

## RECOMMENDATION: "BUY"

**PRICE:** \$ 40.12

**SECTOR:** CHEMICALS      **INDUSTRY:** SPECIALTY CHEMICALS

### HIGHLIGHTS

- Founded in 1945 as Sigma Chemical Company to manufacture saccharin
- In 1975 Sigma chemical company and Aldrich chemical company merged to form the company as we know it today
- A Fortune 1000 company, ranking # 882 in sales
- Diversified Portfolio makes Sigma Aldrich recession resistant
- Industry leader in life science and high technology research
- Top 10 fine chemical manufacturer
- Consistent history of profitable growth with strong cash flows
- Strong Balance sheet and record of execution
- Growing markets of Brazil, China and India saw 15% growth in 2008
- 6 acquisitions and 140 new licensing agreements in 2008

May 13, 2009

Sigma-Aldrich Corp.  
3050 Spruce Street  
St Louis, MO 63103  
United States  
Phone: 1-800-521-8956  
Web Site: [www.sigma-aldrich.com](http://www.sigma-aldrich.com)

#### 2009 Year End

**Target Price: \$36.00**

#### 2010 Year End

**Target Price: \$40.00**

#### Financial Information:

Ticker Symbol: SIAL  
Exchange: NASDAQ

52- Week High: \$62.90  
52- Week Low: \$31.45  
Beta: 0.52  
Shares Outstanding: 122.13M  
Market Cap: 5.0B

Val	2010E	2009A	2008A
<b>EPS</b>	\$2.99	\$2.60	\$0.85
<b>P/E</b>	13.5x	15.7x	14.7
<b>P/B</b>	5.3x	4.2x	3.6x

#### Financial Analysts:

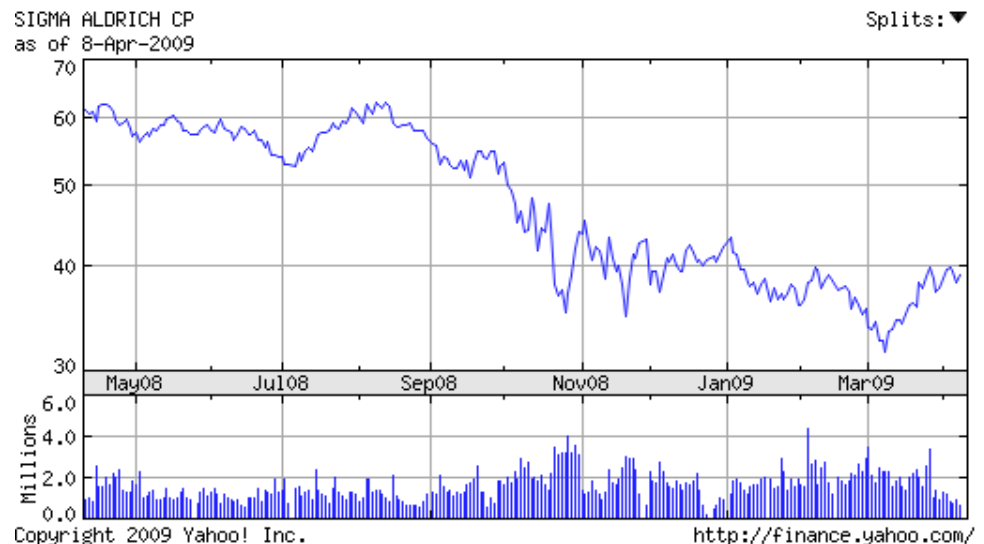
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## **COMPANY OVERVIEW**

### **History**

Sigma-Aldrich Corporation was incorporated under the laws of the State of Delaware in May 1975. It operates as a Life Science and High Technology Company. The Company develops, manufactures, purchases and distributes a range of high quality chemicals, biochemical's and equipment available throughout the world. These chemical products and kits are used in scientific research, including genomic and proteomic, biotechnology, pharmaceutical development and as key components in pharmaceutical, diagnostic and other high technology manufacturing.

### **Current Status**

Sigma-Aldrich is a leading Life Science and High Technology company whose chemical and biochemical products and kits are used in scientific research, including genomic and proteomic research, biotechnology, pharmaceutical development, the diagnosis of disease and as key components in pharmaceutical, diagnostic and other high technology manufacturing. Sigma-Aldrich operates in 37 countries and has 7,900 employees providing excellent service worldwide. Sigma-Aldrich is committed to Accelerating Customers' Success through Innovative Leadership in Life Science, High Technology and Service with a focus on creating differentiation through innovation.

### **Product Mix by Research Unit**

Sigma-Aldrich has a customer-centric organizational structure featuring the Research units of Essentials, Specialties and Biotech and a Fine Chemicals unit, SAFC.

*Research Essentials, 2008 Sales: \$421 million*

The Research Essentials unit sells biological buffers, cell culture reagents, biochemicals, chemicals, solvents, and other reagents and kits.

*Research Specialties, 2008 Sales: \$824 million*

The Research Specialties unit sells organic chemicals, biochemicals, analytical reagents, chromatography and other laboratory consumables, reference materials and high-purity products.

*Research Biotech, 2008 Sales: \$332 million*

The Research Biotech unit supplies immunochemical, molecular biology, cell signaling and neuroscience biochemicals and kits used in biotechnology, genomic, proteomic and other life science research applications.

*SAFC, 2008 Sales: \$624 million*

The SAFC 'Fine Chemicals' unit is a top 10 supplier of large-scale organic chemicals and biochemicals used in development and production by pharmaceutical, biotechnology, industrial, diagnostic and electronics companies.

