



MARCH 24, 2009

SAUER-DANFOSS INC. REPORTS FINAL FOURTH QUARTER 2008 RESULTS

CHICAGO, Illinois, USA, March 24, 2009 – Sauer-Danfoss Inc. (NYSE: SHS) today announced its final results for the fourth quarter and full year ended December 31, 2008, and the filing of its Annual Report on Form 10-K. These final results update and supersede the Company's preliminary results released on March 16, 2009.

Fourth Quarter and Full Year Earnings

The Company reported a net loss of \$90.6 million, or \$1.88 per share, for the fourth quarter 2008, compared to net income of \$8.7 million, or \$0.18 per share, for the fourth quarter of 2007. The Company's net loss for full year 2008 totaled \$29.1 million, or \$0.60 per share, compared to net income of \$47.2 million, or \$0.98 per share, for the same period last year.

Long-Lived Asset and Goodwill Impairment Charges

When the Company issued its preliminary financial results on March 16, 2009, it reported that it had not yet completed its required long-lived asset impairment analysis and preliminary results included an estimated impairment charge. The Company has now finished that analysis and has recorded an actual impairment charge of \$35.3 million, or \$0.53 per share, impacting the Work Function segment. In addition, the Company had previously reported goodwill impairment charges of \$22.9 million, or \$0.44 per share, impacting the Work Function and Controls segments.

Company Files its Annual Report on Form 10-K

Please refer to the Company's Form 10-K for a complete discussion of the fourth quarter and full year financial results. An electronic copy of the 10-K is available through the Investor Relations page of the Company's website at <http://ir.sauer-danfoss.com>. In addition, shareholders can receive a printed copy of the Form 10-K, containing the Company's complete audited financial statements, free of

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charge by sending a written request to Sauer-Danfoss Inc., Attn: Investor Relations, 2800 E. 13th Street, Ames, IA 50010.

About Sauer-Danfoss

Sauer-Danfoss Inc. is a worldwide leader in the design, manufacture, and sale of engineered hydraulic, electric and electronic systems and components for use primarily in applications of mobile equipment. Sauer-Danfoss had revenues of \$2.1 billion in 2008 and has sales, manufacturing, and engineering capabilities in Europe, the Americas, and the Asia-Pacific region. The Company's executive offices are located near Chicago in Lincolnshire, Illinois.

More details online at www.sauer-danfoss.com.

**For further information please contact:
Sauer-Danfoss Inc. – Investor Relations**

Kenneth D. McCuskey
Vice President and
Chief Accounting Officer

Sauer-Danfoss Inc.
2800 East 13th Street
Ames, Iowa, USA, 50010

Phone: (515) 239-6364
Fax: (515) 956-5364
kmccuskey@sauer-danfoss.com

John N. Langrick
Director of Finance Europe

Sauer-Danfoss Inc.
Krokamp 35
24539 Neumünster, Germany

Phone: +49-4321-871-190
Fax: +49-4321-871-121
jlangrick@sauer-danfoss.com

Internet: <http://www.sauer-danfoss.com>

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

| (Dollars in thousands except per share data) | Three Months Ended | | Year Ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2008 | December 31, 2007 | December 31, 2008 | December 31, 2007 |
| Net sales | 371,388 | 494,173 | 2,090,513 | 1,972,548 |
| Cost of sales | 333,375 | 397,572 | 1,654,903 | 1,544,846 |
| Gross profit | 38,013 | 96,601 | 435,610 | 427,702 |
| Research and development | 20,732 | 20,014 | 82,915 | 70,552 |
| Selling, general and administrative | 55,664 | 57,218 | 258,491 | 233,809 |
| Loss on sale of businesses and asset disposals | 10,289 | 177 | 9,604 | 9,412 |
| Impairment charges | 58,208 | -- | 58,208 | -- |
| Total operating expenses | 144,893 | 77,409 | 409,218 | 313,773 |
| Income (loss) from operations | (106,880) | 19,192 | 26,392 | 113,929 |
| Nonoperating income (expenses): | | | | |
| Interest expense, net | (5,318) | (6,022) | (24,628) | (22,741) |
| Minority interest in income of consolidated companies | (1,901) | (6,051) | (17,811) | (21,562) |
| Other, net | 4,692 | (140) | 966 | (3,589) |
| Income (loss) before income taxes | (109,407) | 6,979 | (15,081) | 66,037 |
| Income taxes | 18,796 | 1,718 | (14,060) | (18,839) |
| Net income (loss) | (90,611) | 8,697 | (29,141) | 47,198 |
| Net income (loss) per share: | | | | |
| Basic net income (loss) per common share | (1.88) | 0.18 | (0.60) | 0.98 |
| Diluted net income (loss) per common share | (1.88) | 0.18 | (0.60) | 0.98 |
| Weighted average shares outstanding | | | | |
| Basic | 48,237 | 48,099 | 48,226 | 48,094 |
| Diluted | 48,237 | 48,493 | 48,226 | 48,327 |
| Cash dividends declared per common share | 0.18 | 0.18 | 0.72 | 0.72 |

