

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

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Novartis is a major global healthcare company, active in more than 140 countries with roots firmly in Switzerland:

- As a leading healthcare company in Switzerland, Novartis makes an enormous direct contribution to the national economy and is also a major contributor to society at large, by helping to extend life, ease suffering and lower health care costs
- As a top innovator, Novartis is confident that our model of a research and knowledge based enterprise will play a key role in Switzerland's future success
- As a responsible corporate citizen, Novartis believes that a good reputation is our 'license to operate' – in Switzerland and worldwide

The aim of this brochure is to illustrate the many ways in which Novartis benefits Switzerland – and what Switzerland, in turn, means to Novartis.

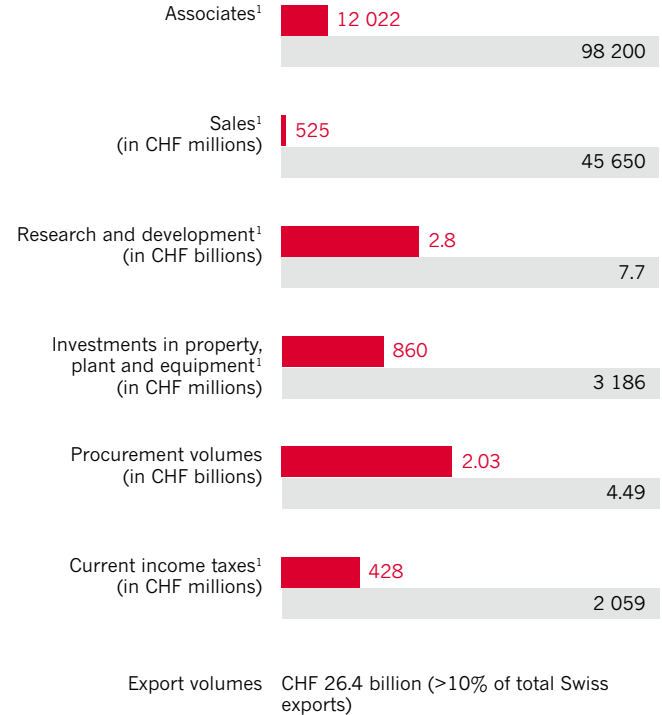
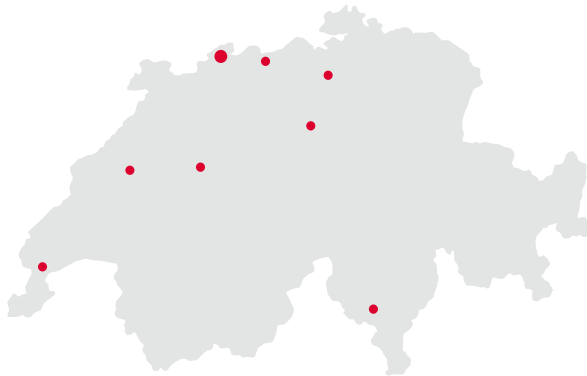
Yours sincerely,



Michael Pluess
Head Novartis Switzerland

Facts and Figures

Foundation	In 1996, Sandoz and Ciba-Geigy merged to form Novartis
Product pipeline	Over 140 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), Berne (BE), St. Aubin (FR), Nyon (VD), Locarno (TI)



■ Switzerland
 ■ Worldwide

¹ Based on continuing operations 2007

A clear global strategy

Focused on patients

Novartis is dedicated to providing healthcare solutions that address the evolving needs of patients and societies worldwide. Our focus is on patients: We provide innovative products to treat and prevent diseases, expand access to critical medicines, ease suffering and improve quality of life.

With over 98 000 associates in 140 countries, Novartis offers a wide range of healthcare products through its Pharmaceuticals, Vaccines and Diagnostics, Sandoz and Consumer Health Divisions. We believe this targeted portfolio best meets the challenges and opportunities in today's dynamically changing healthcare environment.