### **Marketing**

The Company's main marketing vehicles include its website, sigma-aldrich.com, plus printed catalogs in the marketplace for the Sigma, Aldrich, Fluka and Supelco brands. The Company's significant trademarks are the brand names: 'Sigma-Aldrich', 'Sigma,' 'Aldrich,' Fluka,' 'Riedel-de Haen,'

'Supelco,' 'SAFC,' 'SAFC Biosciences,' 'SAFC Supply Solutions,' 'SAFC Pharma,' 'SAFC Hitech,' 'Genosys,' 'Prologo' and 'Pharmorphix.' The Company works in compliance with federal, state and local regulations relating to the manufacture, sale and distribution of its products.

### **KEY DIRECTORS**

#### **David R. Harvey, Age 68**

He is the Chairman and an Executive Officer of the Company for more than five years. He served as Chief Executive Officer for more than five years until December 31, 2005 and served as President for more than five years until August 2004. He has been a director of the Company since 1981. He is also a director of CF Industries.

#### **Jai P. Nagarkatti, Age 61**

He is the President and Chief Executive Officer of the Company since January 1, 2006. He served as President and Chief Operating Officer from August 2004 to December 31, 2005. Previously he served as the President of the Company's Scientific Research business unit from December 2002 to August 2004. He has been a director of the Company since November 2005.

#### **Barrett A. Toan, Age 60**

Former Chairman of Express Scripts, Inc., a pharmacy benefits management company, St. Louis, Missouri. He was Chairman of Express Scripts, Inc. for more than five years until May 2006. He also served as Chief Executive Officer of Express Scripts, Inc. for more than five years until March 2005. He has been a director of the Company since 2001. He is also a director of Express Scripts, Inc. and Genworth Financial, Inc.

#### **J. Pedro Reinhard, Age 62**

He was Executive Vice President and Chief Financial Officer of The Dow Chemical Company, a manufacturer of chemicals, plastic materials, agricultural and other specialized products, Midland, Michigan, for more than five years until December 2005 and September 2005, respectively. He has been a director of the Company since 2001. He is also a director of Colgate Palmolive Co. and Royal Bank of Canada.

#### **Michael Kanan**

He was recently appointed as vice-president and Corporate Controller effective April 13, 2009. He will report to Rakesh Sachdev, Vice President and Chief Financial Officer (CFO).

In his most recent position at ArvinMeritor, a \$7 billion Fortune 500 global manufacturer of commercial and light vehicle systems, was Vice President Finance-Light Vehicle Systems since 2006. Vice President and Chief Financial Officer Rakesh Sachdev commented, "We are excited to welcome Mike to Sigma-Aldrich. His experience in leading a global finance operation can only further enhance our own leadership position in our industry. Mike has established an impressive track record of success, demonstrating strong leadership, innovative thinking and operational excellence. I'm excited to work closely with him as we execute our strategy for driving growth across our businesses and further building shareholder value."

### **SWOT ANALYSIS**

#### ***Strengths:***

- Technology: low labor cost overseas, great technology ability, good experience of marketing, good qualified service

- Tangible assets: advanced manufacturing line, adequate capital
- Intangible assets: good business credit , great brand awareness, advanced Corporate Culture
- Human Resources: Company possesses highly educated workforce with specialized talents
- Organization: High quality control system, loyal customers, complete information management system
- Computation ability: ability of research, strong marketing network, good relationship with customer (such as school and investigate organization, hospital military.)
- High value contextual search applications provide Internet superiority

***Weakness:***

- Due to the global exposure, currency fluctuations and a strong US dollar could affect revenues.
- Weakness in European pharmacy market due to restrictions by EU and regulators
- Few large competitors and numerous local and specialized competitors pose a challenge in that a competitive strategy varies from segment to segment

***Opportunities:***

- Chemistry - Diversification beyond Pharmacy.
- Bio-Chemistry – Diversify into high value proteins and enzymes.
- Economic downturn could weed out smaller players presenting opportunities.
- Company is ready to merge others companies becoming a global multinational company.(especially in 2008 and 2009)
- Collaboration with small and regional companies to increase and improve brand awareness
- It is possible to go into the education area. Encouraging students through scholarship programs in universities and colleges

***Threats:***

- Green movement to reduce and eliminate the use of hazardous substances
- Economic downturn could spur lower margins and competitive prices
- Since the company deals with highly toxic substances, export regulations are stringent and the fall outs from customers using them for chemical weapons could be significant
- Inflationary trends in the economy could put pressure on company to increase prices
- Competitors from low cost countries

**INDUSTRY OVERVIEW**

- Specialty chemicals are produced by a complex, interlinked industry
- In the strictest sense, specialty chemicals are chemical products that are sold on the basis of their performance, rather than for their composition
- They can be single-chemical entities or formulations/combinations of several chemicals whose composition sharply influences the performance and processing of the customer's product
- Products and services in the specialty chemicals industry require intensive knowledge and powerful innovation
- Commodity chemicals, at the other extreme, are sold strictly on the basis of their chemical composition
- Market-oriented specialty chemicals are groups of chemicals that are utilized by a specific industry or market, such as electronic chemicals or oil field chemicals
- Functional specialty chemicals, on the other hand, are groups of products that serve the same defined function, such as adhesives, antioxidants or biocides
- Technology-oriented specialty chemicals include nanochemicals and materials—particles, layers or composites—where at least one dimension is in the nanometer range, and biotechnology products, which include chemicals that are synthesized, modified and isolated from biomass by man or nature
- In several specialty chemical markets prices have been falling, especially when volumes have increased and production has shifted overseas to places like China/Southeast Asia
- In the last three years, energy and raw material input prices have risen considerably; however, these cost increases have not always been passed on to customers through price increases
- Over the last decade, the specialty chemicals industry has experienced slower growth and lower overall profitability within a more competitive environment than in the preceding decade. Between 2007 and 2012, the overall growth rate is forecast to be moderate
- For the United States, Western Europe and Japan, the following segments are expected to experience good growth: specialty polymers, advanced ceramic materials, separation membranes, nutraceutical ingredients, and nanoscale chemicals
- Five industries or sub segments in the three major regions are stagnating or declining—anticorrosion coatings, photographic chemicals, pesticides, textile chemicals and synthetic dyes. Pesticides are the largest of these industries

