

FARMA INDUSTRIA TICINO ANNUAL GENERAL MEETING

Andrea Ponti
Vice Chairman, Investment Banking Europe and Global Co-Head of Healthcare J.P. Morgan

June 22, 2010



Farma Industria (FIMA)

J.P.Morgan

This presentation was prepared exclusively for the benefit and internal use of the J.P. Morgan client to whom it is directly addressed and delivered (including such client's subsidiaries, the "Company") in order to assist the Company in evaluating, on a preliminary basis, the feasibility of a possible transaction or transactions and does not carry any right of publication or disclosure, in whole or in part, to any other party. This presentation is for discussion purposes only and is incomplete without reference to, and should be viewed solely in conjunction with, the oral briefing provided by J.P. Morgan. Neither this presentation nor any of its contents may be disclosed or used for any other purpose without the prior written consent of J.P. Morgan.

The information in this presentation is based upon any management forecasts supplied to us and reflects prevailing conditions and our views as of this date, all of which are accordingly subject to change. J.P. Morgan's opinions and estimates constitute J.P. Morgan's judgment and should be regarded as indicative, preliminary and for illustrative purposes only. In preparing this presentation, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources or which was provided to us by or on behalf of the Company or which was otherwise reviewed by us. In addition, our analyses are not and do not purport to be appraisals of the assets, stock, or business of the Company or any other entity. J.P. Morgan makes no representations as to the actual value which may be received in connection with a transaction nor the legal, tax or accounting effects of consummating a transaction. Unless expressly contemplated hereby, the information in this presentation does not take into account the effects of a possible transaction or transactions involving an actual or potential change of control, which may have significant valuation and other effects.

Notwithstanding anything herein to the contrary, the Company and each of its employees, representatives or other agents may disclose to any and all persons, without limitation of any kind, the U.S. federal and state income tax treatment and the U.S. federal and state income tax structure of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to the Company relating to such tax treatment and tax structure insofar as such treatment and/or structure relates to a U.S. federal or state income tax strategy provided to the Company by J.P. Morgan.

J.P. Morgan's policies prohibit employees from offering, directly or indirectly, a favorable research rating or specific price target, or offering to change a rating or price target, to a subject company as consideration or inducement for the receipt of business or for compensation. J.P. Morgan also prohibits its research analysts from being compensated for involvement in investment banking transactions except to the extent that such participation is intended to benefit investors.

IRS Circular 230 Disclosure: JPMorgan Chase & Co. and its affiliates do not provide tax advice. Accordingly, any discussion of U.S. tax matters included herein (including any attachments) is not intended or written to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone not affiliated with JPMorgan Chase & Co. of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries worldwide. Securities, syndicated loan arranging, financial advisory and other investment banking activities are performed by a combination of J.P. Morgan Securities Inc., J.P. Morgan plc, J.P. Morgan Securities Ltd. and the appropriately licensed subsidiaries of JPMorgan Chase & Co. in Asia-Pacific, and lending, derivatives and other commercial banking activities are performed by JPMorgan Chase Bank, N.A. J.P. Morgan deal team members may be employees of any of the foregoing entities.

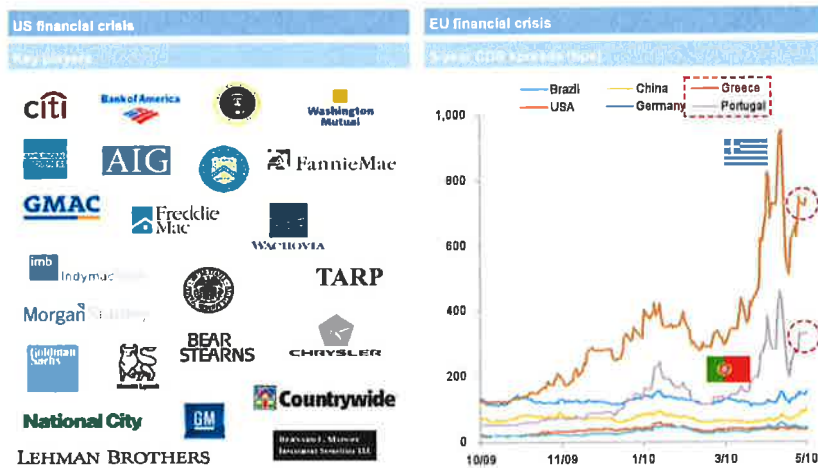
This presentation does not constitute a commitment by any J.P. Morgan entity to underwrite, subscribe for or place any securities or to extend or arrange credit or to provide any other services.

J.P.Morgan

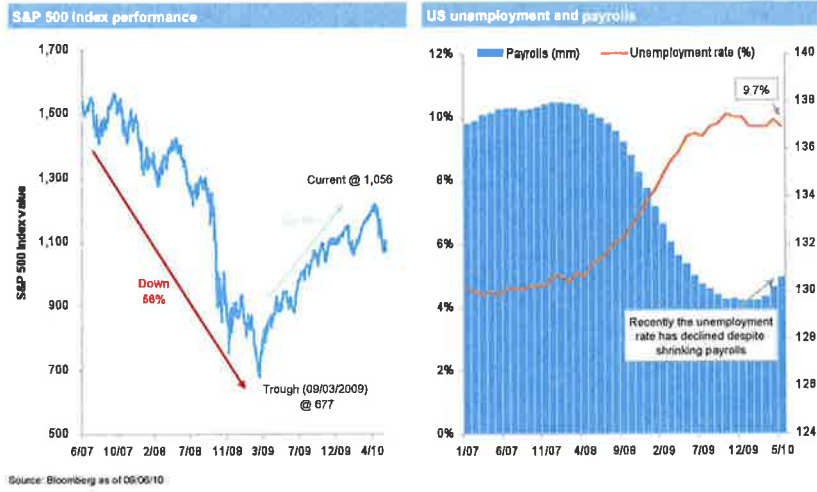
Agenda

	Page
Macroeconomic and market environment	1
Pharma industry snapshot	7
Strategic developments	11
Closing thoughts	28

