantial unquantified damages, may be subject to treble damages and frequently seek significant punitive damages and penalties, it is possible that any final determination of liability or settlement of these claims or investigations could have a material adverse effect on our business, results of operations or financial condition.

There are other legal matters in which adverse outcomes or changes in law could have a material adverse effect on our business, results of operations and financial condition.

The Group faces significant litigation and government investigations including litigation concerning product pricing, allegations of securities law violations, employment matters, patent and intellectual property disputes,

and consumer law claims. In a similar vein, in the United States, committees of the Senate and House of Representatives are conducting a series of hearings concerning the FDA and the conditions under which a number of products, including Ketek®, were approved.

Unfavorable outcomes in pending litigation matters or in future litigation could preclude the commercialization of products, negatively affect the profitability of existing products and subject us to substantial fines, penalties and injunctive or administrative remedies, potentially leading to the imposition of additional regulatory controls or exclusion from government reimbursement programs. Any such result could materially and adversely affect our results of operations, financial condition, or business. See "Item 8. Financial Information – A. Consolidated Financial Statements and other Financial Information – Information on Legal or Arbitration Proceedings" and Notes D.22.c) and D.22.d) to our consolidated financial statements included at Item 18 of this annual report.

In addition, changes in tax laws or in their application with respect to matters such as tax rates, transfer pricing, dividends, controlled companies or a restriction in certain forms of tax relief, could affect our effective tax rate and our future results.

Risks Relating to Our Business

We may fail to adequately renew our product portfolio whether through our own research and development or through the making of acquisitions or strategic alliances.

To be successful in the highly competitive pharmaceutical industry, we must commit substantial resources each year to research and development in order to develop new products to take the place of products facing expiration of patent and regulatory data exclusivity. In 2008, we spent €4,575 million on research and development, amounting to approximately 16.6% of our net sales. See "Item 4. Information on the Company – B. Business Overview – Pharmaceutical Research & Development" and "– Vaccines Research and Development". There can be no assurance that any of these compounds will be proven safe or effective.

The research and development process typically takes from 10 to 15 years from discovery to commercial product launch. This process is conducted in various stages, and during each stage there is a substantial risk that we will not achieve our goals and will have to abandon a product in which we have invested substantial amounts including in late stage development (Phase III). Each regulatory authority may impose its own requirements in order to grant a license to market the product, including requiring local clinical studies, and may delay or refuse to grant approval, even though a product has already been approved in another country. In addition, obtaining regulatory marketing approval is not a guarantee that the product will achieve commercial success.

The patent protection that we are able to obtain for our products may also prove unsatisfactory (whether in terms of scope of coverage or expiration dates). Our ongoing investments in new product launches and research and development for future products could therefore result in increased costs without a proportionate increase in revenues.

As a complement to its portfolio of products in development, sanofi-aventis pursues a strategy of acquisitions, in-licensing and partnerships. The implementation of this strategy depends on our ability to identify business development opportunities at a reasonable cost and under acceptable conditions of financing. Because of the active competition among pharmaceutical groups for such business development opportunities, there can be no assurance of our success in completing these transactions when such opportunities are identified.

The regulatory environment is increasingly challenging for the pharmaceutical industry.

The pharmaceutical industry worldwide faces a changing regulatory environment and heightened public scrutiny, which simultaneously require greater assurances than ever as to the safety and efficacy of medications on the one hand, and effectively providing reduced incentives for innovative pharmaceutical research on the other hand.

Health authorities and notably the U.S. FDA have imposed increasingly burdensome requirements on pharmaceutical companies in terms of the volume of data needed to demonstrate a product's efficacy and safety.

These requirements have reduced the number of products that get approved. Marketed products are also subject to continual review even after regulatory approval. Later discovery of previously undetected problems may result in marketing restrictions or the suspension or withdrawal of the product, as well as an increased risk of litigation.

At the same time, as it is becoming increasingly difficult to bring innovative products to market for these reasons, government authorities are increasingly looking to facilitate generic competition to existing products through proposals to change existing patent and data exclusivity rules in major markets and, in the United States, add accelerated generic approval procedures for large-molecule biologicals.

To the extent new regulations raise the costs of obtaining and maintaining product approval, or limit the economic value of a new product to its inventor, the growth prospects of our industry and of our Company are diminished.

The European Commission's pharmaceutical sector inquiry may lead to significant legislative changes or other actions that adversely affect our business or results of operations.