**DIRECT COMPETITION**

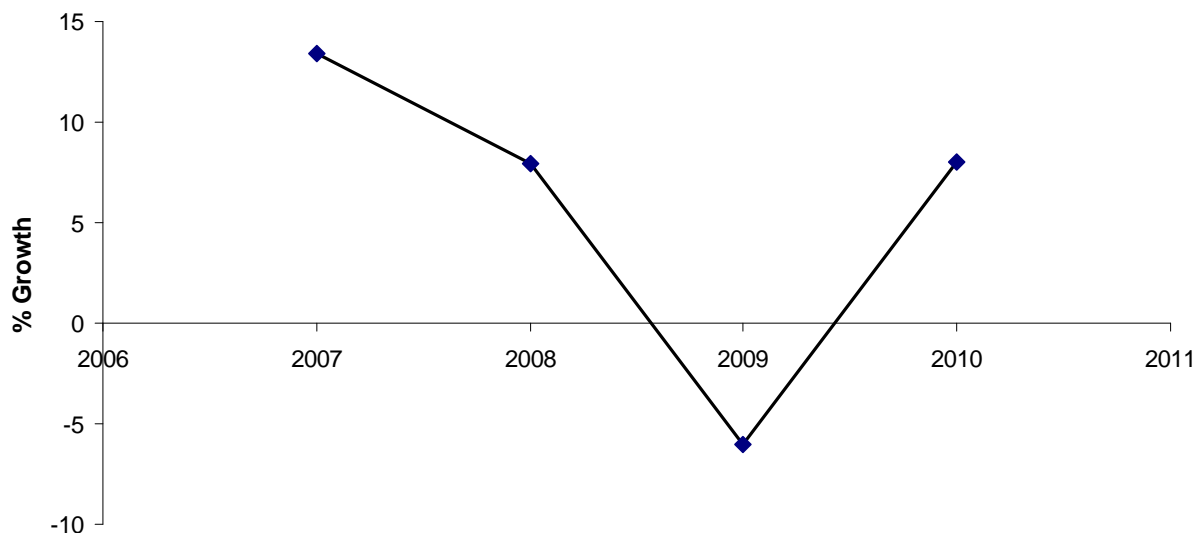
<b>Company (in Billion)</b>	<b>Sigma Aldrich (SIAL)</b>	<b>Braskem SA ADR (BAK)</b>	<b>Lubrizol CP(LZ)</b>	<b>Sensient Technologies (SXT)</b>	<b>Westlake Chemical Corp. (WLK)</b>
<b>Market Cap:</b>	5.0B	2.78B	2.45B	1.19B	1.18B
<b>Employees:</b>	7,925	4,700	6,970	3,613	1,961
<b>Qtrly Revenue Growth (yoy)</b>	-4.20%	-13.60%	-5.10%	-2.40%	29.80%
<b>Revenue (ttm):</b>	2.20B	8.27B	5.03B	1.25B	3.69B
<b>Gross Margin (ttm):</b>	51.34%	15.70%	22.30%	30.41%	1.88%
<b>EBITDA (ttm):</b>	.602B	1.01B	.627B	.206B	.706B
<b>Oper Margins (ttm):</b>	22.89%	5.45%	9.06%	12.90%	3.80%
<b>Net Income (ttm):</b>	.341B	-1.15B	-.661B	.908B	-.295B
<b>EPS (ttm):</b>	2.651	-2.26	-0.971	1.888	-0.452
<b>P/E (ttm):</b>	15.35	N/A	N/A	12.98	N/A
<b>PEG (5 yr expected):</b>	1.72	N/A	0.79	1.8	N/A
<b>P/S (ttm):</b>	2.17	0.32	0.48	0.93	0.29

**FINANCIAL PROJECTIONS**

In the last 3 quarters we see that the growth has been slowing down, and it was approximately 6 % from quarter to quarter. This could be due to a global recession and certain sub-segments in their line of products that have seen a steady decline in recent years. For example, photographic chemicals, pesticides, textile chemicals, anticorrosion coatings and synthetic dyes have all shown slow growth since 2007. So, in 2009 we predict that they may see a 6% dip in revenues. However, in 2010 we may see a turn around in the economy because of the stimulus that the government has pumped in to the market.

Millions	2010 (E)	2009 (E)	2008	2007	2006
Net Sales or Revenues	2234.15	2068.66	2,200.70	2,038.70	1,797.50
Growth %	8	-6	7.9	13.4	

SIAL Growth



The emphasis on construction and infrastructure projects will create new surfaces that need the protection of paints and coatings. The stimulus package is expected to create \$750 million to \$2.25 billion of demand for paints and coatings over three years.

The lifting of the stem cell research ban could allow Sigma Aldrich to see an increase in revenue from this segment of their business. Sigma-Aldrich Corp. has launched an online portal to promote the company's products for stem-cell researchers. They have more than 1,100 products that are expected to support all stages of the stem-cell research work flow.

