
Sandoz

Our Sandoz Division is a world leader in developing, manufacturing and marketing generic pharmaceutical products, follow-on biopharmaceutical products and drug substances that are not protected by valid and enforceable third-party patents. As of December 31, 2010, affiliates of the Sandoz Division employed 23 536 full-time equivalents associates worldwide in more than 130 countries. In 2010, our Sandoz Division achieved consolidated net sales of USD 8.5 billion, 17% of the Group's total net sales.

A global leader in generic pharmaceuticals

The Sandoz Division is active in Retail Generics, Anti-Infectives, Biopharmaceuticals and Oncology Injectables (following the acquisition of EBEWE Pharma, completed in September 2009). In Retail Generics, we develop, manufacture and market active ingredients and finished dosage forms of pharmaceuticals, as well as supplying active ingredients to third parties. In Anti-Infectives, we develop and manufacture active pharmaceutical ingredients and intermediates – mainly antibiotics – for use by Retail Generics and for sale to third-party customers. In Biopharmaceuticals, we develop, manufacture and market protein- or other biotechnology-based products (known as biosimilars or follow-on biologics) and sell biotech manufacturing services to other companies. In Oncology Injectables, we develop, manufacture and market cytotoxic products for the hospital market.

Active in Retail Generics, Anti-Infectives, Biopharmaceuticals and Oncology Injectables

The worldwide market for generic pharmaceutical products has been growing by about 10% annually and is expected by industry analysts to continue at nearly that rate through 2015, fueled primarily by the growing health needs of an aging population, opportunities created through patent expiries, increasing access to healthcare and pressures to contain healthcare costs. According to IMS Health, Sandoz is the No. 2 company in worldwide generic sales and is positioned as a global leader in Retail Generics. Sandoz Biopharmaceuticals has emerged as the leading global player in biosimilars, with three marketed medicines, and a pipeline of eight to 10 molecules, including monoclonal antibodies, at various stages of development. In addition, Sandoz remains one of the leading manufacturers of antibiotics worldwide. The acquisition of EBEWE Pharma in 2009 positioned Sandoz among the top four global players in oncology injectables, according to IMS Health.

No. 2 company in worldwide generic sales, positioned as global leader in Retail Generics, and leading player in Biopharmaceuticals

Sandoz has three strategic priorities: to be first-to-market with our products as originators' substance patents expire or become unenforceable; to be cost competitive by leveraging our economies of scale in development and production; and to differentiate Sandoz based on our extensive global reach and our advanced technical expertise in the development, manufacturing and marketing of differentiated generics and biosimilars.

Retail Generics

In 2010, Retail Generics benefited from the first-to-market US launch of Sandoz's generic enoxaparin sodium (Lovenox[®]) – the largest-ever launch in the US of a generic hospital medication. Other key US launches included metaxalone (Skelaxin[®]), and the authorized generics of losartan potassium and losartan potassium-hydrochlorothiazide/HCT (Cozaar[®] and Hyzaar[®]), as well as gemcitabine HCl injection (Gemzar[®]). Key product launches in various European countries included losartan/ losartan HCT, lercanidipine (Corifeo[®]/Zanidip[®]), tacrolimus (Prograf[®]), and Docetaxel (Taxotere[®]).

Retail Generics

Anti-Infectives

Anti-Infectives experienced continued volume growth, with key products globally including amoxicillin/clavulanic acid, ceftriaxone, azithromycin and cefdinir, as well as the exclusive US launch of amoxicillin-clavulanic acid ER (Augmentin[®]).

Anti-Infectives

Biopharmaceuticals

In Biopharmaceuticals, Sandoz continued to roll out important follow-on products and to drive its contract manufacturing base business. Recombinant growth hormone *Omnitrope*, which was first launched in the EU and US in 2006 and 2007 respectively, received FDA approval for several additional indications, and was launched in 2010 in countries including Taiwan, Argentina, and the Czech Republic. High-dosage oncology formulations of anemia medicine *Binocrit* were rolled out in 2010 in countries including France, Spain, Italy and the UK, complementing the base nephrology business. Neutropenia medication *Zarzio*, which

Biopharmaceuticals

was approved EU-wide in 2009, was rolled out in further countries including Italy, Belgium, Sweden and Switzerland.

Oncology Injectables

In October 2010, just one year after Sandoz completed the acquisition of Austrian-based oncology injectables specialist EBEWE Pharma, Sandoz announced the successful completion of the integration process and the launch of a new global brand, Sandoz Oncology Injectables. The new business is now fully organized on a global basis and offers customers a broad differentiated portfolio of more than 25 marketed products plus a strong pipeline for future growth.

Oncology Injectables

In April 2010, Sandoz announced a definitive agreement to acquire Oriel Therapeutics, a privately held US pharmaceuticals company, for an undisclosed sum. The deal was finalized in June, and Oriel has been integrated as a separate development unit within Sandoz. Oriel focuses on developing respiratory products with known pathways as generic alternatives to patented drugs for asthma and chronic obstructive pulmonary disease (COPD). Regulatory approvals of these medicines would enable Sandoz to increase access to affordable, high-quality therapeutic alternatives for these increasingly prevalent medicines. The acquisition also offers Sandoz access to Oriel's novel FreePath™ drug delivery technology, as well as its proprietary Solis™ disposable dry powder inhaler.

Oriel Therapeutics

Recently launched products

Sandoz launched a number of important products in 2010, including:

Enoxaparin sodium, a generic version of the best-selling anti-thrombotic Lovenox®, was launched as the sole generic in the US.

Lovenox®

Metaxalone, a generic version of muscle relaxant Skelaxin®, was launched with generic market exclusivity in the US.

Skelaxin®

<p>Losartan potassium and losartan potassium-hydrochlorothiazide (HCT), authorized generic versions of Cozaar® and Hyzaar®, were launched in the US; “early entry” versions of both products were also introduced in Germany, followed by generic versions in other European markets.</p>	Cozaar® and Hyzaar®
<p>Amoxicillin-clavulanic acid ER, a generic version of broad-spectrum antibiotic Augmentin®, was launched with market exclusivity in the US.</p>	Augmentin®
<p>Tacrolimus, a generic version of the kidney and liver transplantation medicine Prograf®, was launched in several European markets including Germany, Portugal, Netherlands, Austria, Belgium, Switzerland, and the UK.</p>	Prograf®
<p>Lercanidipine, a generic version of Corifeo®/Zanidip®, was launched in European markets including France, Italy, Spain, the Netherlands, Austria, Belgium, and Portugal.</p>	Corifeo®/Zanidip®
<p>Docetaxel, a generic version of cytotoxic Taxotere®, was launched in several European countries as well as in New Zealand.</p>	Taxotere®
<p>Omnitrope, a follow-on version of the recombinant human growth hormone Somatropin®, was launched in Taiwan, Argentina, and the Czech Republic.</p>	Omnitrope
<p>Binocrit, a follow-on version of the recombinant human protein Eprex®/Erypo®, was launched in higher dosage pre-filled syringes for patients suffering from chemotherapy-related anemia in countries including France, Spain, Italy and the UK.</p>	Binocrit
<p>Zarzio, a follow-on version of the recombinant human granulocyte colony-stimulating factor filgrastim (G-CSF), was launched in countries including Italy, Belgium, Sweden, and Switzerland.</p>	Zarzio

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