On November 28, 2008, the European Commission's Directorate General for Competition published a preliminary report relating to competition in the European pharmaceutical sector following an inquiry that began in January 2008. In its report, the staff found that the number of novel medicines reaching the market has declined in recent years, and alleged that certain practices in the pharmaceutical sector tend to delay the market entry of less expensive generic medicines. As a result of this inquiry, in addition to possible actions against individual companies, the European Commission may decide to propose a number of significant revisions to the pharmaceutical industry's regulatory environment in Europe, which may effectively further limit the market exclusivity enjoyed by innovative products and thereby negatively affect our business and future results.

We face uncertainties over the pricing and reimbursement of pharmaceutical products.

The commercial success of our products depends in part on the conditions under which our products are reimbursed. Pressure on pricing and reimbursement is strong due to:

- price controls imposed by governments in many countries;
- removal of a number of drugs from government reimbursement schemes;
- increased difficulty in obtaining and maintaining satisfactory drug reimbursement rates; and
- the tendency of governments and private health care providers to favor generic pharmaceuticals.

In addition to the pricing pressures they exert, state and private third-party payers and purchasers of pharmaceutical products may reduce volumes of sales by restricting access to formularies or otherwise discouraging physician prescriptions of our products. Changes in the pricing environments in the United States market in particular could have a significant impact on our sales and results of operations. Risks in the United States include future revisions to health care reimbursement policies, possible cost control regulations, and possible unfavorable developments in coverage of prescription drugs by Medicare. See "Item 4. Information on the Company — B. Business Overview — Markets — Pricing & Reimbursement" for a description of certain regulatory pricing systems that affect our Group.

Our results may also be adversely affected by parallel imports, a practice by which traders exploit price differentials among markets by purchasing in lower-priced markets for resale in higher-priced markets, especially in the European Union.

A slowdown of global economic growth could have negative consequences for our business.[1]

Over the past several years, growth of the global pharmaceutical market has become increasingly tied to global economic growth. In this context, a substantial and long lasting slowdown of the global economy or major national economies such as the United States could negatively affect growth in the global pharmaceutical market and, as a result, adversely affect our business. This effect may be expected to be particularly strong in markets having significant co-pays or lacking a developed third-party payer system, as individual patients may delay or

(1) Information in this section is complementary to Note B.8.8. to our consolidated financial statements included at Item 18 of this annual report, with regards to information required by IFRS 7, and is covered by our independent registered public accounting firms' report on the consolidated financial statements.

decrease out-of-pocket healthcare expenditures. Such a slowdown could also reduce the sources of funding for national social security systems, leading to heightened pressure on drug prices, increased substitution of generic drugs, and the exclusion of certain products from formularies.

Additionally, to the extent the slowing economic environment may lead to financial difficulties or even the failure of major players including wholesalers, the Group could experience disruptions in the distribution of its products as well as the adverse effects described below at "— We are subject to the risk of non-payment by our customers."

We rely on third parties for the marketing of some of our products.

We market some of our products in collaboration with other pharmaceutical companies. For example, we currently have major collaborative arrangements with Bristol-Myers Squibb (BMS) for the marketing of Plavix® and Aprovel® in the United States and several other countries, with Procter & Gamble Pharmaceuticals for the osteoporosis treatment Actonel®, with Teva for Copaxone®, and with Merck & Co., Inc. for the distribution of vaccines in Europe. See "Item 4. Information on the Company — B. Business Overview — Markets — Alliances." When we market our products through collaboration arrangements, we are subject to the risk that certain decisions, such as the establishment of budgets and promotion strategies, are subject to the control of our collaboration partners, and that deadlocks may adversely affect the activities conducted through the collaboration arrangements. For example, our alliances with BMS are subject to the operational management of BMS in some countries, including the United States. We cannot be certain that our partners will perform their obligations as expected. Further, our partners might pursue their own existing or alternative technologies or product candidates in preference to those being developed or marketed in collaboration with us.

The manufacture of our products is technically complex, and supply interruptions, product recalls or inventory losses caused by unforeseen events may reduce sales, delay the launch of new products and adversely affect our operating results and financial condition.

