

Novartis in Switzerland
Novartis in der Schweiz
Novartis en Suisse
Novartis in Svizzera
Novartis en Svizra



Dear Reader

The mission of Novartis is to discover, develop and successfully market innovative medicines and treatments that can help to cure diseases, relieve suffering and improve the quality of life of sick people.

Novartis is a world-leading healthcare company that operates in over 140 countries and is at home in Switzerland. As a global company, we are proud of taking typically Swiss values such as high quality, reliability and trustworthiness out into the world.

This brochure is intended to show the diverse contributions of Novartis to the healthcare system, to the economy and to the common good in Switzerland.

Best regards

Armin Züst
Head of Novartis Switzerland

Facilitating medical advances

Medicine has made enormous advances that have led to substantial improvements in the prevention and treatment of diseases, especially in the last 50 years. People today are living longer and staying healthy for longer.

Responsibility for this development lies not least with the pharmaceutical industry. Estimates suggest that about 40% of the increase in the average life span in the last thirty years is attributable to new medicines and treatments.

Even in the middle of the 20th century, the survival chances of cancer patients were still very low. Today, almost two-thirds of patients are still alive five years after the first diagnosis. In the last quarter of a century the number of deaths in children with cancer has fallen by 60%.

Despite these achievements, millions of people with hitherto untreatable diseases are still waiting for new, innovative treatments to relieve their suffering or even cure their disease.

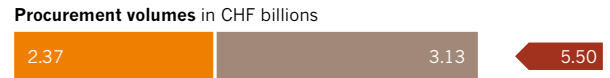
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Facts and figures

Foundation	Ciba-Geigy and Sandoz merged in 1996 to form Novartis
Headquarters	Basel, Switzerland
Product pipeline	147 projects at various stages of development
Locations worldwide	Novartis is represented by affiliated companies in over 140 countries
Locations in Switzerland	Basel BS/BL, Stein AG, Embrach ZH, Cham ZG, Bern BE, St. Aubin FR, Nyon VD, Locarno TI
Business divisions	<ul style="list-style-type: none"> – Pharmaceuticals – Vaccines and Diagnostics – Sandoz – Consumer Health – Alcon (planned for 2011)*

*The following figures on Novartis in Switzerland do not yet include country-specific data on Alcon. The consolidation incorporates the Alcon data.



Export volumes
CHF 27.9 billion (14.4% of total Swiss exports)

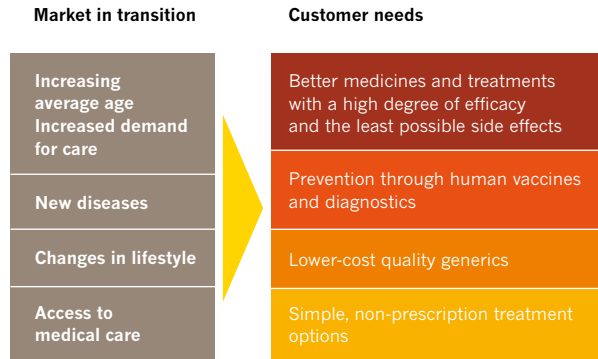
- Switzerland (excl. Alcon in Switzerland)
- Rest of the world (incl. Alcon worldwide)
- Worldwide (incl. Alcon worldwide)

Key figures 2010

New challenges

The healthcare sector is in the midst of a paradigm shift. The factors responsible for this are:

- An aging world population with an increased demand for medical care. This development is accentuated by the fact that chronic diseases in advanced age are increasing sharply.
- Scientific and technological advances allow new approaches to drug research. On this basis, innovative medicines are being created for diseases that until now have been insufficiently treatable or even incurable.
- An unhealthy lifestyle and environmental pollution are leading to chronic diseases of pandemic proportions. Unhealthy dietary habits, a lifestyle characterized by a lack of exercise and environmental pollution are having serious health consequences.
- Rapid economic growth of emerging markets with better access to medical care. The growing population and increasing prosperity in these countries are leading to a new middle class in which there is a disproportionately large increase in the demand for improved healthcare.