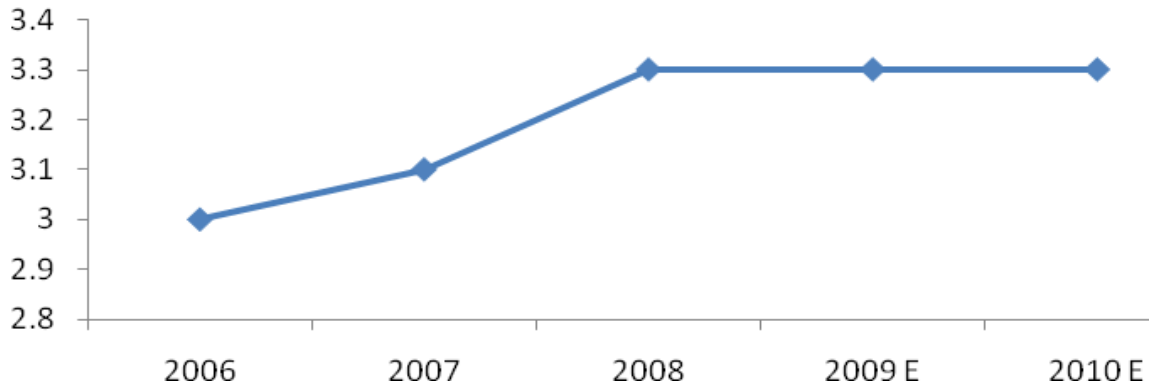
Another sign of possible growth for Sigma-Aldrich is the appointment of Michael Kanan as vice-president and Corporate Controller effective April 13, 2009. He will report to Rakesh Sachdev, Vice President and Chief Financial Officer (CFO). Kanan brings two decades of financial experience in assignments of increasing responsibility with him to Sigma-Aldrich.

**FINANCIAL ANALYSIS**

	2010 E	2009 E	2008	2007	2006
<b>Inventory Turnover</b>	3.3	3.3	3.3	3.1	3
<b>Receivables Days Sales (DSO)</b>	44.8	44.5	45	49.3	50.6

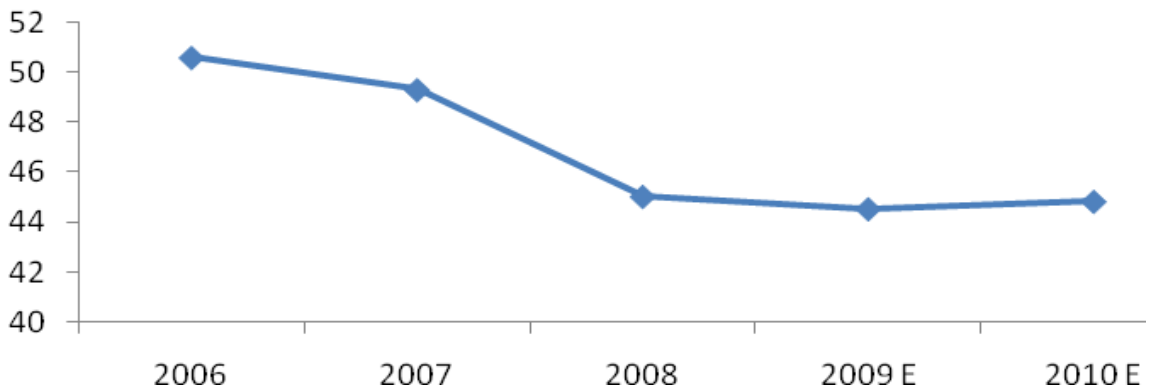
We estimated that the inventory turnover would stay steady over 2009 and 2010. We calculated it at 3.3 the next two years.

**Inventory Turnover**



After calculating day sales outstanding, we also found that it will remain steady over the next two years. We estimated that on average it takes 44.5 days in 2009 and 44.8 days in 2010 for SIAL to collect revenue after a sale has been made. This is a considerable decrease over the years of 2006 and 2007.

**Days Sales Outstanding (DSO)**



**Profitability Ratios**

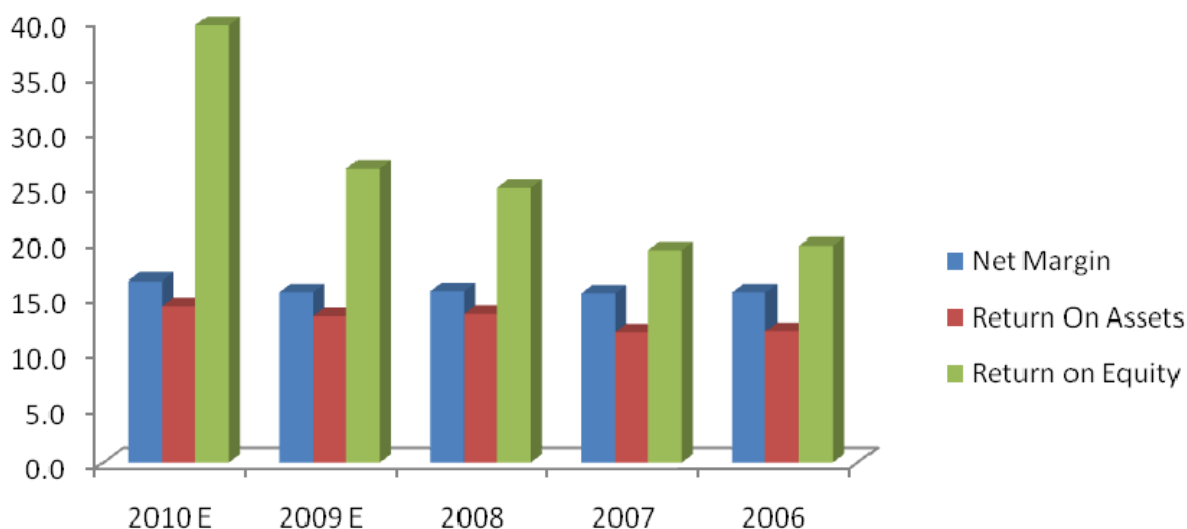
<b>PROFITABILITY RATIOS</b>	<b>2010 E</b>	<b>2009 E</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Net Margin</b>	16.4	15.4	15.5	15.3	15.4
<b>Return On Assets</b>	14.1	13.2	13.4	11.8	11.9
<b>Return On Equity</b>	39.5	26.6	24.8	19.2	19.6

Our estimated net income for 2009 is \$318.05 million and \$365.39 in 2010. By calculating the net margin, we have discovered how much each dollar earned for SIAL is translated into profits. We estimated that the net margin is 15.4% in 2009 and 16.4% in 2010. There is a decrease in net margin during 2009 but we see a rebound during the year of 2010.