Many of our products are manufactured using technically complex processes requiring specialized facilities, highly specific raw materials and other production constraints. Our vaccine products in particular are subject to the risk of manufacturing stoppages or the risk of loss of inventory because of the difficulties inherent to the sterile processing of biological materials and the potential for the unavailability of adequate amounts of raw materials meeting our standards. Additionally, specific conditions must be respected both by the Group and its customers for the storage and distribution of many of our products, *e.g.*, cold storage for certain vaccines and insulin-based products. The complexity of these processes, as well as strict company and government standards for the manufacture of our products, subject us to risks. The occurrence or suspected occurrence of out-of-specification production or storage can lead to lost inventories, and in some cases product recalls, with consequential reputational damage and the risk of product liability (See "— Risks Relating to Legal Matters — Product liability claims could adversely affect our business, results of operations and financial condition," above). The investigation and remediation of any identified problems can cause production delays, substantial expense, lost sales and the delay of new product launches.

We rely on third parties for the manufacture and supply of a substantial portion of our raw materials, active ingredients and medical devices.

Third parties supply us with a substantial portion of our raw materials, active ingredients and medical devices, which exposes us to the risk of a supply interruption in the event that our suppliers experience financial difficulties or are unable to manufacture a sufficient supply of our products meeting Group quality standards. It also increases the risk of quality issues, even at the most scrupulously selected suppliers. For example, in 2008 we recalled a limited number of batches of Lovenox® and depreciated significant unused inventory following the discovery of quality issues at a Chinese supplier of raw materials. If disruptions or quality concerns were to arise in the third-party supply of raw materials, active ingredients or medical devices, this could adversely affect our ability to sell our products in the quantities demanded by the market and could damage our reputation and relationships with our customers. See also "— The manufacture of our products is technically complex, and supply interruptions, product recalls or inventory losses caused by unforeseen events may reduce sales, delay the launch of new products and adversely affect our operating results and financial condition," above. Even though

we aim to have backup sources of supply whenever possible, including by manufacturing backup supplies of our principal active ingredients at a second or third facility when practicable, we cannot be certain they will be sufficient if our principal sources become unavailable. Switching sources and manufacturing facilities may require significant time. Some raw materials essential to the manufacture of our products are not widely available from sources we consider reliable; for example, we have approved only a limited number of suppliers of heparins for use in the manufacture of Lovenox®. See “Item 4. Information on the Company — B. Business Overview — Production and Raw Materials” for a description of these outsourcing arrangements. Any of these factors could adversely affect our business, operating results or financial condition.

Counterfeit products could harm our business.

The prescription drug supply has been increasingly challenged by vulnerability of distribution channels to illegal counterfeiting and the presence of counterfeit products in a growing number of markets and over the internet. Counterfeit products are frequently unsafe or ineffective, and can be potentially life-threatening. To distributors and users, counterfeits may be visually indistinguishable from the authentic version. Reports of adverse reactions to counterfeit drugs or increased levels of counterfeiting could materially affect patient confidence in the authentic product, and could harm the business of companies such as sanofi-aventis. Additionally, it is possible that adverse events caused by unsafe counterfeit products will mistakenly be attributed to the authentic product, entailing substantial reputational and financial harm to the manufacturer of the authentic product.

Use of biologically derived ingredients may face patient resistance, which could adversely affect sales and cause us to incur substantial costs.

In line with industry practice, we manufacture our vaccines and many of our prescription pharmaceutical products with ingredients derived from animal or plant tissue. Most of these products cannot be made economically, if at all, with synthetic ingredients. We subject our products incorporating these ingredients to extensive tests and believe them to be safe. There have been instances in the past where the use of biologically derived ingredients by sanofi-aventis or its competitors has been alleged to be an actual or theoretical source of harm, including infection or allergic reaction, or instances where production facilities have been subject to prolonged periods of closure because of possible contamination. Such allegations have on occasion led to damage claims and increased resistance on the part of patients to such ingredients. A substantial claim of harm caused by a product incorporating biologically derived ingredients or a contamination event could lead us to incur potentially substantial costs as a result of, among other things, litigation of claims, product recalls, adoption of additional safety measures, manufacturing delays, investment in patient education, and development of synthetic substitutes for ingredients of biological origin. Such claims could also generate patient resistance, with a corresponding adverse effect on sales and results of operations.