The recent financial crises have had a global impact



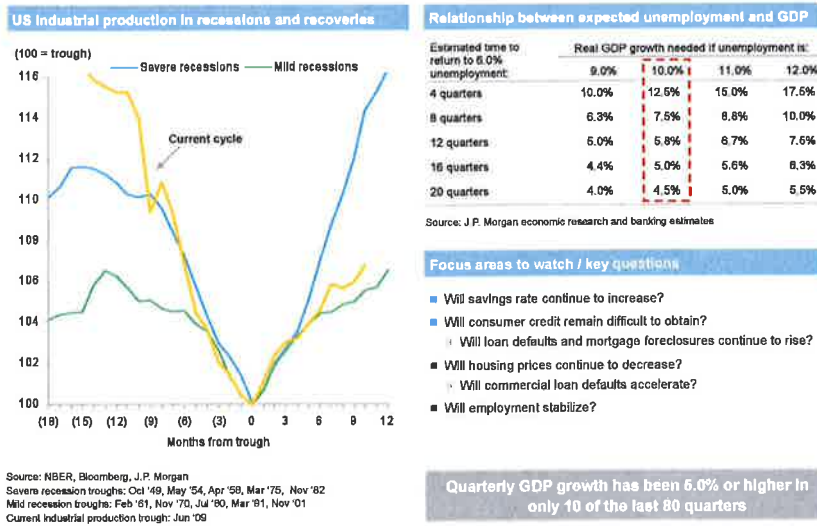
US capital markets had rebounded sharply until last month's correction;
economic data indicates challenging recovery, particularly in labour market



3

J.P.Morgan

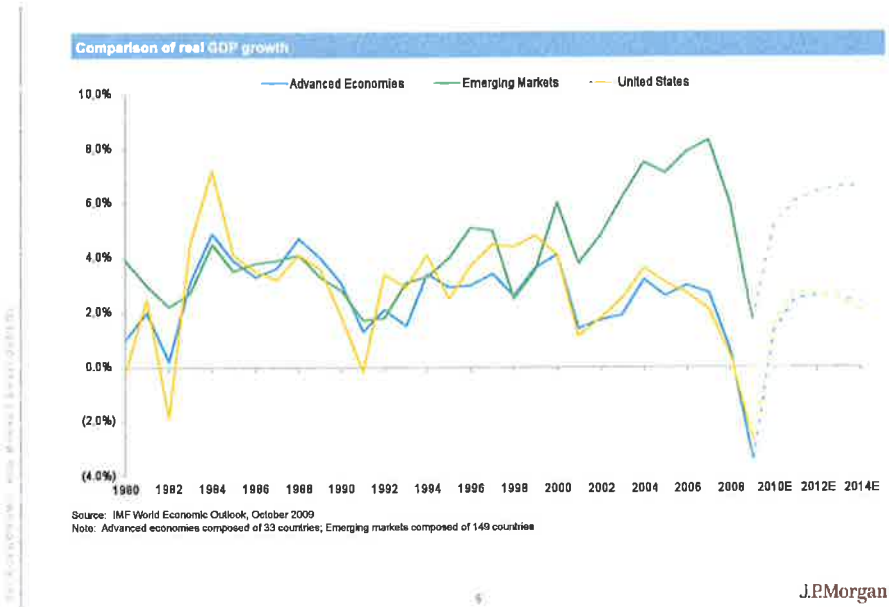
Despite improved capital markets, returning to normality will take time