Our estimated ROA for 2009 is \$2.4 billion and \$2.6 billion in 2010. Calculating ROA is a good way to show how efficient a company is with their assets. We estimated for 2009 that SIAL will have a ROA of 13.2% and 14.1% in 2010. Along with the dip in net margin, we also see a decrease of ROA in 2009. ROA jumps significantly in the estimated year of 2010.

Our estimated shareholders equity in 2009 is \$1.2 billion and \$925.4 million in 2010. By calculating ROE we can see how profitable SIAL is with money invested by shareholders. In 2009, we estimated ROE at 26.6% and 39.5% in 2010. During our estimations we find that there is an increase in ROE over the five years. During 2010, we find that SIAL has become more efficient with a large increase in ROE.

### Profitability Ratios



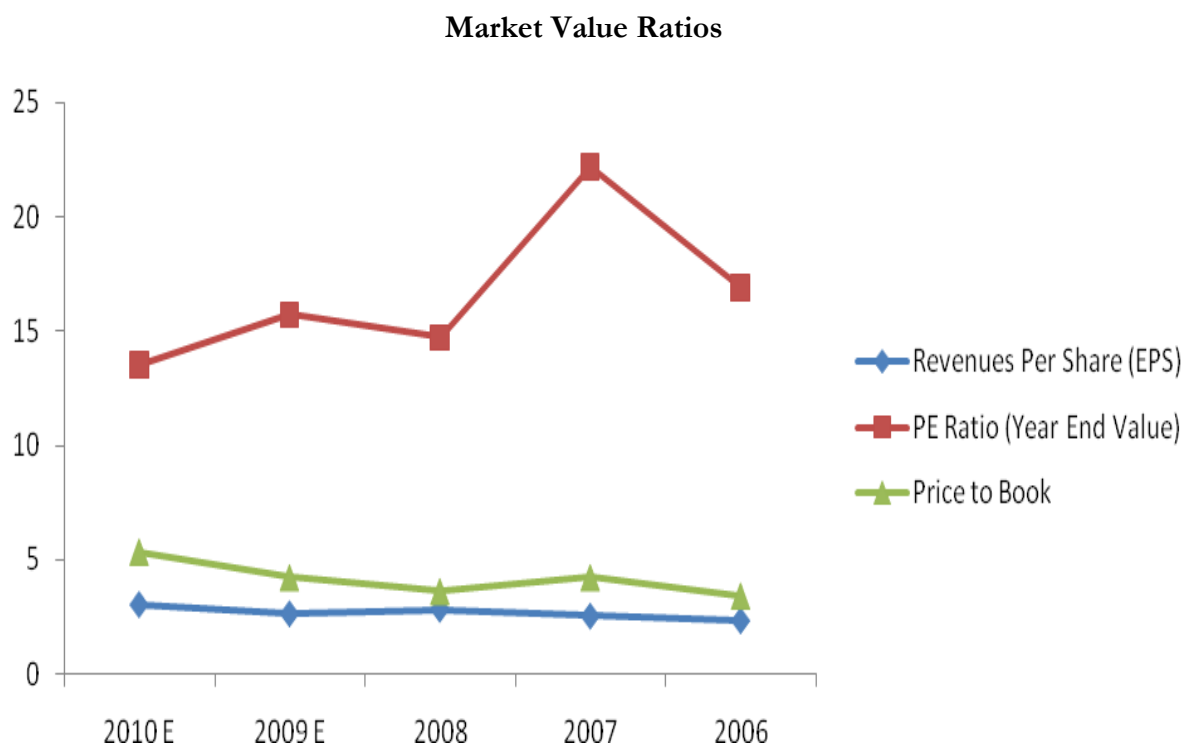
### Market Value Ratios

<b>PER SHARE DATA (Value based on last trading Day of the year)</b>	<b>2010 E</b>	<b>2009 E</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Revenues Per Share</b>	<b>3</b>	<b>2.6</b>	<b>2.8</b>	<b>2.5</b>	<b>2.3</b>
<b>PE Ratio (Year End Value)</b>	<b>13.5</b>	<b>15.7</b>	<b>14.7</b>	<b>22.2</b>	<b>16.9</b>
<b>Price to Book</b>	<b>5.3</b>	<b>4.2</b>	<b>3.6</b>	<b>4.2</b>	<b>3.4</b>

SIAL has about 122.13 million shares outstanding. The revenues per share using net income of \$318 million came up to be \$2.6. This is a slight decrease from the year of 2008. After using the net income of \$365 million in 2010, we calculated it at \$3. This is a decent increase over the previous year estimated.

We calculated the PE ratio by dividing the current stock price which is \$40.70 by earnings per share. We estimated that in 2009 the PE ratio would jump up to \$15.7. In 2010 we see a decrease down to \$13.5.