Our strategy, which focuses consistently on growth areas of the healthcare market while paying careful attention to risks, has proved its value in this dynamic environment. Also in the future, based on this strategy of focused diversification, we expect our company to develop in a more stable way than several of our important competitors.

Our acquisition of global eye care leader Alcon is expected to soon provide an additional growth platform with considerable synergy potential.

Strategic growth platforms

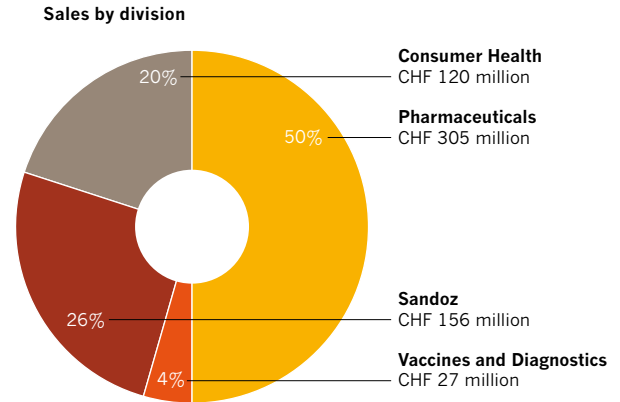
Novartis is addressing this dynamic environment by investing in these strategic growth platforms:

Pharmaceuticals	Innovative medicines that enjoy patent protection.
Vaccines and Diagnostics	Vaccines and diagnostics to protect against life-threatening diseases.
Sandoz	Affordable high-quality generics and biosimilars to replace brand medicines following patent expiry.
Consumer Health	Strong, reliable brands for responsible consumers – <i>OTC (self-medication), Animal Health, Ciba Vision (ophthalmology)</i> .

After the planned merger with Alcon, a new ophthalmology division will emerge in 2011 called Alcon. The division will comprise the present Alcon business, Ciba Vision and ophthalmologic medicines from the Novartis Pharma Division with the exception of Lucentis®.

Net sales by division

Sales of Novartis Group companies in Switzerland reached CHF 608 million in 2010. The table below shows the sales breakdown by division in Switzerland.



Engine of growth and stable anchor

The pharmaceutical industry is a key sector of Switzerland's economy and a major employer. It is directly responsible for creating added value amounting to CHF 13.4 billion. If the links with downstream and upstream sectors are taken into account, around 119,800 jobs can be said to be dependent on the pharmaceutical industry.

Thanks to above-average growth, the pharmaceutical industry is an important engine of growth and a stable anchor in the Swiss economy. While the pharmaceutical industry strengthened its value creation by 11 % a year between 2000 and 2008, the economy as a whole grew by only 3 % a year. In the current economic situation, Switzerland is also benefiting from the fact that the pharmaceutical sector is relatively independent of economic cycles and therefore helps to bolster economic growth.

The pharmaceutical industry accounts for 27 % of total exports, making it the most important export industry in Switzerland. Its exports have risen from CHF 8 billion in 1990 to over CHF 55 billion in 2008.

Source: Interpharma/Polynomics 2009 – Bedeutung der Pharmaindustrie für die Schweiz

One of the top companies

Novartis is Switzerland's largest healthcare company. In 2010, the Novartis Group reported worldwide sales of more than CHF 52 billion.

According to a stock market analysis by *Handelsblatt* in 2010, Novartis ranked as one of the top 30 companies worldwide in terms of market value. In the IMS-PADDS ranking, Novartis is one of the largest companies in global pharmaceutical sales.