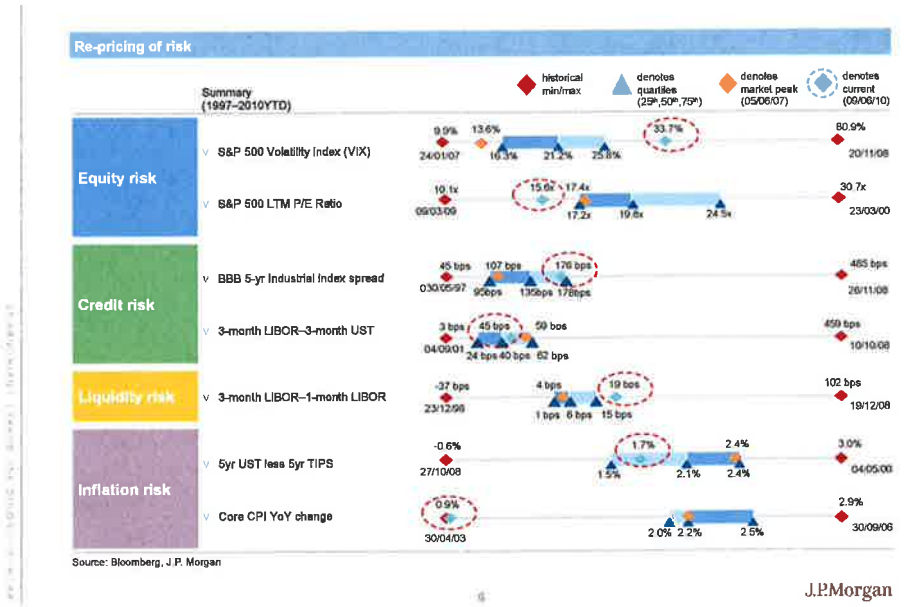
4

J.P.Morgan

Emerging markets are expected to grow more rapidly than developed economies



Risk pricing has largely subsided from highs experienced during the crisis



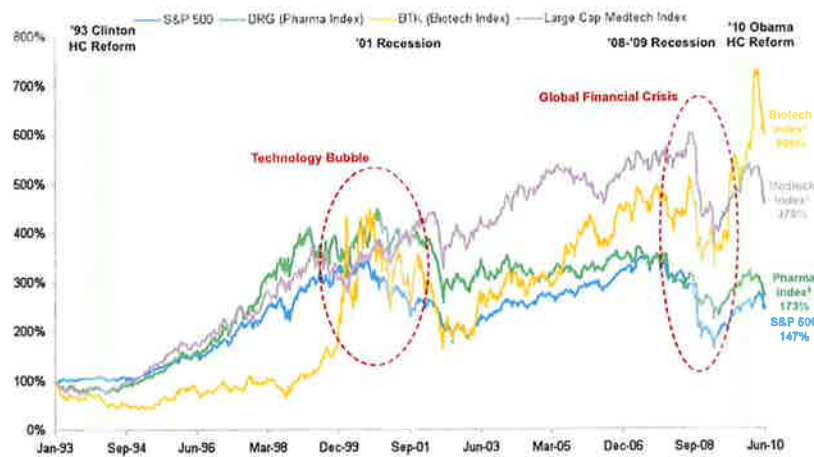
Agenda

	Page
Macroeconomic and market environment	1
Pharma industry snapshot	7
Strategic developments	11
Closing thoughts	28

PHARMA INDUSTRY SNAPSHOT

Through various periods of recession and reform, healthcare stocks have outperformed the broader market

Historical relative stock price performance



Source: FactSet as of 6/09/10

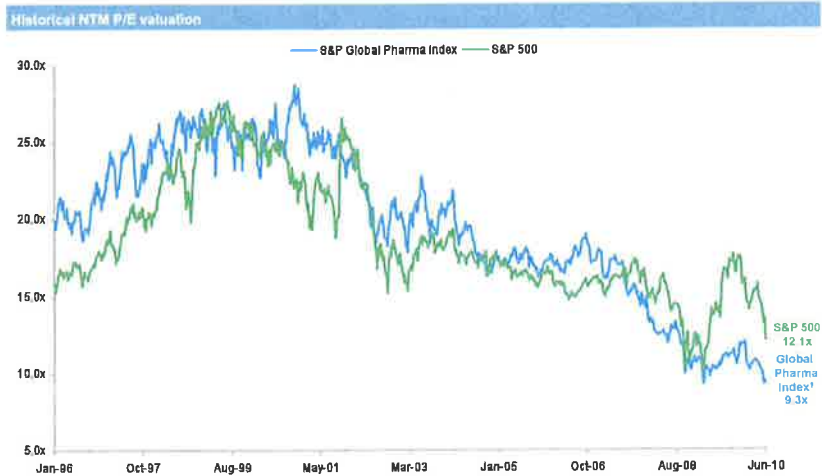
¹ Biotech Index represents B1X AMEX Biotech Index

² Medtech Index represents Large Cap Medtech Index composed of the following companies: ABT, ACL, BAX, BCR, BDX, COV, JNJ, MDI, SHN, STJ, SYK, ZMH

³ Pharma Index represents DRG AMEX Pharmaceutical Index

PHARMA INDUSTRY SNAPSHOT

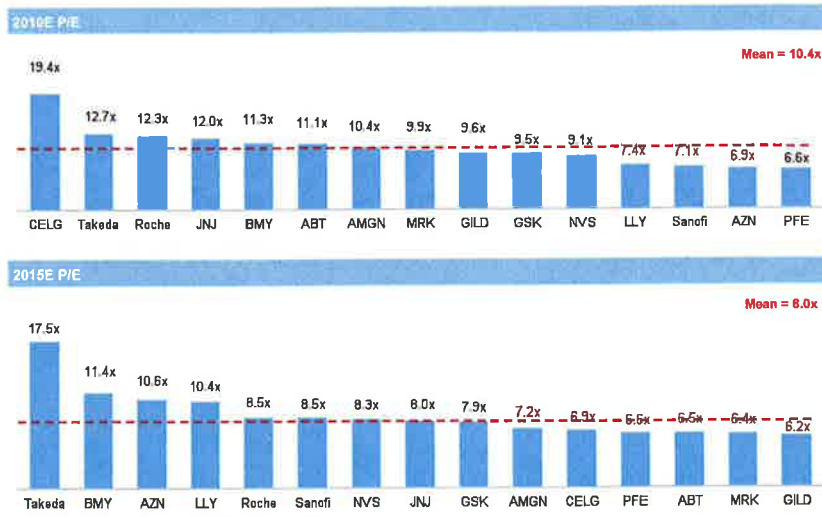
However, global pharmaceutical industry multiples have declined with lower growth prospects



Source: FactSet as of 09/06/10
 * Global Pharma Index includes: Abbott, Amgen, Astra-Zeneca, Aventis, Bayer, Bristol-Myers Squibb, Eli Lilly, Forest Labs, GlaxoSmithKline, Johnson & Johnson, Merck, Novartis, Novo Nordisk, Pfizer, Pharmacia, Roche, Sanofi-Aventis, Schering-Plough, SmithKline Beecham, Teva, Warner-Lambert, Wyeth

