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Sandoz opens extension to Aeropharm production facility in Rudolstadt / Thuringia

- **Sandoz invested EUR 47 million in Rudolstadt plant extension**
- **State Minister-President Dieter Althaus stresses importance of Thuringia Life Science Cluster**
- **Number of jobs has quadrupled since 2003**

***Holzkirchen/Rudolstadt, July 28, 2009:* The Minister-President of the German federal state of Thuringia, Dieter Althaus, and Sandoz CEO Jeff George today officially opened Aeropharm GmbH's new production and laboratory building in Rudolstadt. Aeropharm GmbH is Sandoz's Center of Excellence for the development and manufacture of inhalation products and therefore one of the cornerstones of the global Sandoz production network.**

At the opening ceremony, Jeff George stressed that: "With the new investments at Rudolstadt, we will be further strengthening our role as leaders in the strategically important sector of respiratory tract medications." Minister-President Althaus said: "The fact that a global company makes a long-term commitment to Thuringia is a clear endorsement of our successful policy for the region."

Sandoz, the world's second-largest producer of generics, is investing EUR 47 million in the new buildings, which have a floorspace of more than 10,000 square meters. Initially, the buildings will house four high-tech systems for production of pharmaceutical aerosols, primarily inhalation products. This will create the necessary production capacity for products that have been developed in Rudolstadt. The new systems, installed in state-of-the-art pharmaceutical clean rooms, are due to go into operation in fall of 2009.

This latest extension has created 65 new jobs, which means that the number of employees has more than quadrupled since 2003 – from 45 to 192 at present. Minister-President Althaus added: "This investment is a vote of confidence in the future of Rudolstadt, with its long pharmaceutical tradition, and also reflects our powerful commitment to the Life Science Cluster here in Thuringia."

The respiratory system medications sector plays a key role in Sandoz' corporate strategy. In Germany alone, the asthma market has a sales volume of around EUR 1 billion, with generics only accounting for 15 percent of this total – only half the generics sales figure for the pharmaceutical market as a whole¹.

Thanks to its strategic focus, Sandoz can provide healthcare systems with high-quality products that are less expensive than their reference products. Aerosols and powder inhalers are "difficult-to-make" products, requiring a great deal of know-how and experience at both the development and production

stages. Sandoz is the first generics company to be granted Europe-wide approval for an asthma spray that it has developed itself and that complies with the new, stringent regulatory requirements now in place.

The Sandoz Group is represented in Germany by the Sandoz, Hexal and 1 A Pharma brands. Since the beginning of the year Hexal has been overall market leader in the German pharmaceutical sector². In Germany, Sandoz, Hexal, 1 A Pharma and international headquarters together have approximately 4,500 employees on their payroll at nine locations, including 1,700 at four production plants (of which Rudolstadt is one) in the new federal states.

About Aeropharm:

Aeropharm GmbH developed out of the Ankerwerk, which was originally founded in 1876. Pharmaceutical aerosols and eye drops were developed and manufactured in the earlier plant, VEB Ankerwerk, from the late 1960s onward. In 2002 the company was taken over by Hexal AG. Aeropharm GmbH, together with parent company Hexal AG, was acquired by the Swiss-based Novartis Group in February 2005 and subsequently integrated into its Sandoz generics division. Within this powerful network, Aeropharm has quickly succeeded in establishing and expanding its reputation as a global development and production center for inhalation products and eye drops and has expanded dynamically in terms of both sales revenues and personnel.

About Sandoz:

Sandoz, a Division of the Novartis group, is a global leader in the field of generic pharmaceuticals, offering a wide array of high-quality, affordable products that are no longer protected by patents. Sandoz has a portfolio of approximately 1000 compounds and sells its products in more than 130 countries. Key product groups include antibiotics, treatments for central nervous system disorders, gastrointestinal medicines, cardiovascular treatments and hormone therapies. Sandoz develops, produces and markets these medicines along with pharmaceutical and biotechnological active substances and anti-infectives. In addition to strong organic growth in recent years, Sandoz has made a series of acquisitions including Lek (Slovenia), Sabex (Canada), Hexal (Germany) and Eon Labs (US). In 2008, Sandoz employed around 23,000 people worldwide and posted sales of USD 7.6 billion.

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1,2: IMS MAT 12/08, Overall Pharmaceutical Market