Top ten global pharmaceutical companies
(by sales of pharma products, January 1 – November 30, 2010)

			USD billions	Growth vs. 2009 (%)
1	Pfizer	USA	48.9	-3.9
2	Novartis	Switzerland	40.8	10.7
3	Merck & Co	USA	33.8	-1.5
4	Astra Zeneca	UK	31.2	2.7
5	Sanofi-Aventis	F	31.2	-2.0
6	GlaxoSmithKline	UK	29.3	-4.9
7	Roche	Switzerland	28.5	-0.9
8	J & J	USA	23.5	-0.7
9	Abbott	USA	20.8	3.5
10	Lilly	USA	19.5	8.4

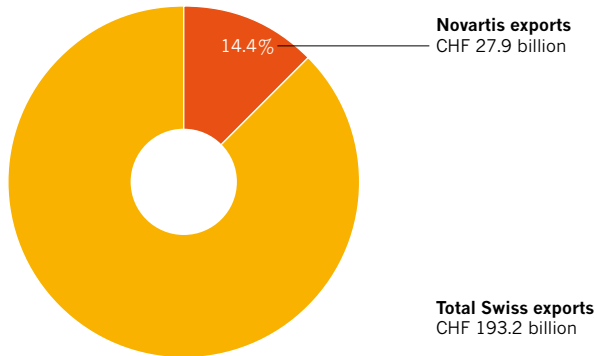
Source: IMS PADDS Monthly, 59 countries, January 11

One of the largest exporters

Novartis is one of Switzerland's largest exporters, accounting for 14.4% of total national net exports.

In 2010 Swiss exports totaled CHF 193.2 billion, of which Novartis accounted for CHF 27.9 billion. Total Swiss imports amounted to CHF 173.6 billion, of which Novartis imports were CHF 13.8 billion (including intermediate products). In other words, Novartis exports exceeded imports by CHF 14.1 billion.

Exports 2010



A responsible employer

Novartis currently employs 119,418 people worldwide. Of these, about 12,500 work in Switzerland – spread over eight sites: Basel BS/BL, Stein AG, Embrach ZH, Cham ZG, Bern BE, St-Aubin FR, Nyon VD und Locarno TI. The most important of these are the two Basel cantons, where Novartis is the largest private employer in the region and provides jobs for numerous cross-border commuters. Nearly 14% of Basel-based Novartis associates live in Germany, while more than 21% reside in France.

As the following table shows, Novartis associates live in various cantons.

Employees by canton of residence	
Basel-Landschaft (BL)	21%
Basel-Stadt (BS)	20%
Aargau (AG)	10%
Vaud (VD)	4%
Solothurn (SO)	2%
Zurich (ZH)	2%
Bern (BE)	2%
Fribourg (FR)	1%
Geneva (GE)	1%
Others	2%

Diversity and Inclusion

The total compensation paid to Novartis associates in Switzerland amounted to about CHF 2.7 billion in 2010. Total salaries have risen by more than 25 % since 1996, significantly outpacing inflation of 12.1 % over the same period.

Novartis also plays an important role in providing crucial impetus to Switzerland as a center for education and training. More than 39 % of associates hold university degrees. The company trains more than 320 young people every year, as well as offering opportunities to a similar number of interns, PhD and postdoctoral students.

In Switzerland, the proportion of women in the workforce rose to 42 % in 2010. Women currently represent 31 % of Novartis management in Switzerland, up from 14 % in 2000.

Securing jobs

Novartis secures jobs not only directly, but also indirectly as a buyer of goods and services from suppliers, including many SMEs. In 2010 the company placed orders worth over CHF 2.37 billion with companies in the 26 Swiss cantons. Worldwide, the total volume of orders amounted to CHF 5.5 billion.

Purchases by canton (CHF)

BS	739,228,676	ZG	103,295,906
ZH	564,231,788	VD	63,384,071
BL	343,609,646	NE	43,251,841
AG	213,952,271	SG	38,261,809
BE	104,950,868	LU	30,608,840

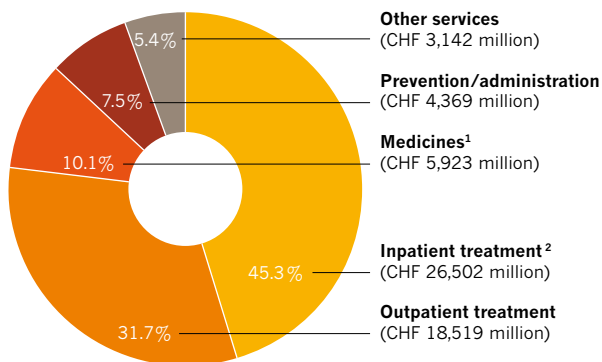
Total value of orders in Switzerland CHF 2,374,144,234.