A clear global strategy

The diagram below outlines the fundamental trends driving the healthcare sector worldwide and our strategic response to these trends:



Strategic growth platforms

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

- Pharmaceuticals: Innovative and better medicines with improved efficacy and fewer side-effects
- Vaccines and Diagnostics: Products to fight vaccine-preventable viral and bacterial diseases as well as diagnostic tools
- Sandoz: Affordable high-quality generic treatment options following the expiry of patents
- Consumer Health: Empowering patients with consumer products that enable healthy lifestyle choices

Novartis is the only company with leadership positions in patented and generic pharmaceuticals, vaccines and over-the-counter (OTC) medicines.

Innovation is paramount in all that we do. Focusing on unmet medical needs inspires us to connect science with customer insights to develop new products and drive new industry standards. Novartis leads the industry with 15 new product approvals in the US since 2000 and one of the best-rated pipelines.

Novartis was created in 1996 through the merger of Ciba-Geigy and Sandoz. Our name, derived from the Latin *novae artes*, means 'new skills' and reflects our commitment to bringing new healthcare products to patients and physicians worldwide. By being an innovative leader, a responsible corporate citizen and further developing our performance-driven organization, we will fulfill our purpose for patients: To care and cure.

The pharmaceutical industry in Switzerland

Pharmaceuticals are one of the major drivers of the Swiss economy. A study which has been carried out for the second time again shows the direct economic impact of this industry, which is still combined with the chemical industry in most official statistics. Pharmaceuticals are a major source of employment, productivity and value creation for Switzerland.

At the time the study was performed, over 115 000 people were employed by companies active in the pharmaceutical industry, including 34 000 employed directly by pharmaceutical companies. That represents an increase of 77 percent in 15 years.

The study also showed that employees in the pharmaceutical industry create an average value of CHF 171 per hour – roughly three times the Swiss average. Overall, this industry creates about CHF 22 billion in economic value annually, about five percent of the country's gross domestic product (GDP).

Pharmaceutical exports have risen six-fold since 1990, reaching about CHF 46 billion in 2006 – nearly a quarter of the Swiss total. The pharmaceutical industry is an economic role model for Switzerland amid increasing international competition.

Source: Plaut Economics – the importance of the pharma industry for Switzerland (2007, based on 2006 data)

A major economic contributor

A leading healthcare company – in Switzerland and worldwide

Novartis is one of the largest healthcare companies in Switzerland. In 2007, the Novartis Group reported worldwide sales of more than CHF 45 billion.²

Novartis ranked in 2007 as one of the 20 largest companies worldwide in terms of market value. In the IMS-Midas ranking, Novartis is the third-largest company in global pharmaceutical sales. Novartis is also regularly ranked as one of the world's most respected companies.

Top ten global pharmaceutical companies
(by sales, January-September 2007)

		CHF billions	Market share (%)	
1.	Pfizer	USA	37.98	7.0
2.	GlaxoSmithKline	UK	31.51	5.8
3.	Novartis	Switzerland	28.84	5.3
4.	Sanofi-Aventis	France	27.81	5.1
5.	AstraZeneca	UK/SE	25.18	4.6
5.	Johnson & Johnson	USA	24.85	4.6
7.	Roche	Switzerland	23.1	4.2
8.	Merck & Co	USA	22.87	4.2
9.	Abbott	USA	16.12	3.0
10.	Amgen	USA	14.56	2.7

Source: IMS-Midas. CHF 1.00 = USD 0.843

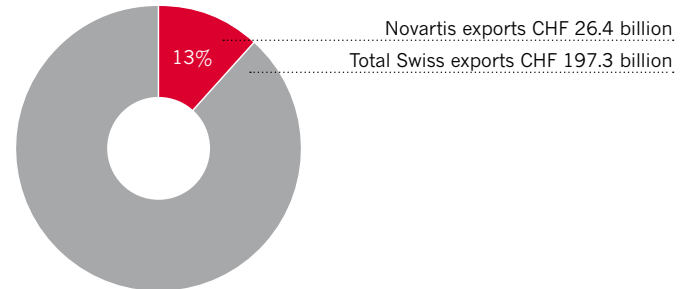
A major economic contributor

Well over 10 percent of Swiss exports

Novartis is one of Switzerland's largest exporters, accounting for about 13 percent of total national net exports.