J.P.Morgan

Current pharma industry landscape



Source: Company filings, equity research, and FactSet as of 09/06/10
 Note: Financials calendarized to 12/31 FYE

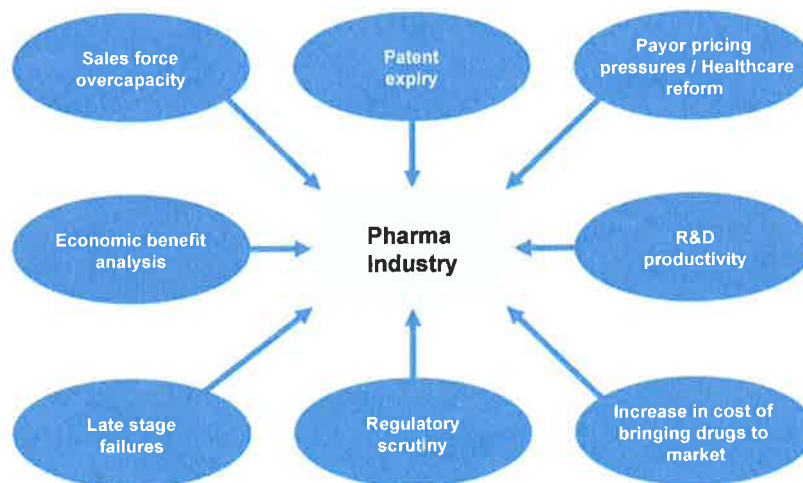
J.P.Morgan

Agenda

	Page
Macroeconomic and market environment	1
Pharma industry snapshot	7
Strategic developments	11
Closing thoughts	28

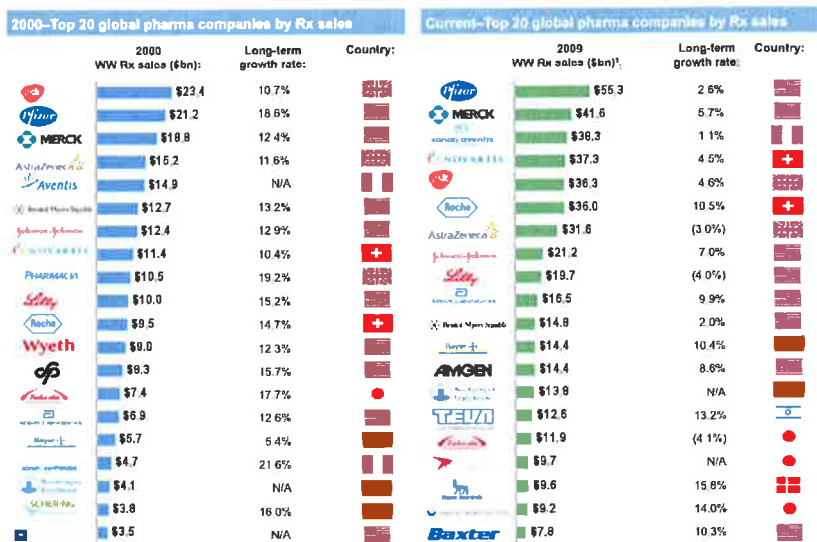
© 2014 J.P. Morgan Chase & Co. All rights reserved. JPMorgan Chase Bank, N.A. Member FDIC.

Pressure on the pharma industry remains substantial



© 2014 J.P. Morgan Chase & Co. All rights reserved. JPMorgan Chase Bank, N.A. Member FDIC.

The large pharma landscape has shifted dramatically over the last ten years due to consolidation



Source: EvaluatePharma
¹ Pfizer 2009 sales pro forma for acquisition of Wyeth and Merck 2009 sales pro forma for acquisition of Schering-Plough

J.P.Morgan

The industry is currently undergoing substantial restructuring, both in the US...

US—General restructuring				US—R&D restructuring	
Company	Date	Annual cost savings	No. of people	Date	Description
Pfizer	Feb-10	\$2.0-3.0bn	N/A	Feb-10	Closure of 6 sites
	Apr-08	N/A	N/A	Jan-09	R&D to be conducted in 14 sites (from previous 20)
	Jan-09	\$2.0bn	4,200	Jan-09	Workforce reductions and closure of 4 R&D facilities
	Jan-07	\$1.5-2.0bn	10,000	Sep-08	Cancelled early stage research on 10 disease areas
Bristol-Myers Squibb	Nov-06	\$0.4-0.6bn	2,200	Jan-07	Exited two discovery therapeutic areas
	Apr-05	\$4.0bn	15,876	Jan-07	Closure of 6 sites WW and scaling back on 4 additional sites
	Jul-08	\$1.0bn	3,720	Dec-06	Initiation of large practice standardization aimed at reducing costs
	Dec-07	\$1.5bn	10% of workforce	Dec-05	Reorganization of PGRD ² into 11 therapeutic areas
Merck	Feb-10	\$2.6-3.5bn	15% of workforce	Feb-10	Post merger consolidation of R&D activities with \$230mm in costs
	Oct-08	\$3.8-4.2bn	7,200	Oct-08	Streamlining of activities resulted in \$128mm restructuring costs
	Nov-05	\$1.0bn ³	7,200	Nov-05	Prioritization on 9 disease areas. Plant closure in Tarrington Park (UK) and additional closure of two pre-clinical sites
Wyeth	Jan-08	N/A	6,200	Dec-08	Reduced focus on 6 key therapeutic and 27 disease areas
	Feb-10	N/A	N/A	Jul-05 to Feb-10	Major cost reduction and streamlining procedures as a result of multiple acquisitions
Abbott	Aug-08	N/A	1.5% of workforce	Jul-05 to Feb-10	Major cost reduction and streamlining procedures as a result of multiple acquisitions
	Jul-05	N/A	1,200	Jan-10	Sold R&D operation site in West Lafayette (Indiana) to Evonik
	Sep-09	N/A	13% of workforce	Jan-07	Post acquisition costs of \$300mm. Closure of 2 non-US R&D facilities
Lilly	Jan-07	\$0.7bn	N/A	Jan-07	Post acquisition costs of \$300mm. Closure of 2 non-US R&D facilities
	Aug-07	\$1.0-1.3bn	3,100	Aug-07	Changes to R&D capital projects and abandoning leases for certain R&D facilities \$27mm restructuring related R&D expenses (2007-2009)