The company's purchases are thus of major importance for the Swiss jobs market. For every job within the company, Novartis indirectly creates 2.5 further jobs in Switzerland. Novartis thereby helps secure more than 40,000 jobs in Switzerland.

Falling share of drug costs

Medicines have accounted for a steadily falling share of healthcare costs in the past years. In 2008 medicines accounted for only 10.1% of healthcare costs, whereas in 1960 the figure was 25%.

Breakdown of healthcare costs by services in 2008



Source: Swiss Statistics, November 2010

¹ At retail prices, excl. hospital. ² With medicines.

Significant indirect savings

Diseases not only lead to increased spending in the health system, but also impact costs in the socio-economic field, which is usually ignored in political discussions.

The indirect savings achieved by innovative treatments or medicines that help to avoid or cure diseases should be given much more political attention. But because these savings are difficult to quantify and make their mark outside the healthcare system, there is virtually no all-round debate on costs. Who calculates the benefit to the economy of a rapid recovery and reintegration into the work process?

Besides the aspects that are difficult to quantify, there are also measurable factors which show that healthcare costs can be reduced directly by means of innovative medicines and treatments. This concerns above all those areas where existing diagnostic and therapeutic options can be optimized, shortened or made more efficient through innovative approaches. These include, for example, a smaller number of surgical procedures, shorter hospital stays and a reduction in personnel and nursing costs through self-medication.