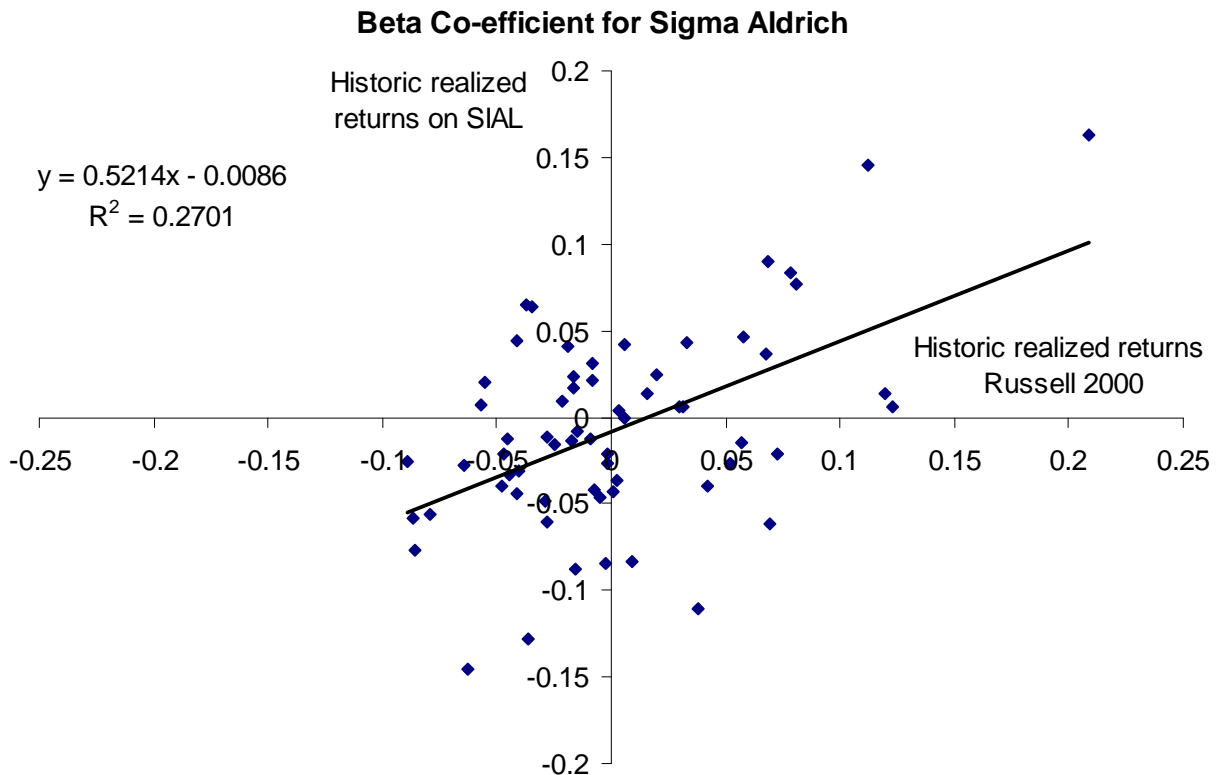
After calculating the price to book value, we estimated a steady increase over 2009 and 2010.



## VALUATION

Historically Sigma Aldrich has shown a steady increase in revenues per share. However in 2009 we see a slight decline to \$2.6 per share from a \$2.8 per share in 2008. We predict an overall decline in revenues for 2009 due to the worldwide economic slump, however we predict that the economic stimulus measures that governments world wide have taken start to take hold in 2010.

Using the book value to share price from the previous years to estimate the 2008 share price, we approximated it to be at about 33 % of book value. The price on 31<sup>st</sup> December 2009 based on 2009 estimated to be at around \$36.0 per share. The share price on 31<sup>st</sup> December 2010 is estimated to rise to \$40.



One inference from the Beta Coefficient is that most of the points are scattered all over and is not close to the regression line, hence the stock price of SIAL tends to be more stable and not easily affected by market conditions. With a Beta value less than one this stock is relatively risk free compared to market volatility.

We used the CAPM model to find the cost of common stock. Historical monthly returns of SIAL were plotted against historical monthly returns of the Russell 2000 Index since January 1<sup>st</sup> 2004 and a Beta coefficient for SIAL of 0.52 was derived. The current 10 year treasury yield is 2.98 % and that was used as the risk free rate. We predict a market that may be that of high risk with the fluctuations in the economy and hence a market risk premium of 6% was assumed. Using this we derive the expected rate of return for SIAL to be 5.58%.

$$R(s) = \text{Risk-free rate} + (\text{Market Risk Premium} * \text{Beta}) = .0298 + (.06 * .52) = 0.061$$

From analyzing 10-K footnotes for the year ending 2008 we see that the pre-tax cost of debt is 5.8% and SIAL Debt in 2008 represents 34.6 % of capitalization.

In the case of SIAL the Weighted Average of capital cost (WACC) is the sum of as common stock and weighted Debt, the company does not have Preferred stock.

Using these numbers we arrive at a **WACC of  $(.0406 * 34.6) + .0558 (100-34.6) = 5.4\%$**

## **OUTLOOK**

SIAL has identified five key initiatives to drive growth. They are

- Building on our customer- centric approach
- Expanding in faster growing markets
- Building on Internet superiority
- Leveraging process improvement
- Investing in long term growth

After identifying the key goals, they have put together a plan to work it out. SIAL has aligned the business unit structure to meet the new business needs, improved account management to server over 28,000 customers worldwide. They have also continued to pursue aggressive growth in growing world markets like India, China and Brazil. By opening new office in Vietnam and distribution center in Singapore SIAL is placing itself to address the needs of growing Asian markets.

By recognizing the growth potential of the E-business market segment SIAL in revamping its website to better serve customers doing so they are building internet superiority. Improvements in processes and methodology have been a key to support growth and profitability. By adapting newer technologies SIAL is continuing to stay ahead of its competition.

Over the 2009 – 2010 periods we see demand in key market areas decline because of the global economic slump, the strong US dollar could also affect earnings form global markets.

Stimulus incentives from the government and the new stem cell research policy should give the company reason for increased expectations.

New program launches, global sales initiatives and market share gains should help increase sales. Sigma Aldrich also has a product portfolio that offers some resiliency. Its units tied to research should see a moderate growth in this environment and its businesses tied to manufacturing should see challenging times.

Some areas that offer a potential to improve margins are through their improvements in supply chain management, cost management and strategic pricing.

## **INVESTOR RELATIONS**

We contacted Kirk A. Richter, Treasurer at Sigma Aldrich and in response to a question about how sigma aldrich has adapted to the downturn in the world economy and the recession that we are currently seeing he responded thus.