In 2007, Swiss exports totaled CHF 197.3 billion, of which Novartis accounted for CHF 26.4 billion. Total Swiss imports amounted to CHF 183.4 billion, of which Novartis imports were CHF 14.6 billion (including intermediate manufacturing). In other words, Novartis exports exceeded imports by CHF 11.8 billion.

Exports 2007



² Net sales 2007 from continuing operations

A major economic contributor

Jobs in Switzerland, for Switzerland

Novartis employs about 98 000 people worldwide, including more than 12 000 in Switzerland. The Novartis Swiss workforce is in eight sites: Basel (BS/BL), Stein (AG), Embrach (ZH), Cham (ZG), Berne (BE), St-Aubin (FR), Nyon (VD) and Locarno (TI). A recent study showed that, for every person employed directly by Novartis in Switzerland, four additional indirect jobs are created.

Total compensation paid to Novartis associates in Switzerland for 2007 totaled approximately CHF 2.4 billion. Total salaries have risen by well over 25 percent since 1996, significantly outpacing total inflation of 9.3 percent over the same period.

Novartis plays a particularly important role in education and training. Roughly 32 percent of associates hold university degrees. We train more than 300 young people every year, as well as offering opportunities to a similar number of interns, PhD and postdoctoral students.

The proportion of women in the workforce has risen to 40 percent in 2007. Women currently represent 27 percent of Novartis management in Switzerland, up from 14 percent in 2000.

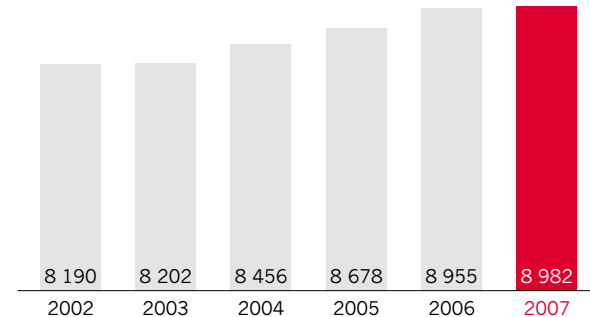
A major economic contributor

Job satisfaction – and job creation

Novartis is recognized in external studies as one of the most attractive employers in Switzerland, Europe and many key markets worldwide. Our goal is to rank consistently as one of the Best Places to Work, both here and abroad.

Novartis is also one of the few large Swiss companies that continuously creates new jobs. The table below shows year-on-year job figures for the largest Division, Pharmaceuticals.

Job creation at Novartis Pharmaceuticals in Switzerland



A major economic contributor

A major domestic buyer

Novartis plays an increasingly important role as a buyer of goods and services in Switzerland. In 2007, the company purchased worth CHF 2.03 billion in the 26 Swiss cantons, out of a total volume of CHF 4.49 billion worldwide.

The company's active role as a buyer in the Swiss economy means that, for each job at Novartis, four additional indirect jobs are created in Switzerland. In other words, the total benefit of Novartis on Swiss employment is more than 50 000 jobs.

Major areas of procurement include: laboratory equipment, information technology products and services, raw materials, building costs, fixtures and fittings, as well as chemical products. The following table breaks down procurement in Switzerland by canton including external research costs.