Source: Company information, Factva equity research
¹ Pfizer Global Research and Development
² Average over 5 years (2000-2010)

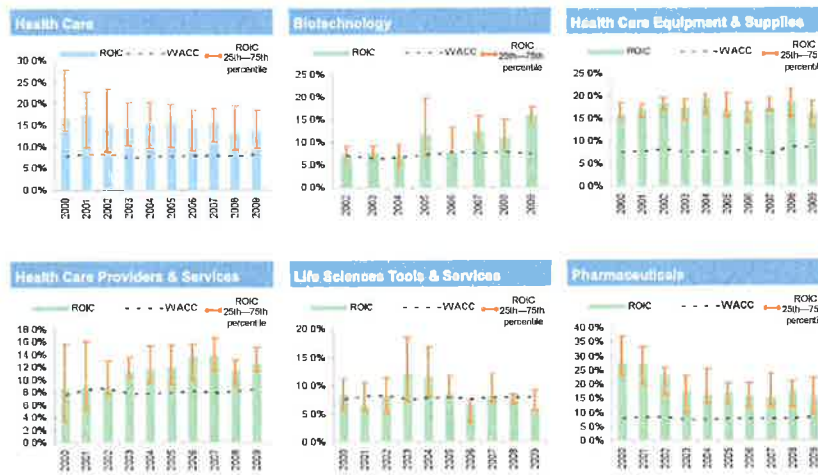
J.P.Morgan

...and in Europe

EU-General restructuring				EU-R&D restructuring	
Company	Date	Annual cost savings	No. of people	Date	Description
AsiraZeneca	Apr-10	\$1.9bn	10,400	Apr-10	\$1.0bn in cost reductions effecting overall 3,500 job redundancies Operation closure in Leicestershire leading to 1,200 layoffs Reallocation of focus within therapeutic categories (categories undisclosed)
	Apr-07	\$2.4bn	12,500	Apr-07	Aggregated \$100mm restructuring costs. Targets 8 years of median R&D cycle time
gsk	Feb-10	N/A	4,000	Feb-09	Cost savings (\$229mm) target streamlining of support infrastructure
	Feb-09	\$3.1bn	N/A	Dec-07	N/A
	Oct-07	\$1.4bn	N/A	Dec-07	Post acquisition related closure of R&D site in Palo Alto (USA) Closure of research centre in Welwyn (UK). Transfer to Palo Alto (USA)
Novartis	Dec-07	\$1.6bn	2,500	Dec-07	N/A
	Jan-05	\$1.0bn	N/A	Dec-07	Post acquisition related closure of R&D site in Palo Alto (USA)
Roche	Jul-08	N/A	1,830	Aug-01	Closure of research centre in Welwyn (UK). Transfer to Palo Alto (USA)
	Aug-01	\$0.5bn	N/A	Dec-09	Streamlining organizational structures, 1,000 layoffs in France
	May-01	\$1.0bn	3,000	May-08	Portfolio changes by abandoning breast cancer and hepatitis projects
sanofi aventis	Dec-09	N/A	1,450	Jun-07	Termination of 20 research projects
	May-08	N/A	700-800	Jan-07	Discontinued small molecule R&D for oral diabetes
Novartis	Mar-07	N/A	620	Jan-07	Discontinued small molecule R&D for oral diabetes
	Jan-04	\$2.3bn	N/A		
Novartis	Jun-07	\$1.1bn	8,100		
Novartis	Jan-07	N/A	N/A		
	Jun-02	N/A	N/A		

Source: Company information, Factiva equity research CHF/AUSD = 1.158, GBP/AUSD = 1.477

The healthcare sector continues to enjoy strong returns on capital

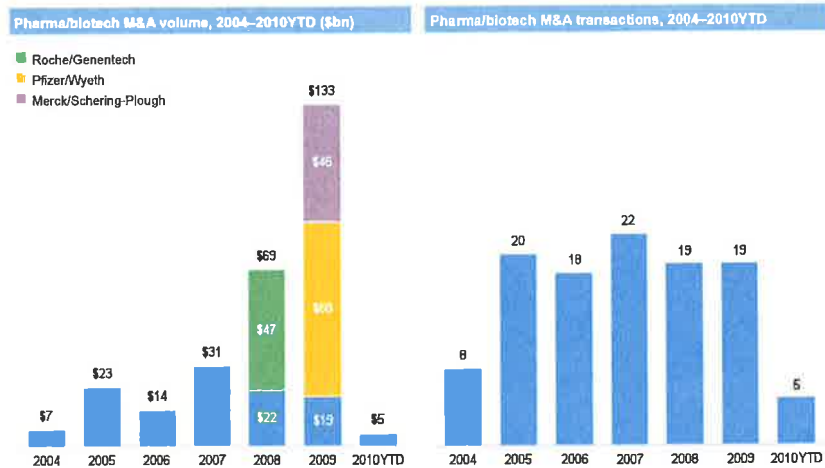


Source: Bloomberg, Factset, J.P. Morgan
 Note: ROC is based on historical FY NOPAT / (average total debt + average book equity). WACC based on cost of debt by Bloomberg bond yields by rating. Segmentation based on S&P 500 GICS sector and industry.