*“Our broad capabilities in product offerings, a strong commitment to service, coupled with our customer and geographic diversity is helping us through the current economic environment. Our research business(75% of sales) has been somewhat recession resistant. Customers like the quality of our products and our ability to deliver on a timely basis. They need products like ours to do their work. Our SAFC business( 25% of sales and a supplier of fine chemicals for use in manufacturing), while a little more affected by market conditions, does have a loyal following from customers. We're constantly looking for ways to take share in our markets. Further, we are not holding back on making the necessary, yet prudent investments, to position the Company for continued long-term growth. We also benefit from our financial strength. Customers want to deal with suppliers that they know will be able to supply their needs for the foreseeable future.”*

With regards to where he sees some of the primary growth drivers he said

*“Increasing interest in life science and high technology products. The entire field of functional genomics, government funding of research, interest in high technology applications in the computer and electronics industries are examples of growth drivers for the future.”*

### **RECOMMENDATION**

The return on Equity (ROE) for SIAL was projected to be 26.6 for 2009 and 39.5 for 2010. Both of these are significantly higher than the estimated beta values for SIAL. The current value for SIAL is 5.5% and using the book value to stock price calculations we project it to close 2009 at \$36 per share and \$40 in 2010 on the last trading days of the year.

We have used a conservative approach to projecting the increase in sales for 2009 and 2010 due to the uncertain economic conditions. On this basis we see that Sigma Aldrich's stock price is expected to remain flat. We expect to see the company return to its normal growth patterns as the economy turns around and hence we would recommend a BUY.

**INCOME STATEMENT**

<b>Sigma Aldrich Corp.</b>					<b>Symbol: (SIAL)</b>
<a href="http://www.sigmaaldrich.com">http://www.sigmaaldrich.com</a>					-
Scaling Factor : 1000000 USD			Currence: USD		
<b>5 YR INCOME STATEMENT</b>	<b>12/31/10 (E)</b>	<b>12/31/09 (E)</b>	<b>12/31/08</b>	<b>12/31/07</b>	<b>12/31/06</b>
Net Sales or Revenues	2234.15	2068.66	2,200.70	2,038.70	1,797.50
Cost of Goods Sold	986.77	913.68	972.20	904.90	786.40
Depreciation, Depletion & Amortization	100.90	92.68	98.60	97.80	90.90
Gross Income	1147.07	1062.10	1,129.90	1,036.00	920.20
Selling, General & Admin Expenses	635.61	588.53	626.10	576.40	517.50
Operating Expenses - Total	1722.69	1595.08	1,696.90	1,579.10	1,394.80
Operating Income	511.46	473.57	503.80	459.60	402.70
Non-Operating Interest Income	6.80	6.30	6.70	6.90	7.40
Earnings Before Interest And Taxes (EBIT)	518.26	479.87	510.50	466.50	410.10
Interest Expense On Debt	21.00	21.00	21.00	28.90	31.40
Pretax Income	496.94	460.13	489.50	437.60	378.70
Income Taxes	131.55	142.08	148.00	126.50	101.90
Net Income Before Preferred Dividends	365.39	318.05	341.50	311.10	276.80
Preferred Dividend Requirements			0.00	0.00	0.00
<b>Net Income Available to Common</b>	<b>365.39</b>	<b>318.05</b>	<b>341.50</b>	<b>311.10</b>	<b>276.80</b>

**BALANCE SHEET**

<b>SIGMA ALDRICH CORP</b>							
Scaling Factor : Millions USD							
<b>ASSETS</b>	<b>12/31/10 (E)</b>	<b>12/31/09 (E)</b>	<b>12/31/08</b>	<b>12/31/07</b>	<b>12/31/06</b>	<b>12/31/05</b>	<b>12/31/04</b>
Cash	255.66	236.69	251.80	237.60	173.80	98.60	169.20
Receivables	273.89	253.61	269.80	276.30	248.00	207.20	190.00
Inventories	671.86	622.09	661.80	653.60	596.00	550.40	446.80
Raw Materials	63.73	63.638	67.70	81.70	66.60	67.50	40.90
Work In Progress	27.62	25.57	27.20	29.10	26.10	30.90	19.30
Finished Goods	575.51	532.88	566.90	542.80	503.30	452.00	386.60
Other Current Assets	127.71	118.25	125.80	115.00	95.10	94.00	87.40
<b>Total Current Assets</b>	<b>1329.09</b>	<b>1230.64</b>	<b>1,309.20</b>	<b>1,282.50</b>	<b>1,112.90</b>	<b>950.20</b>	<b>893.40</b>
Net Property & Equipment	670.44	620.78	660.40	681.50	645.10	613.10	584.40
Prop., Plant & Equip	1545.64	1431.15	1,522.50	1,495.30	1,374.60	1,253.30	1,189.90
Accumulated Depr.	875.20	810.37	862.10	813.80	729.50	640.20	605.50
Deferred Charges	46.60	43.15	45.90		43.10	31.70	22.00
Intangibles	516.63	478.36	508.90	557.20	487.30	466.00	185.90
Deposits & Other Assets	32.58	30.17	32.10	107.90	45.90	70.30	59.30
<b>Total Assets</b>	<b>2595.36</b>	<b>2403.11</b>	<b>2,556.50</b>	<b>2,629.10</b>	<b>2,334.30</b>	<b>2,131.30</b>	<b>1,745.00</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>12/31/10 (E)</b>	<b>12/31/09 (E)</b>	<b>12/31/08</b>	<b>12/31/07</b>	<b>12/31/06</b>	<b>12/31/05</b>	<b>12/31/04</b>
Addl Notes Payable	92.74	70.32					
Notes Payable	521.90	521.90	521.90	241.30	171.10	125.90	7.80
Accounts Payable	116.36	107.72	114.60	131.00	97.20	90.00	86.70
Curr. Long-Term Debt	7.00	6.49	6.90	90.00	17.90	92.10	1.20
Accrued Expense	109.30	101.42	107.90	117.50	103.00	98.40	80.50
Income Taxes	43.24	40.04	42.60	55.20	53.40	54.30	54.70
<b>Total Current Liabilities</b>	<b>890.54</b>	<b>847.67</b>	<b>793.90</b>	<b>635.00</b>	<b>442.60</b>	<b>460.70</b>	<b>230.90</b>
Deferred Charges/Inc.	18.88	17.48	18.60	42.30	48.10	80.20	46.80
Long-Term Debt	203.14	188.09	200.10	207.00	337.90	283.20	177.10
Other Long-Term Liab.	167.21	154.82	164.70	128.20	94.80	73.80	78.50
<b>Total Liabilities</b>	<b>1279.77</b>	<b>1208.06</b>	<b>1,177.30</b>	<b>1,012.50</b>	<b>923.40</b>	<b>897.90</b>	<b>533.30</b>
Common Stock Net	201.80	201.80	201.80	201.80	201.80	100.90	100.90
Capital Surplus	133.00	133.00	133.00	109.70	79.10	59.00	52.60
Retained Earnings	3637.84	3272.45	2,954.40	2,679.30	2,424.70	2,304.50	2,097.50
Other Equity, Total	25.30	\$25.30	25.30	159.90	80.70	33.40	123.80
Treasury Stock	2682.35	\$2,438.50	1,935.30	1,534.10	1,375.40	1,264.40	1,163.10
<b>Total Shareholder Equity</b>	<b>1315.59</b>	<b>\$1,195.05</b>	<b>1,379.20</b>	<b>1,616.60</b>	<b>1,410.90</b>	<b>1,233.40</b>	<b>1,211.70</b>
<b>Total Liabilities &amp; Net Worth</b>	<b>2595.36</b>	<b>2403.11</b>	<b>2,556.50</b>	<b>2,629.10</b>	<b>2,334.30</b>	<b>2,131.30</b>	<b>1,745.00</b>