A major economic contributor

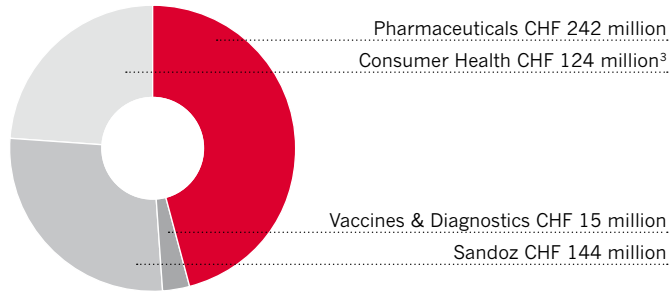
Procurement by canton		(CHF)	
AG	176 115 651	NW	921 304
AR	2 429 328	OW	36 966
AI	1 233	SH	1 152 381
BL	375 321 008	SZ	10 883 109
BS	774 854 333	SO	16 354 430
BE	103 828 994	SG	32 263 333
FR	4 174 669	TI	32 976 590
GE	52 709 906	TG	27 460 877
GL	119 221	UR	23 116
GR	691 437	VD	64 936 463
JU	188 598	VS	17 323 136
LU	19 140 257	ZG	45 820 992
NE	10 186 030	ZH	264 354 451
Total value of domestic orders in Switzerland in CHF		2 776 017 196	
Total value of orders outside Switzerland in CHF		1 341 448 870	

A major economic contributor

Sales in Switzerland

Sales of Novartis Group companies in our home market reached CHF 525 million³ in 2007. The table below shows the sales breakdown by Division in Switzerland.

Sales by Division



A major economic contributor

At home in every canton

Novartis associates come from almost every Swiss canton, as the table below shows. The center-page map shows the locations of Novartis sites across Switzerland. Most important of these is Basel, where Novartis is the largest employer in the region and provides jobs for numerous cross-border commuters. Nearly 14 percent of Basel-based Novartis associates live in Germany, while more than 20 percent reside in France.

Workforce by canton of residence

Basel Country (BL)	21%
Basel Town (BS)	19%
Argovia (AG)	11%
Vaud (VD)	4%
Solothurn (SO)	3%
Zurich (ZH)	2%
Berne (BE)	2%
Fribourg (FR)	1%
Geneva (GE)	1%
Other	2%

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 **Berne (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 Pharamanlytica

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

A key contributor to Swiss healthcare

Caring and Curing

Novartis makes significant contributions to society, beyond the direct economic benefits: Our innovative medicines help prolong life and improve the quality of life for patients with a wide range of serious – and, in some cases, previously untreatable – medical conditions.

While healthcare costs have increased in recent years, largely due to a steadily aging population, spending on medicines in Switzerland accounted for only about 10.4 percent of total healthcare costs in 2007. Novartis is helping to reduce overall healthcare costs by providing a broad range of high-quality, low-cost generic medicines, as well as easily available over-the-counter products, in addition to innovation-driven medicines that offer the latest treatment breakthroughs.

This focus on meeting patients' needs with a diverse, cost-effective portfolio of medicines provides far more real savings than misguided proposals to increase parallel imports of patented medicines – a move that would result primarily in increased profits for importers. For instance, a 2006 study of parallel imports in Scandinavia showed that, for every euro a patient saves, the pharmaceutical industry loses between 2.6 and 5 euros.

A key contributor to Swiss healthcare

Major indirect savings in healthcare

The relatively low total spending on medication in Switzerland tells only part of the whole story. The more important point is that the use of appropriate medicines for prevention and treatment can reduce the need for expensive hospital stays and allow people to quickly and effectively resume productive daily lives.

Using medications to minimize the economic impact of disease is more important today, due to the increasing healthcare needs of a steadily aging population, combined with the fact that our modern lifestyle leads to a growing prevalence of chronic conditions such as hypertension, diabetes and cancer.

For instance, a recent study showed that the use of anti-hypertension medications in the US alone prevented 86 000 premature deaths per year from cardiovascular disease, 572 000 hospitalizations for strokes and 261 000 for heart attacks. These reductions resulted in an estimated annual saving of USD 16.5 billion (nearly CHF 21 billion) in direct medical care costs.

Another approach with considerable potential to further control national healthcare spending is the targeted use of disease prevention and awareness programs.

