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Press Release

Nycomed intends to move chemical production to Indian joint venture

- Joint venture contract with Zydus Cadila to be amended for the production of active pharmaceutical ingredients (API)
- Transfer of chemical production from facilities in Singen (Germany) and Linz (Austria) to India until 2011
- Singen and Linz will focus on pharmaceutical production

Nycomed and Cadila Healthcare have signed a letter agreement with the intent to amend their existing joint venture agreement to include the chemical production of active pharmaceutical ingredients (APIs) by the joint venture company Zydus Nycomed in India. Based on this agreement, Nycomed plans to transfer the current chemical production from the sites in Linz (Austria) and Singen (Germany) to the new joint venture within the next three to four years. Over this period, a maximum of 200 positions of about 1,400 people working in Singen and Linz might be affected.

In January 2008, Nycomed announced the search for partner to relocate the API production. The letter agreement now marks an important step in further enhancing the competitiveness of Nycomed's production. Chemical production in the pharmaceutical industry is shifting towards countries with lower production costs, driving down market prices for the active pharmaceutical ingredients. Producing these in the Indian joint venture would enable Nycomed to meet customer demand directly instead of outsourcing the production.

Nycomed and Cadila are already collaborating in the joint venture Zydus Nycomed since 1999. It currently supplies key starting materials for the production of Pantoprazole and is located in Mumbai.

Barthold Piening, Nycomed's Executive Vice President Operations, emphasizes the importance of a competitive API production: "The chemical API production is under increasing cost pressure from countries with lower wages. We will focus on the pharmaceutical production, because this is an area for future innovation where we can utilise all our know-how to compete."

Piening added: "It is a pleasure for us to expand the successful joint venture with Zydus Cadila. This will enable us to continue API production at the highest quality level with competitive costs."

The Chairman and Managing Director of Zydus Cadila, Pankaj R. Patel said, "The need to create a centre of excellence that sets the highest global standards in quality and service has been the very basis of this partnership. The new avenue that we have opened up strengthens this premise and will add a new dimension to the mutually beneficial partnership that exists between the two companies."

The plans are the result of Nycomed's continuous Network Review process, set up with the aim to be a best-in-class mid-sized pharmaceutical company. Nycomed's production network is constantly reviewed and optimised, for example

by increasing utilisation, enhancing the supply-chain performance, maintaining a state-of-the-art service level and decreasing the cost of goods sold (COGS) ratio.

Nycomed will continue to discuss the plans with the Works Council. Transferring the API production is expected to take three to four years, so there is no immediate effect of the plans on the workforce.

With 550 employees, Linz is one of Nycomed's larger production facilities. As a dedicated Centre of Competence, it will combine technological skills in the production of sterile ampoules and biological products. Linz is home to the successful Actovegin and TachoComb/TachoSil line of products.

With 840 employees, Singen is Nycomed's largest production facility. As a dedicated Centre of Competence, it will combine technological skills in steriles, aseptic products and semi-solids.

Nycomed has proven experience in the transfer of production capacities. Relations to customers will remain unchanged and Nycomed intends to follow past examples of successful product transfers that were performed without a loss in customer service level.

About Zydus Cadila

Zydus Cadila is a fully integrated, global healthcare provider, with strengths all along the pharmaceutical value chain and provides total healthcare solutions ranging from formulations, active pharmaceutical ingredients and animal healthcare products to cosmeceuticals.

In the Indian healthcare industry, Zydus Cadila ranks no. 5 and is currently the leader in the cardiovascular, gastrointestinal and women's healthcare segments and has leading positions in other therapeutic segments such as respiratory and pain management. Globally, it has operations in over 45 countries worldwide with operations in US, Europe, Japan and Latin America, besides other emerging markets. It also has a dedicated research centre, Zydus Research Centre, which employs over 300 scientists working on new chemical entities.

Supporting its marketing prowess are the group's manufacturing facilities. The group has eight state-of-the-art, vertically integrated manufacturing facilities spread across five states in India of which three are US FDA approved. Zydus Cadila is supported by a team of over 8000 people worldwide, comprising professionals, research scientists, medical advisors and workers. On a path of accelerated growth, the group posted a turnover of Rs. 19 billion (approximately US-\$ 469 million) in 2006-07.

For more information visit www.zyduscadila.com

About Nycomed

Nycomed is a privately owned pharmaceutical company that provides medicines for hospitals, specialists and general practitioners, as well as over-the-counter medicines in selected markets.

The company is active in a range of therapeutic areas. Its key products are aimed at gastroenterology, pain management, osteoporosis, respiratory diseases and tissue management. New products are sourced both from our own research and from business partners.

Operating throughout Europe and in fast-growing markets such as Latin America, Russia/CIS and the Asia-Pacific region Nycomed has a presence in about 50 markets worldwide.

The combined group employs over 11,500 people. In 2007, it had annual sales of €3.5 billion and an adjusted EBITDA of €1.2 billion.

For more information visit www.nycomed.com

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