

Evonik strengthens its exclusive synthesis business in US

- Evonik acquires Eli Lilly and Company's U.S. Tippecanoe manufacturing site
- Purchase will expand Evonik's exclusive synthesis core business
- Capacity for additional market growth

Essen, Germany-based industrials group Evonik Industries AG has agreed to acquire Indianapolis, Indiana-based Eli Lilly and Company's Tippecanoe Laboratories manufacturing facility in Lafayette, Indiana. The site, which employs about 700, manufactures active pharmaceutical ingredients (API) and precursor materials for the pharmaceutical industry.

The purchase price was not disclosed. The transaction is expected to close by the end of the year, pending approvals from regulatory agencies.

The Tippecanoe plant will be fully integrated into Evonik's global production and marketing network.

"The acquisition of Tippecanoe Laboratories enables us to meet the growing demand for intermediates and active pharmaceutical ingredients in the pharmaceutical industry and substantially boosts our global exclusive synthesis business," said Dr. Klaus Engel, chief executive officer (CEO) of Evonik Industries. "The pharmaceutical market is attractive, economically stable, and produces growth rates near the double-digit range every year."

In addition to the acquisition of the site, Evonik and Lilly will also enter into a multi-year supplier agreement for active pharmaceutical ingredients and intermediates. "We look

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forward to working closely with Lilly, a world-class pharmaceuticals company,” explained Dr. Hans Josef Ritzert, the head of Evonik’s Exclusive Synthesis & Amino Acids Business Line. “We will be producing ingredients for Lilly and other pharmaceutical companies in accordance with the exacting Good Manufacturing Practices (GMP) quality standards. Our customers benefit from the technology portfolio of Evonik’s sites as well as from our expertise in the production of pharmaceutical intermediates.”

In addition, Evonik has many years of experience in following official and patent law requirements for patented intermediates and active pharmaceutical ingredients.

“Today’s announcement represents a positive outcome for employees at the site, the Lafayette community, and Lilly,” said John Lechleiter, Ph.D., Lilly’s chairman and chief executive officer. “Evonik is a well-established multinational company with a strong track record in producing high-quality products.”

Evonik maintains pharmaceutical facilities in Europe and Asia and has established a global distribution network with excellent access to customers in the pharmaceutical industry. This has allowed Evonik, which is the first western supplier to implement horizontal integration in exclusive synthesis, to position itself prominently. Evonik’s Asian sites manufacture precursors and intermediates as well as non-patented compounds at competitive costs. In addition, the western European sites – and in future the Tippecanoe facility – focus on refining intermediates and patented active pharmaceutical ingredients. This represents another milestone in the consistent global implementation of the company’s exclusive synthesis strategy.

Evonik's Exclusive Synthesis & Amino Acids Business Line – part of the company's Health & Nutrition Business Unit – focuses on the customized production of pharmaceutical intermediates, active pharmaceutical ingredients, amino acids, and high-quality derivatives. The global production and research network of the business line offers a seamless service portfolio, ranging from the development of synthesis on the laboratory scale to commercial production in U.S. Food and Drug Administration (FDA)–certified facilities.

About Eli Lilly

Lilly, a leading innovation-driven corporation, is developing a growing portfolio of pharmaceutical products by applying the latest research from its own worldwide laboratories and from collaborations with eminent scientific organizations. Headquartered in Indianapolis, Indiana, Lilly provides answers – through medicines and information – for some of the world's most urgent medical needs. Additional information about Lilly is available at www.lilly.com.

About Evonik

Evonik Industries is the creative industrial group from Germany which operates in three business areas: Chemicals, Energy and Real Estate. Evonik is a global leader in specialty chemicals, an expert in power generation from hard coal and renewable energies, and one of the largest private residential real estate companies in Germany. Our strengths are creativity, specialization, continuous self-renewal, and reliability. Evonik is active in over 100 countries around the world. In its fiscal year 2008 about 41,000 employees generated sales of about €15.9 billion and an operating profit (EBITDA) of about €2.2 billion.

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