Investing in Research & Development

At Novartis, we are constantly intensifying our efforts to bring novel medicines to patients by focusing on innovation.

Ranked by IMS Health as one of the fastest-growing pharmaceutical companies in recent years, Novartis received 15 new product approvals in the US and the EU in 2007 alone. Our Development portfolio involves more than 140 projects – including new products, as well as new formulations or indications – in various stages of clinical development. We are set to launch a considerable number of new products worldwide between 2008 and 2010.

Novartis Biologics has been created in 2007 as a dedicated unit. Its objective is to optimize research and development of biologic medicines by unifying and expanding expertise. Biologics represent 25% of our pre-clinical research pipeline and are an increasing priority.

Switzerland is absolutely central to Research & Development within Novartis. In 2007, we invested a total of CHF 2.8 billion in Research & Development in Switzerland.

Basel: A key research site

Novartis currently employs around 2 000 research associates in Switzerland – more than anywhere else in the world, including at the global headquarters of the Novartis Institutes for Biomedical Research (NIBR) in the US. Our research in Basel uses pioneering techniques and state-of-the art technology to make advances in fields such as musculoskeletal, neuroscience, oncology, autoimmunity and transplantation.

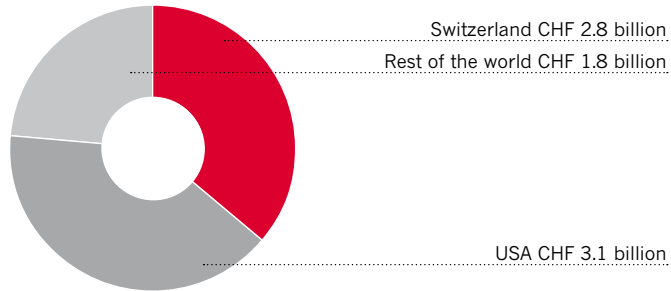
The Basel-based Friedrich Miescher Institute (FMI), founded in 1970, is devoted to fundamental biomedical research and employs nearly 300 people. The institute uses new technologies to explore basic molecular mechanisms of cells and organisms in health and disease.

Novartis research collaborates with groups and universities in Switzerland such as the world-renowned Paul Scherrer Institute.

A top innovator

Novartis invested more than CHF 860 million in property, plant and equipment in Switzerland in 2007, the vast majority in the Basel region.

Research & Development



A top innovator

The Novartis Campus

Our ambitious redevelopment of the St. Johann site in Basel demonstrates our long-term commitment to Basel and Switzerland. This site is being transformed from a largely industrial site into a 'Campus of Knowledge and Innovation' entirely dedicated to becoming a global headquarters base, with production relocated to Schweizerhalle and Stein.

The Campus project represents a major renovation of the Basel site infrastructure. The focus of the project is on our people. Novartis set itself the target of creating an optimal working environment – to foster innovation and business excellence.

We expect that we will spend more than CHF 2 billion through 2011, to transform the Campus site and to transfer production facilities to other sites in the Basel region. This means major building contracts for Switzerland, providing significant economic stimulus to the regional economy.

A committed corporate citizen

Integral to our business success

Corporate citizenship at Novartis begins with the success of our core business.

The more successful we are in discovering, developing, manufacturing and marketing new medicines, the greater the benefits we can offer to associates, shareholders, patients, healthcare professionals and other key stakeholders.

Our Corporate Citizenship Program reaches millions of people worldwide each year. It rests on our four-pillars commitment to Patients, People and the Community, Environmental protection and Ethical business conduct.

In 2007, we achieved several milestones. Our access-to-medicines programs reached 66 million people with nearly CHF 1.1 billion worth of products donated or sold at cost – equivalent to about three percent of total worldwide annual sales.

A committed corporate citizen

A four-point commitment

Patients: Major Novartis initiatives target neglected diseases, ranging from malaria and leprosy to drug-resistant tuberculosis. We provide medicine at no profit and sometimes for free to patients in the developing world. We also offer discounts and support programs to patients in industrialized countries without medical insurance or other financial resources.