Novartis in Switzerland

1 Basel HQ (BS)
Corporate HQ
Pharmaceuticals HQ
Animal Health HQ
Consumer Health HQ

Basel Klybeck (BS)
Pharma production
R&D

Basel St. Johann (BS)
Pharma production
R&D

Schweizerhalle (BL)
Pharma production
Development

2 Stein (AG)
Pharma production

3 Embrach (ZH)
CIBA Vision

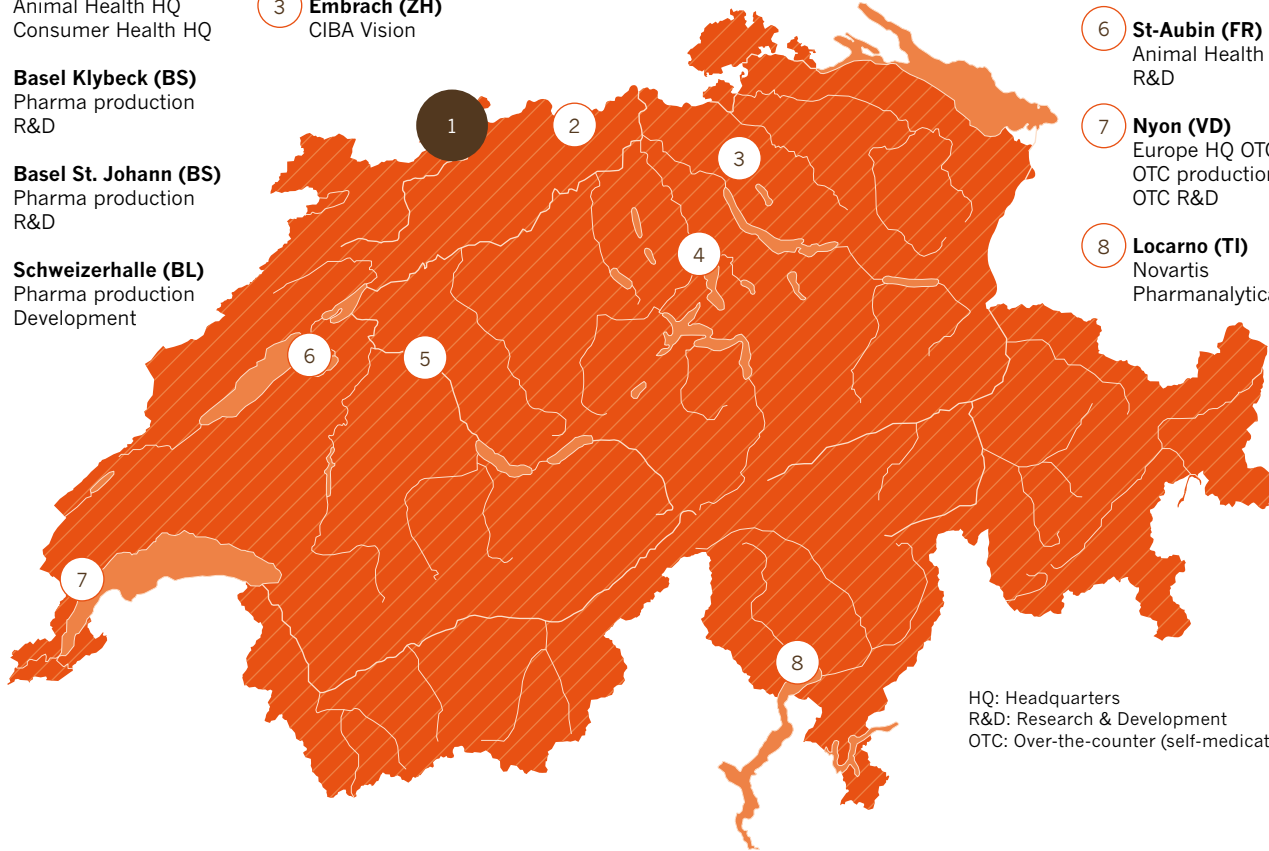
4 Cham (ZG)
Sandoz Switzerland

5 Bern (BE)
Pharma Switzerland
Consumer Health Switzerland

6 St-Aubin (FR)
Animal Health
R&D

7 Nyon (VD)
Europe HQ OTC
OTC production
OTC R&D

8 Locarno (TI)
Novartis
Pharmanalytica



HQ: Headquarters
R&D: Research & Development
OTC: Over-the-counter (self-medication)

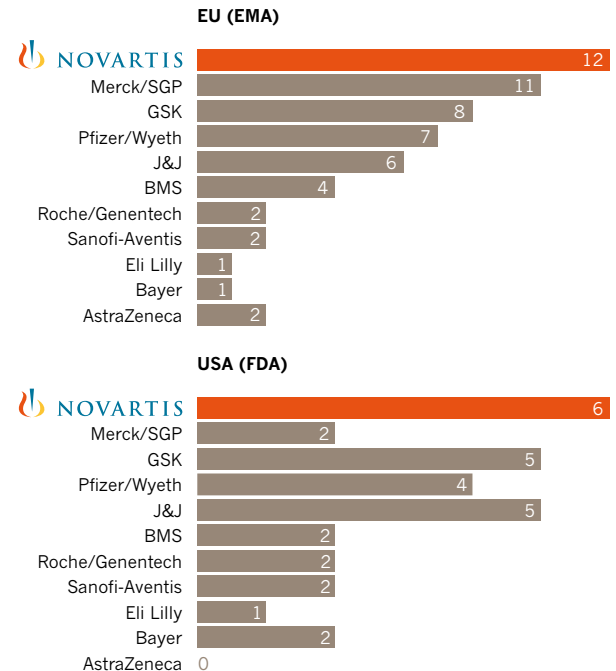
One of the most innovative companies

Novartis concentrates on the development of innovative medicines and is constantly stepping up efforts to make new forms of treatment available to patients.

Our scientists cover a broad spectrum of disciplines and lead the industry with skills that range from transplantation and immune suppression to breakthroughs in oncology and disease-modifying treatments for Alzheimer's.