**CASH FLOWS**

<b>Sigma Aldrich Corp.</b>				<b>Symbol: (SIAL)</b>		
<b>Company Status:</b>	Active					
					Source: ThomsonFinancial	
Scaling Factor : 1000000 USD				Currency: USD		
<b>5 YR CASH FLOWS STATEMENT</b>				<b>12/31/08</b>	<b>12/31/07</b>	<b>12/31/06</b>
				<b>12/31/05</b>	<b>12/31/04</b>	
<b>Operating Activities</b>						
Income Bef Extraordinary Items		341.50	311.10	276.80	258.30	232.90
Depreciation, Depletion & Amortn		98.60	97.80	90.90	90.10	73.40
Deferred Taxes		18.10	-21.70	-44.10	-33.90	-16.60
Other Cash Flow		19.20	18.70	21.10	0.10	5.60
Funds From Operations		477.40	405.90	344.70	314.60	295.30
Extraordinary Items		0.00	0.00	0.00	0.00	0.00
Funds From/For Other Oper Activities		-73.40	13.20	-14.30	-34.10	28.50
<b>Net Cash Flow From Operating Activities</b>		<b>404.00</b>	<b>419.10</b>	<b>330.40</b>	<b>280.50</b>	<b>323.80</b>
<b>Investing Activities</b>						
Capital Expenditures		89.90	79.70	74.50	92.20	70.30
Net Assets From Acquisitions		6.10	67.60	20.00	416.60	75.40
Decrease In Investments		11.60	#N/A	#N/A	#N/A	#N/A
Disposal of Fixed Assets		1.10	1.30	2.80	4.00	1.90
Other Use/(Source) - Investing		#N/A	#N/A	#N/A	#N/A	#N/A
<b>Net Cash Flow From Investing Activities</b>		<b>86.70</b>	<b>151.10</b>	<b>104.40</b>	<b>513.20</b>	<b>147.60</b>
<b>Financing Activities</b>						
Com/Prf Purchased,Retired,Converted,Redeemed		421.20	184.30	138.20	119.40	56.70
Long Term Borrowings		#N/A	0.00	100.00	205.80	1.80
Inc(Dec) In ST Borrowings		270.50	61.80	45.30	118.00	-58.00
Reduction In Long Term Debt		90.00	69.70	142.80	2.90	3.90
Cash Dividends Paid - Total		65.40	60.00	55.70	51.30	47.00
Other Source/(Use) - Financing		8.40	7.80	#N/A	#N/A	0.00
<b>Net Cash Flow From Financing Activities</b>		<b>-273.90</b>	<b>-212.00</b>	<b>-156.20</b>	<b>171.10</b>	<b>-142.00</b>
<b>Exchange Rate Effect</b>						
Exchange Rate Effect		-29.20	7.80	5.40	-9.00	7.40
Cash & Cash Equivalents - Inc(Dec)		14.20	63.80	75.20	-70.60	41.60
<b>Summary</b>						
Com/Pfd Purchased,Retired,Converted,Redeemed		421.20	184.30	138.20	119.40	56.70
Long Term Borrowings		#N/A	0.00	100.00	205.80	1.80
Inc./Dec. In S.T. Borrowings		270.50	61.80	45.30	118.00	-58.00
Reduction In L.T. Debt		90.00	69.70	142.80	2.90	3.90
Cash Dividends Paid - Total		65.40	60.00	55.70	51.30	47.00
Other Source/(Use) - Financing		8.40	7.80	#N/A	#N/A	0.00
<b>Net Cash Flow - Financing Activities</b>		<b>-273.90</b>	<b>-212.00</b>	<b>-156.20</b>	<b>171.10</b>	<b>-142.00</b>
<b>Exchange Rate Effect</b>						
Exchange Rate Effect		-29.20	7.80	5.40	-9.00	7.40
Cash & Cash Equivalents - IncDec		14.20	63.80	75.20	-70.60	41.60

**SOURCES**

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- [www.sigmaaldrich.com](http://www.sigmaaldrich.com)
- Google Financials
- Thompson Financial
- Yahoo Financial