

News Release

Lonza Group Ltd
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Lonza streamlines its operations in chemical manufacturing

- **Next step of strategic move of small molecules production towards Asia**
- **Closure of Riverside, Shawinigan and Wokingham sites, 175 employees affected**
- **Network optimization results in higher value for customers**
- **Total restructuring cost of approximately CHF 140 million booked into 2009, 70% of charges are non-cash**

Basel, Switzerland, 12 January 2010 – End of October 2009 Lonza Group Ltd announced its intention to adjust the organization to the more volatile market environment, to reduce fixed cost in the range of CHF 60-80 million in the next 18-24 months and to review the detailed business unit strategies.

The economic pressures of the past 18 months have clearly accelerated the cost reduction efforts of the pharmaceutical industry. In response to that Lonza is strengthening its platform in Asia and will close the sites of Conshohocken (Riverside), PA (USA), Shawinigan (CDN) and Wokingham (UK) in 2010. This step complements Lonza's existing platform in Nansha (CN) and is the response to customer needs for mature regulated products at competitive conditions in a new market segment for Lonza.

The closure of the sites will affect 175 employees. Lonza has put in place a comprehensive severance package in consultation with local employee representatives and authorities. Lonza is committed to treat all employees in a fair and transparent manner. The total restructuring cost amount to approximately CHF 140 million of which 75% account to restructuring activities in small molecules. The amount also includes impairments of assets and other restructuring activities and will be booked into 2009, 70% of the charges are non-cash.

The Riverside plant will cease its activities in Q4 2010. Lonza is in contact with all Riverside customers to offer tailored solutions that will strengthen the supply security of their individual drug substances by transferring the projects into other operations within Lonza's global network.

The pilot scale plant for the vitamin K3 activities in Shawinigan will cease its activities by the end of March 2010 after having completed the full technical development of this new, proprietary, environmentally friendly technology. Lonza will evaluate further opportunities to provide its customers with chromium-free vitamin K3 from another site in the future.

As part of a modernisation and streamlining initiative within the Lonza Bioscience supply chain, the offices and warehouse in Wokingham (UK) will be closed and the activities will be transferred to Verviers, Belgium. The Verviers facility already supplies all other countries in Europe and can readily handle orders from UK and Irish customers, while maintaining an equivalent level of service to that enjoyed by customers today.

“The closure of the three sites will help to optimize our global operational network and further increase the competitiveness for our customers. The re-engineering project is a key element in our endeavour to bring Lonza back to a sustainable growth”, comments Lonza CEO Stefan Borgas. “We will continue to drive this project throughout the year and we will see many initiatives rising from it. We are confident that we are on the right track and that the identified measures support the Lonza strategy.”

The operational EBIT for 2009 before special charges for these restructuring cost is fully on track and will be, as announced in Q3 2009, well within the range of CHF 360-380 million.

About Lonza

Lonza is one of the world's leading suppliers to the pharmaceutical, healthcare and life science industries. Its products and services span its customers' needs from research to final product manufacture. Lonza is the global leader in the production and support of active pharmaceutical ingredients both chemically as well as biotechnologically. Biopharmaceuticals are one of the key growth drivers of the pharmaceutical and biotechnology industries. Lonza has strong capabilities in large and small molecules, peptides, amino acids and niche bioproducts which play an important role in the development of novel medicines and healthcare products. Lonza is a leader in cell-based research, endotoxin detection and cell therapy manufacturing. Lonza is also a leading provider of value chemical and biotech ingredients to the nutrition, hygiene, preservation, agro and personal care markets.

Lonza is headquartered in Basel, Switzerland and is listed on the SIX Swiss Exchange. In 2008, Lonza had sales of CHF 2.937 billion. Further information can be found at www.lonza.com.

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