Our pipeline contains more than 147 projects in various phases of development – including potential new products and additional indications or new formulations for established products. In the next few years, we will launch a substantial number of new products on the market worldwide.

New molecular entity (NME) approvals for selected companies 2007–2010



Notes: Novartis includes co-developed or co-marketed products from Ciba Vision, QLT, Identix. Genentech: does not include vaccines; Pfizer includes products of Pharmacia Upjohn+Parke Davis + Wyeth; Merck includes products of Schering + Organon; Roche includes products of Genentech; J&J includes products of Janssen + Centocor + RWJohnson; Xolair is included in both the Roche+Genentech data and Novartis data. Source: FDA

Switzerland as the largest research hub

The research network of the Novartis Institutes for BioMedical Research (NIBR) comprises nine sites around the world. The largest site is located in Basel, Switzerland.

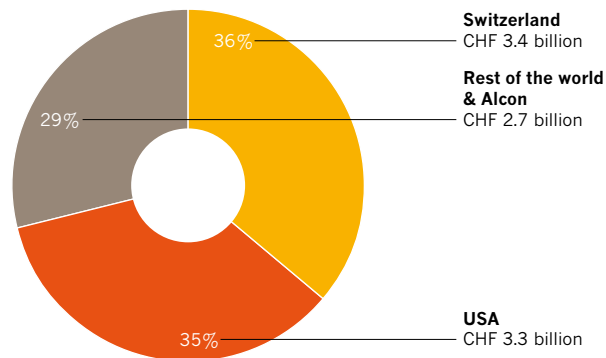
Novartis currently employs around 2,700 research associates in Switzerland. Research in Basel is using pioneering methods and cutting-edge technology to achieve breakthroughs in the treatment of musculoskeletal disorders, in neuroscience, oncology, transplantation and also in autoimmune and inflammatory diseases.

The Basel-based Friedrich Miescher Institute (FMI), founded in 1970 and part of the Novartis Research Foundation, is devoted to fundamental biomedical research and employs nearly 320 people. The institute uses state-of-the-art technologies to explore basic molecular mechanisms of cells and organisms in health and disease.

Strengthening the research hub

The research hub of Switzerland is of central importance for Novartis research and development. In 2010 we invested a total of CHF 3.4 billion in this country.

Spending on research and development



The Novartis research programs in Switzerland are supported by various collaborative projects with Swiss universities – for example with the world-renowned Paul Scherrer Institute.

Novartis Campus in Basel

The healthcare market is driven by innovation and knowledge and is shaped by ongoing dynamic changes. This calls for the best people worldwide and a work environment that fosters a rapid exchange of knowledge, cooperation and innovation. The Novartis Campus thus makes a major contribution to the fulfillment of our mission. The ambitious redesign of the St. Johann site in Basel to create a **Campus of knowledge, innovation and encounter** underlines our long-term commitment to Basel and Switzerland.

The Campus project represents a comprehensive renewal of the infrastructure of the Basel site. People remain at the heart of the whole planning process. **Novartis has set itself the goal of creating an optimum work environment – for the benefit of both the company and its associates.** For this we are using diverse kinds of space and work areas with a variety of individual, shared, open and closed workspaces, which generate a sense of inspiration and innovativeness and foster interdisciplinary collaboration and exchange of knowledge.

Campus sets new standards

The redesign of the Novartis Campus in Basel also sets new standards in ecological terms: In the global energy strategy of 2005, Novartis voluntarily committed to reduce its global direct CO₂ emissions between 2008 and 2012 to a value five percent below that of 1990. There are mainly three measures being employed to achieve this ambitious target on the Campus: Structural measures; the use of the most energy-efficient equipment possible; and the use of the highest possible proportion of renewable energy.