Industry firms took advantage of market conditions in 2009 and 2010

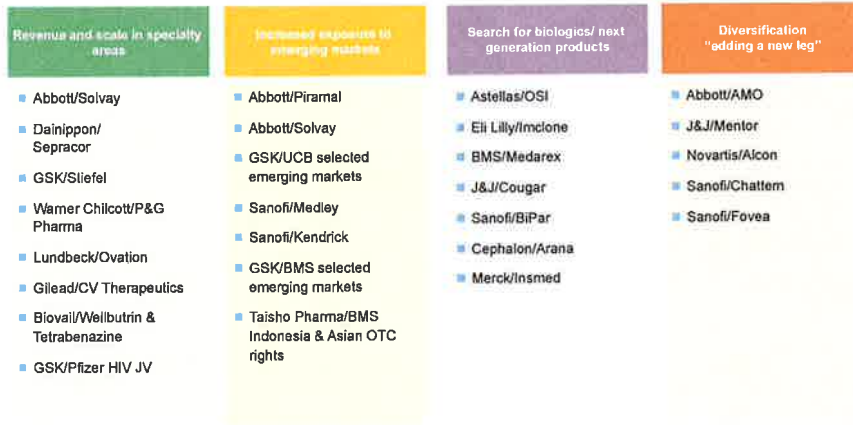
Theme	Solution	Examples
Committed financing market challenging	Ability to finance best-in-class assets	 /   /   /   / 
Return of the equity markets	Growth capital/ De-leveraging/ Acquisition financing	 /  /  /   /  /  /   /  / 
M&A market gaining traction	Global breadth Product breadth/ growth	 /  /  /   /  /  /   /  /  /   /  /  / 

Biopharmaceutical M&A activity is off to a slow start in 2010, but is expected to pick up in the second half

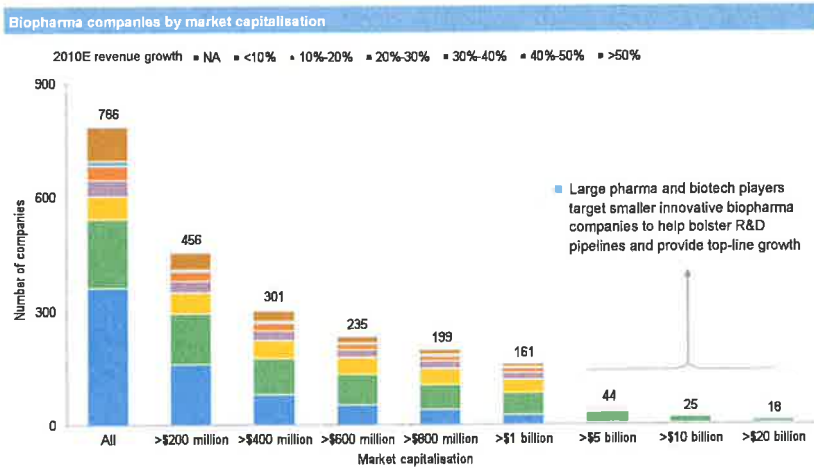


Source: Dealogic, EvaluatePharma, J.P. Morgan
 Note: US targets only. Excludes any spin-off transactions; based on transactions over \$100mn

Some companies are looking in new directions to drive growth



Big pharma continues to target biopharma players to help bolster R&D pipelines and provide top-line growth



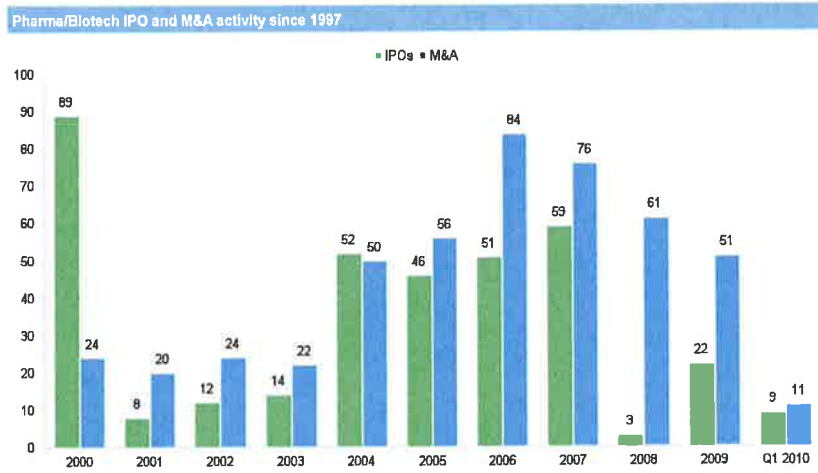
Source: FactSet as of 09/09/10

As life sciences IPO performance disappoints...