Ethical business conduct: High ethical standards are essential to the business of Novartis. 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 livelihoods of our associates and to be a good neighbor in the communities where we operate. 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, cutting our energy consumption and emissions.

A committed corporate citizen

The Novartis Foundation for Sustainable Development

For more than 25 years, the Novartis Foundation for Sustainable Development has contributed significantly to improve access to healthcare for people in need in the developing world.

These projects include: access to effective malaria treatment, introduction of patient-centered tuberculosis (TB) treatment, and psychosocial support for AIDS orphans.

The Novartis Institute for Tropical Diseases

The Novartis Institute for Tropical Diseases, better known as NITD, was established in Singapore in 2002. NITD works with local and international researchers – as well as other Novartis research centers – to develop medicines to combat tropical and other rapidly spreading diseases such as dengue fever, malaria and tuberculosis. Any therapies discovered at NITD will be made available to poor patients without profit.

A committed corporate citizen

Community Partnership Day

Novartis organizes 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 2007, more than 10 000 Novartis associates worldwide took part in Community Partnership Day activities, including over 2 500 in Switzerland.

Investing in future success

The Novartis Biotechnology Leadership Camp – or BioCamp – is an increasingly popular initiative for talented students. BioCamp is a point of reference in career planning as an opportunity to learn about the pharmaceutical and biotechnology industries. It is open to university students in the natural sciences and business administration.

The BioCamp took place for the first time in Switzerland in 2007, with 40 participants invited from throughout Europe, Russia and Switzerland.

Community sponsorship

We sponsor a wide variety of cultural, scientific, sporting and social events.

Novartis supports the internationally renowned annual music festival in Lucerne, the Rietberg Museum in Zurich, the Kunstmuseum and the Night of the Museums in Basel, as well as fostering new talent at the Zurich Opera House. We also support the Basel Sinfonietta orchestra, 'Jazz by Off Beat', and the bear park in Berne.

Novartis funds various scientific university chairs, laboratories, training establishments and the 'Lectures of Nobel Prize Winners' series of events, which takes place annually at the University of Basel. We contribute to 'Schweizer Jugend forscht', a foundation that encourages talented young people to pursue a career in science. With the Novartis school laboratory, Novartis also places a well-equipped research laboratory at the disposal of the public, offering students and other interested groups the opportunity to gain hands-on experience in science.

Novartis awards the Basler Maturandenpreis (Basel high-school graduate prize) every year since 1969. At the time of the Matura exams, every grammar school in both Basel cantons nominates an outstanding student who excelled during his or her time at school.

On the sporting front, Novartis sponsors the 'Basel City Run', the 'Birstal Starwings' basketball team and the soccer club FC Basel, as well as fostering soccer talent promotion in the Basel region.

Giving new start-ups a hand

The Novartis Venture Fund is committed to investing in young start-up companies that develop innovative life science concepts for the benefit of patients.

Since its foundation in 1996, the Fund has played a significant role in promoting companies worldwide and supporting the dynamically developing biotech industry in Switzerland.

The Fund is firmly established in the Swiss venture capital scene. The Fund financed more than 158 entrepreneurial ventures worldwide. Almost half the start-up companies supported by the Fund over the years are located in Switzerland. In 2007, it made total investments of CHF 68.3 million.

Novartis is a global company that is proud to be Swiss and deeply committed to our country.

We appreciate the country's political stability and the generally business-friendly approach of the Swiss authorities.

Novartis looks forward to continuing growth as a Swiss-based global company, operating in a stable domestic political environment that offers the following:

- A favorable long-term environment for Research & Development, particularly in the area of legislation on clinical and laboratory testing
- A legal system that recognizes the importance of intellectual property and incentives to innovate
- An internationally attractive tax and labor market system and close cooperation between the authorities and business on a range of local, regional and national issues.

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