For the building of the Campus and the transfer of production plants to other sites in the Basel region, Novartis expects spending to run to more than CHF 2.2 billion by 2014. By then, eighteen new research and office buildings will have been constructed on the Campus, which will offer attractive and innovative new workplaces for almost 8,000 associates. **The project thus brings with it major building commissions for Switzerland and is an important stimulus for the regional economy.**

For further information: www.novartis.ch/campus

A four-point commitment

The program is composed of four sub-areas:

Patients: Major Novartis initiatives target neglected diseases, ranging from malaria and leprosy to drug-resistant tuberculosis. Novartis provides patients in the developing world with medicines at cost price and sometimes free of charge.

Business ethics: We strive to maintain and strengthen a culture where associates recognize that acting honestly, lawfully and with integrity is key to success.

People and communities: Novartis endeavors to promote the quality of life of our associates. Through our commitment to Diversity and Inclusion, we foster equality of opportunity, fairness and mutual respect.

Environmental protection: We have a clear responsibility to ensure we protect the environment by operating at the highest standards. We adopt a risk-based approach and focus on minimizing our use of natural resources.

For further information: www.novartis.ch/citizenship

Our programs and initiatives

Our Corporate Citizenship Program reaches millions of people worldwide each year.

Coartem® subsidized
Over 81 million treatment units supplied (2010) – in total over 333 million units provided
Free distribution of medicines for leprosy
> 268,000 patients reached, over 2.8 million since 2003
Donation of tuberculosis medicines
> 87,000 patients reached, over 470,000 since 2003
Glivec® patient support program
> 37,000 people in 80 countries benefited from this in 2010
Novartis Foundation for Sustainable Development
Competence center for corporate responsibility and international health
NITD¹ in Singapore
Focus on tuberculosis, dengue fever and malaria
NVGH² in Siena, Italy
Vaccine research in the field of neglected diseases

2010

Projects and research spending worth over CHF 1.6 billion³ or 3% of net sales worldwide.

¹ Novartis Institute for Tropical Diseases; ² Novartis Vaccines Institute for Global Health; ³ Based on approximate market value

Improving access to healthcare

For over 30 years, the **Novartis Foundation for Sustainable Development** has been engaged as a competence center for corporate responsibility and international health for the poorest of the poor, operating in the following three overlapping fields:

Health projects: The foundation supports projects in developing countries aimed at improving access to healthcare services and ensuring that drug donations by Novartis reach patients in need.

Corporate responsibility: The Novartis Foundation holds consultative status in the United Nations Economic and Social Council (ECOSOC). In this function it also contributes to the development of corporate responsibility concepts and supports Novartis in its efforts to implement the UN Global Compact.

Dialogue and networking: As a foundation with close corporate ties, it plays a mediating role between the private sector, state and civil society. The Novartis Foundation organizes international symposia and expert panels, creating space for dialogue among different stakeholders.

For further information: www.novartisfoundation.org

Research for poor patients

The **Novartis Institute for Tropical Diseases (NITD)** was established in Singapore in 2002. The NITD works with local and international researchers – as well as other Novartis research centers – to develop medicines for rapidly spreading diseases such as dengue fever, malaria and tuberculosis. Therapies developed by the NITD are made available to poor patients at cost price.

For further information: www.nitd.novartis.com

The **Novartis Vaccines Institute for Global Health (NVGH)** in Siena, Italy is dedicated to research on vaccines for serious neglected diseases that are widespread in developing countries. The NVGH concerns itself with diarrheal diseases and is working on the development of a broad-spectrum vaccine for salmonella infections.

Committed to society

Novartis organizes its **Community Partnership Day** to commemorate the creation of the company. Each year all Novartis employees can spend a day volunteering for a local community project. In 2010, more than 20,000 Novartis associates worldwide took part in Community Partnership Day activities, including 4,500 in Switzerland.

For further information: www.novartis.ch/cpd

The **Novartis Biotechnology Leadership Camp** is a three-day biotech symposium that brings together talented students from business and science faculties with experts from industry and universities. The event, known as the BioCamp for short, has already been successfully staged five times by Novartis. About 60 students have an opportunity to gain an insight into the latest trends in biotechnology and to develop creative biotech products and business plans in workshops. The BioCamp also shows participants career opportunities in industry and the academic world.