2010 YTD Life sciences IPOs					
Issuer name	Pricing date	Amount priced ¹ (\$mm)	FD pre-money priced (\$mm)	Offer/current ²	% Insider
ALIMIRA SCIENCE	21/04/10	72	291 (26.4%)		27.5%
tenglon	09/04/10	30	35 (14.4%)		54.8%
AVEO	11/03/10	90	200 (10.9%)		0.0%
Anthera	01/03/10	46	117 (14.2%)		36.7%
Ironwood	02/02/10	216	1,009		39.5%
Trius THERAPEUTICS	Postponed	N/A	N/A		

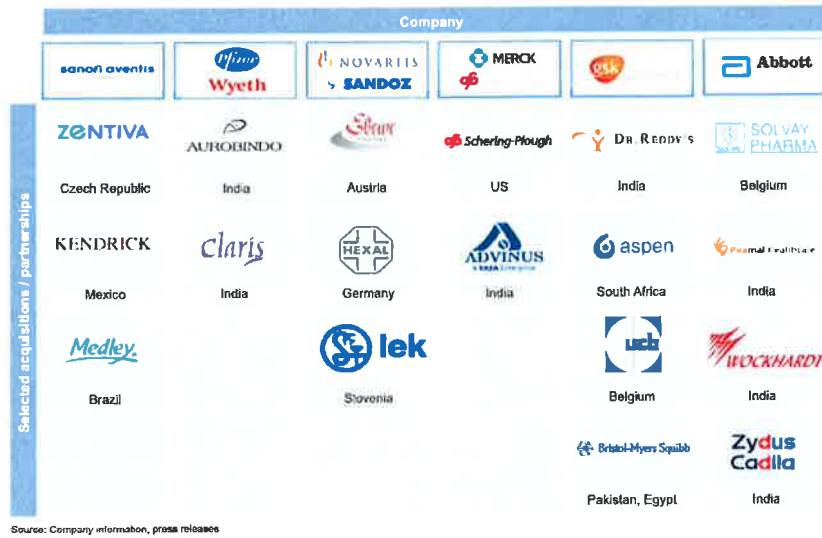
Source: Dealogic, FactSet, Venturesource.com. All IPO pre-money valuations based upon fully diluted shares at IPO
¹ Includes greenshoe option
² As of 09/06/10

...M&A continues to be the predominant path to exit for private biotech companies

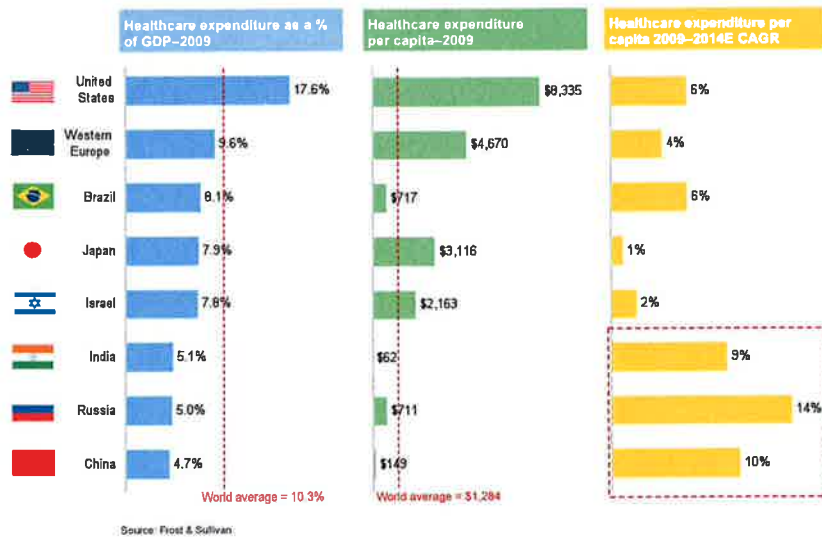


Source: SDC, Dealogic, and J.P. Morgan
 Note: IPOs include NYSE/Nasdaq medtech IPOs with gross proceeds >\$15mm. M&A includes all announced pharma/biotech transactions >\$50mm in which the target was private

Big Pharma is increasingly focused on emerging markets...

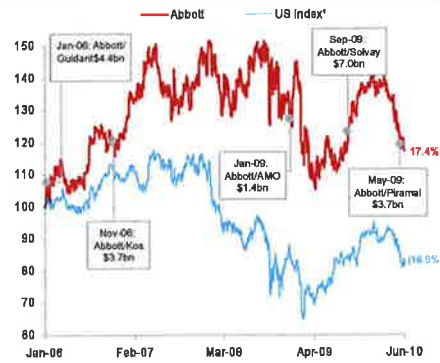


...where there is substantial growth forecast



Active portfolio management is also on the agenda
 Abbott has spent over \$22bn since 2005 in realigning its portfolio

Share price performance—since January 2006



The Street perspective

Piramal
 "The Piramal acquisition is in line with the company's emerging markets strategy. The \$3.7B deal adds leading share in an attractive market. Piramal adds \$59 branded generics and a ~\$500M business in India that is growing in excess of 20% per year"
 J.P. Morgan, May 21, 2010

Solvay
 "Abbott to finance the transaction with cash making the transaction very accretive... Synergy potential could also be meaningful... We note that every 100bps of improvement in Solvay Pharma's operating margin could add another \$0.02 of EPS accretion to Abbott"
 J.P. Morgan, January 12, 2009