We are subject to the risk of non-payment by our customers.[1]

We run the risk of non-payment by our customers, which consist principally of wholesalers, distributors, pharmacies, hospitals, clinics and government agencies. While we seek to manage our exposure to client credit through such measures as the establishment of client credit profiles and credit limits, obtaining guarantees and insurance, and credit risk surveillance via tracking of payment times and late payments, it is not possible to eliminate this risk which is accentuated by the current worldwide financial crisis. The United States, which is our largest market in terms of sales, poses particular client credit risk issues, because of the concentrated distribution system in which approximately 87% of our consolidated U.S. pharmaceutical sales were accounted for by just three wholesalers. We are also exposed to large wholesalers in other markets, particularly in Europe. An inability of one or more of these wholesalers to honor their debts to us could adversely affect our financial condition.

Our pension liabilities are affected by factors such as the performance of plan assets, interest rates, actuarial data and experience and changes in laws and regulations.

Our future funding obligations for our main defined-benefit pension plans depend on changes in the future performance of assets held in trust for these plans, the interest rates used to determine funding levels, actuarial

(1) Information in this section is complementary to Note B.8.8. to our consolidated financial statements included at Item 18 of this annual report, with regards to information required by IFRS 7, and is covered by our independent registered public accounting firms’ report on the consolidated financial statements.

data and experience, inflation trends, the level of benefits provided for by the plans, as well as changes in laws and regulations. Adverse changes of those factors could increase our unfunded obligations under such plans, which would require more funds to be contributed and hence negatively affect our cash flow and results.

Environmental Risks of Our Industrial Activities

Risks from the handling of hazardous materials could adversely affect our results of operations.

Pharmaceutical manufacturing activities, such as the chemical manufacturing of the active ingredients in our products and the related storage and transportation of raw materials, products and wastes, expose us to various risks, including:

- fires and/or explosions from inflammable substances;
- storage tank leaks and ruptures; and
- discharges or releases of toxic or hazardous substances.

These operating risks can cause personal injury, property damage and environmental contamination, and may result in:

- the shutdown of affected facilities; and
- the imposition of civil or criminal penalties.

The occurrence of any of these events may significantly reduce the productivity and profitability of a particular manufacturing facility and adversely affect our operating results.

Although we maintain property, business interruption and casualty insurance that we believe is in accordance with customary industry practices, we cannot assure you that this insurance will be adequate to cover fully all potential hazards incidental to our business. For more detailed information on environmental issues, see “Item 4. Information on the Company — B. Business Overview — Health, Safety and Environment (HSE).”

Environmental liabilities and compliance costs may have a significant adverse effect on our results of operations.

The environmental laws of various jurisdictions impose actual and potential obligations on our Group to remediate contaminated sites. These obligations may relate to sites:

- that we currently own or operate;
- that we formerly owned or operated; or
- where waste from our operations was disposed.

These environmental remediation obligations could significantly reduce our operating results. In particular, our accruals for these obligations may be insufficient if the assumptions underlying these accruals prove incorrect or if we are held responsible for additional, currently undiscovered contamination. Sanofi-aventis accrues reserves for remediation when our management believes the need is probable and that it is reasonably possible to estimate the cost. These judgments and estimates may later prove inaccurate, and any shortfalls could have a material adverse effect on our results of operations. See “Item 4. Information on the Company —B. Business Overview — Health, Safety and Environment (HSE)” for additional information regarding our environmental policies.

Furthermore, we are or may become involved in claims, lawsuits and administrative proceedings relating to environmental matters. Some current and former sanofi-aventis subsidiaries have been named as “potentially responsible parties” or the equivalent under the U.S. Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (also known as “Superfund”), and similar statutes in France, Germany, Italy, Brazil and elsewhere. As a matter of statutory or contractual obligation, we and/or our subsidiaries may retain responsibility for environmental liabilities at some of the sites our predecessor companies, or our

subsidiaries that we demerged, divested or may divest. We have disputes outstanding, for example, with Rhodia over environmental remediation at several sites no longer owned by the Group. An adverse outcome in such disputes might have a significant adverse effect on our operating results. See Note D.22.e) to the consolidated financial statements included at Item 18 of this annual report.

Finally, stricter environmental, safety and health laws and enforcement policies could result in substantial costs and liabilities to our Group and could subject our handling, manufacture, use, reuse or disposal of substances or pollutants to more rigorous scrutiny than is currently the case. Consequently, compliance with these laws could result in significant capital expenditures as well as other costs and liabilities, thereby adversely affecting our business, results of operations or financial condition.

Risks Related to Financial Markets[1]

Fluctuations in currency exchange rates could adversely affect our results of operations and financial condition.