For further information: www.novartis.ch/biocamp

Start-up help for young companies

The **Novartis Venture Fund** set itself the target of supporting young start-up companies that are developing innovative life sciences concepts for the benefit of patients.

Today, the Novartis Venture Fund is one of the biggest corporate venture funds in this field and plays a major role worldwide in supporting young companies. In Switzerland, this fund is an established part of the Swiss venture capital market and makes an important contribution in supporting dynamic companies in the biotech sector.

Through its financial resources and consulting activities in company board functions, over 150 companies worldwide have so far enjoyed the support of the venture fund. About one-third of these newly established companies that have been sponsored in the course of the last few years are based in Switzerland. In 2010, the total volume of new and follow-up investments amounted to about CHF 80 million, of which almost 15% was invested in young companies in Switzerland.

For further information: www.venturefund.novartis.com

Non-profitmaking engagement

With its **Sponsoring and Donations**, Novartis engages in various initiative and projects in humanitarian emergency relief, social affairs and the fostering of science, culture and sports. The main focus of this support is on activities that are either related to our business interests or in close geographic proximity to the company sites of Novartis.

Engagement for humanitarian emergency relief: In 2010 Novartis provided humanitarian relief aid to the earthquake victims of Haiti and Chile and the flood victims in Pakistan. The biggest Novartis contribution went to the earthquake victims of Haiti, for whom donations and medicines worth over USD 2.5 million were collected worldwide.

Fostering social affairs: In the social sphere, institutions and initiatives that help disadvantaged people are sponsored in a variety of ways. For example, Novartis makes substantial contributions to local charitable organizations, neighborhood meeting points, soup kitchens, contact centers for parents, children and juveniles, nursing institutions for the elderly and to ministries in Basel. On a national level, Novartis supports Swisscontact and the Swiss Red Cross.

Fostering science and culture

Fostering science: For an innovative and world-leading healthcare company like Novartis, scientific exchange and an open, science-friendly environment are essential. Novartis cultivates close ties with the University of Basel, the ETH in Zurich and the EPF in Lausanne. The Novartis Foundation sponsors young talent in biomedical research and supports research projects at Swiss universities.

Fostering culture: In the area of culture, Novartis cultivates long-standing partnerships with such well-known institutions as the Antikenmuseum Basel, Fondation Beyeler, Kunstmuseum Basel, Museum der Kulturen Basel, Museum Rietberg in Zurich, Zoo Basel, and also the Basel Museum Night. At the Theater Basel, Novartis sponsors the opera studio.

Sports sponsorship: In the field of sport, Novartis supports FC Basel and the basketball team Starwings Basket Regio Basel as their main sponsor, and also helps to promote football talent in the Basel region.

Favorable development opportunities

Novartis is a global company that is proud of being a part of Switzerland and is firmly committed to our country. With the creation of the Novartis Campus in Basel we are underlining our long-term commitment to Switzerland.

According to an index of the World Economic Forum, Switzerland is the most competitive country in the world at the moment. Its undisputed strengths are its quality-mindedness, safety and work ethic. The close proximity of large multinational companies and leading universities, SMEs, start-up companies and also a biomedical research cluster creates a fertile soil for the pharmaceutical industry. In general, the laws and regulations allow companies in Switzerland the flexibility and freedom to hold their own in the ever tougher climate of international competition.

Keeping pace in the competition for business locations

As a global company in Switzerland, Novartis feels that development opportunities remain favorable. Nevertheless, there are tendencies that the company feels require political attention.

Politicians should refrain from contributing to a worsening of what today is a comparatively good situation through new regulations and problematic initiatives. It is also important to keep investing in the basic foundations underpinning education, research and innovation. Only in this way will Switzerland be able to keep its place among the leaders.

The following basic conditions are crucially important for a global healthcare company like Novartis:

1. Liberal company and labor laws
2. Competitive tax legislation
3. Research-friendliness and protection of intellectual property
4. A competitive education/training policy
5. An attractive environment for people who live and work here

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