Advanced Medical Optic
 "Ophthalmology is a very attractive segment considering demographics, innovation and LT growth... The transaction lowers business concentration risk and can be accretive to shareholders... Material share loss unlikely if our transaction view positive for Abbott"
 Morgan Stanley, January 12, 2009

Kos Pharmaceuticals
 "We think the KOS acquisition adds a much needed growth driver to an otherwise weak Pharma pipeline for Abbott and also helps boost overall corporate growth... From a strategic standpoint, this deal makes sense as Abbott will have an expanded platform in the cardiovascular market"
 Morgan Stanley, November 05, 2006

Share price performance at deal announcement

Deal	Announcement	1 day perf	1 wk perf	1 mth perf
Abbott / Guidant	09-Jan-06	3.7%	0.7%	3.0%
Abbott / Kos	06-Nov-06	(0.2%)	2.3%	4.2%
Abbott / AMO	12-Jan-09	(2.2%)	(2.4%)	9.0%
Abbott / Solvay	28-Sep-09	2.6%	5.3%	8.2%
Abbott / Piramal	21-May-10	1.0%	1.6%	(1.3%)

Guidant
 "Abbott scored two victories yesterday with the likely acquisition of Guidant's VI and ES businesses in combination with 4Q results that bucked the MedTech trend this quarter... The acquisition of Guidant's Vascular and Endovascular businesses should secure Abbott's ability to deliver double digit revenue growth from 2007-2009"
 J.P. Morgan, January 24, 2006

Source: Company filings, equity research and FactSet
 * US Index includes J&J, BMS, Eli Lilly, Amgen, Pfizer, Merck

J.P.Morgan

Portfolio realignment brings with it creative structures

Selected recent collaborative deals

Partners	Structure	Date
/	Marketing agreement for oncology and endocrinology portfolio in Asia Pacific	April 2010
/	RNAi R&D collaboration	March 2010
/	Minority Investment	July 2009
/	Repurchase of product rights and majority investment	May 2009
/	HIV joint venture	April 2009
/	Contribution of oncology assets	January 2009

Source: Company information

J.P.Morgan

Leading diversified healthcare players have picked up choice assets, reducing opportunities for others

Recent acquisition history (since 2005)

Company	Pharma/Biotech	Medtech	Consumer health	Optical/optometry	Generic	Animal Health	Other	Amount spent on "Specialty" drugs*
NOVARTIS	<ul style="list-style-type: none"> Clonon Speidel Corfhare NeuroPharma Protaz Pharmaceuticals Inc Arakis 		<ul style="list-style-type: none"> Daiichi-Sankyo Squibb (OTC portfolio) 	<ul style="list-style-type: none"> Alcon Esotech 	<ul style="list-style-type: none"> Healix Eon Labs EBEVEE Pharma Ges msH HQ 			\$64.8bn (Alcon = \$36.7bn)
Johnson & Johnson	<ul style="list-style-type: none"> Cougar Biotechnology Elan Corp (Alzheimer program) Cruceal Oriont Biopharma Schering Divevo Biotech Nacogen (Hemophilia Program Assets) 	<ul style="list-style-type: none"> Conor Medsystems Accurant Closure Medical Meritor Avirus Proxis Medical 	<ul style="list-style-type: none"> Pfizer Inc (Consumer Healthcare business) Closure Medical Bojng Dabao Genesys 					<ul style="list-style-type: none"> \$18.5bn (Pfizer Consumer Healthcare = \$13.4bn)
Bayer							<ul style="list-style-type: none"> Atherix 	<ul style="list-style-type: none"> \$20.8bn (Schering AG = \$16.9bn)
Abbott A Promise for Life	<ul style="list-style-type: none"> Solvey Pharma PerGenetics Facet Biotech 	<ul style="list-style-type: none"> Boston Scientific (Vascular) Kos Pharma Evelve Bio Biosciences 	<ul style="list-style-type: none"> Wockhath (nutritional business) Roche DTC 	<ul style="list-style-type: none"> AMO Malvern Pfizer India IntraLase 	<ul style="list-style-type: none"> Pfarral 			<ul style="list-style-type: none"> \$18.5bn (Boehringer = \$5.2bn)
Novartis	<ul style="list-style-type: none"> IPPar Sciences 	<ul style="list-style-type: none"> Acambis 	<ul style="list-style-type: none"> Chatham Primary Health 	<ul style="list-style-type: none"> Fovos 	<ul style="list-style-type: none"> Zentiva Meday 	<ul style="list-style-type: none"> MeridMSP 		<ul style="list-style-type: none"> \$9.8bn (Merid = \$3.2bn)

Source: Dealogic
* Completed and pending transactions including milestone payments

Agenda

	Page
Macroeconomic and market environment	1
Pharma industry snapshot	7
Strategic developments	11
Closing thoughts	28

Implications of macroeconomic circumstances

Summary

- Market and economic turmoil unlikely to dissipate immediately
- Continued volatility is likely
- Pressure on US/EU/Japan government budgets leading to pressure on healthcare pricing
- Populist environments critical of business - possibility of more challenging regulatory and operating environment
- Volatile financial markets will require longer planning horizons and more flexibility in ensuring appropriate capitalisation

Global growth opportunities

Summary

- Pharma continues to face many challenges
- Healthcare continues to lead other sectors in terms of growth, investment and returns
- Emerging markets will have an ever increasing presence in the global healthcare sector
- Focus on pipelines and external R&D will fuel M&A activity
- Active portfolio management can present opportunities for many players:
 - Sellers
 - Buyers
 - Collaborations