BUSINESS SEGMENT INFORMATION

| (Dollars in thousands) | Three Months Ended | | Year Ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2008 | December 31, 2007 | December 31, 2008 | December 31, 2007 |
| Net sales | | | | |
| Propel | 184,225 | 233,327 | 1,016,609 | 940,692 |
| Work Function | 99,748 | 134,697 | 561,416 | 534,040 |
| Controls | 87,415 | 126,149 | 512,488 | 497,816 |
| Total | 371,388 | 494,173 | 2,090,513 | 1,972,548 |
| Segment Income (Loss) | | | | |
| Propel | 9,501 | 35,371 | 156,805 | 146,617 |
| Work Function | (73,208) | (5,164) | (65,699) | (2,886) |
| Controls | (37,182) | 985 | (21,386) | 17,740 |
| Global Services and Other Expenses, net | (1,296) | (12,140) | (42,362) | (51,131) |
| Total | (102,185) | 19,052 | 27,358 | 110,340 |

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| (Dollars in thousands) | Year Ended | |
|---|----------------------|----------------------|
| | December 31, 2008 | December 31, 2007 |
| Cash flows from operating activities: | | |
| Net income (loss) | (29,141) | 47,198 |
| Depreciation and amortization | 112,962 | 102,303 |
| Impairment Charges | 58,208 | -- |
| Minority interest in income of consolidated companies | 17,811 | 21,562 |
| Net change in receivables, inventories, and payables | 40,385 | (64,033) |
| Other, net | (16,707) | (8,890) |
| Net cash provided by operating activities | 183,518 | 98,140 |
| Cash flows from investing activities: | | |
| Purchases of property, plant and equipment | (198,634) | (135,633) |
| Proceeds from sale of property, plant and equipment | 11,141 | 6,496 |
| Proceeds from sale of businesses | -- | 6,932 |
| Net cash used in investing activities | (187,493) | (122,205) |
| Cash flows from financing activities: | | |
| Net borrowings on notes payable and debt instruments | 51,799 | 71,436 |
| Performance unit compensation excess tax deduction | 1,534 | 145 |
| Cash dividends | (34,728) | (33,636) |
| Distribution to minority interest partners | (13,881) | (15,889) |
| Net cash provided by financing activities | 4,724 | 22,056 |
| Effect of exchange rate changes | (4,393) | (314) |
| Net decrease in cash and cash equivalents | (3,644) | (2,323) |
| Cash and cash equivalents at beginning of year | 26,789 | 29,112 |
| Cash and cash equivalents at end of year | 23,145 | 26,789 |

CONDENSED CONSOLIDATED BALANCE SHEETS

| (Dollars in thousands) | December 31, 2008 | December 31, 2007 |
|---|----------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | 23,145 | 26,789 |
| Accounts receivable, net | 239,881 | 318,152 |
| Inventories | 326,688 | 318,836 |
| Other current assets | 50,754 | 56,365 |
| Total current assets | 640,468 | 720,142 |
| Property, plant and equipment, net | 598,435 | 562,818 |
| Other assets | 228,773 | 217,462 |
| Total assets | 1,467,676 | 1,500,422 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Notes payable and bank overdrafts | 65,512 | 59,415 |
| Long-term debt due within one year | 58,005 | 208,819 |
| Accounts payable | 149,512 | 168,015 |
| Other accrued liabilities | 146,888 | 128,358 |
| Total current liabilities | 419,917 | 564,607 |
| Long-term debt | 367,922 | 175,811 |
| Long-term pension liability | 90,966 | 70,777 |
| Deferred income taxes | 44,243 | 40,930 |
| Other liabilities | 66,727 | 62,253 |
| Minority interest in net assets of consolidated companies | 67,655 | 60,544 |
| Stockholders' equity | 410,246 | 525,500 |
| Total liabilities and stockholders' equity | 1,467,676 | 1,500,422 |
| Debt to total capital ratio (1) | 51% | 43% |

(1) The debt to total capital ratio is calculated by dividing total interest bearing debt by total capital. Total interest bearing debt is the sum of notes payable and bank overdrafts, long-term debt due within one year, and long-term debt. Total capital is the sum of total interest bearing debt, minority interest in net assets of consolidated companies, and stockholders' equity.