Because we sell our products in numerous countries, our results of operations and financial condition could be adversely affected by fluctuations in currency exchange rates. We are particularly sensitive to movements in exchange rates between the euro and the U.S. dollar, the British pound, the Japanese yen, and to currencies in emerging countries. In 2008, approximately 31% of our net sales were realized in the United States. While we incur expenses in those currencies, the impact of currency exchange rates on these expenses does not fully offset the impact of currency exchange rates on our revenues. As a result, currency exchange rate movements can have a considerable impact on our earnings. When deemed appropriate and when technically feasible, we enter into transactions to hedge our exposure to foreign exchange risks. These efforts, when undertaken, may fail to offset the effect of adverse currency exchange rate fluctuations on our results of operations or financial condition. For more information concerning our exchange rate exposure, see “Item 11. Quantitative and Qualitative Disclosures about Market Risk.”

In the context of the worldwide financial crisis, our liquidity may be constrained.

As of December 31, 2008, the Group’s net debt amounted to €1.8 billion. In addition to debt outstanding, the Group has contracted a number of credit lines and put into place commercial paper and medium term note programs with the aim of providing liquidity. See “Item 11. Quantitative and Qualitative Disclosures about Market Risk.” In the context of a market-wide liquidity crisis, the Group may be faced with reduced access to sources of financing, including under programs currently in place, or less favorable conditions. Were our sources of financing to be substantially reduced, we cannot guarantee that the Group would be in a position to refinance existing debt or incur new debt on terms that we would consider to be commercially reasonable if at all.

Risks Relating to an Investment in our Shares or ADSs

Foreign exchange fluctuations may adversely affect the U.S. dollar value of our ADSs and dividends (if any).

Holders of ADSs face exchange rate risk. Our ADSs trade in U.S. dollars and our shares trade in euros. The value of the ADSs and our shares could fluctuate as the exchange rates between these currencies fluctuate. If and when we do pay dividends, they would be denominated in euros. Fluctuations in the exchange rate between the euro and the U.S. dollar will affect the U.S. dollar amounts received by owners of ADSs upon conversion by the depositary of cash dividends, if any. Moreover, these fluctuations may affect the U.S. dollar price of the ADSs on the New York Stock Exchange (NYSE), whether or not we pay dividends in addition to the amounts, if any, that a holder would receive upon our liquidation or upon the sale of assets, merger, tender offer or similar transactions denominated in euros or any foreign currency other than U.S. dollars.

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(1) Information in this section is complementary to Note B.8.8. to our consolidated financial statements included at Item 18 of this annual report with regard to information required by IFRS 7, and is covered by our independent registered public accounting firms’ report on the consolidated financial statements.

Persons holding ADSs rather than shares may have difficulty exercising certain rights as a shareholder.

Holders of ADSs may have more difficulty exercising their rights as a shareholder than if they directly held shares. For example, if we offer new shares and they have the right to subscribe for a portion of them, the depositary is allowed, at its own discretion, to sell for their benefit that right to subscribe for new shares instead of making it available to them. Also, to exercise their voting rights, as holders of ADSs, they must instruct the depositary how to vote their shares. Because of this extra procedural step involving the depositary, the process for exercising voting rights will take longer for holders of ADSs than for holders of shares. ADSs for which the depositary does not receive timely voting instructions will not be voted at any meeting.

Our two largest shareholders own a significant percentage of the share capital and voting rights of sanofi-aventis.

At December 31, 2008, Total and L'Oréal, our two largest shareholders, held approximately 11.29% and 8.99% of our issued share capital, respectively, accounting for approximately 18.27% and approximately 14.89%, respectively, of the voting rights (excluding treasury shares) of sanofi-aventis. See "Item 7. Major Shareholders and Related Party Transactions — A. Major Shareholders." Affiliates of each of these shareholders are currently serving on our Board of Directors. To the extent these shareholders continue to hold a large percentage of our share capital and voting rights, Total and L'Oréal will remain in a position to exert heightened influence in the election of the directors and officers of sanofi-aventis and in other corporate actions that require shareholders' approval.

Sales of our shares may cause the market price of our shares or ADSs to decline.

Neither Total nor L'Oréal is, to our knowledge, subject to any contractual restrictions on the sale of the shares each holds in our Company. Both of these shareholders have announced their intent to sell all or part of their stakes in our company, and have recently liquidated part of their respective holdings. Sales of a substantial number of our shares, or a perception that such sales may occur, could adversely affect the market price for our shares and ADSs.