

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

**COMMISSIONERS: Deborah Platt Majoras, Chairman
 Thomas B. Leary
 Pamela Jones Harbour
 Jon Leibowitz**

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| In the Matter of |) | |
| |) | |
| Novartis AG, |) | Docket No. C- |
| |) | |
| a corporation. |) | |
| |) | |
| |) | |

COMPLAINT

Pursuant to the Federal Trade Commission Act and the Clayton Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission ("Commission"), having reason to believe that Respondent Novartis AG ("Novartis"), a corporation subject to the jurisdiction of the Commission, has offered to acquire 67% of the outstanding shares of Eon Labs, Inc., a corporation subject to the jurisdiction of the Commission, from Santo AG ("Santo"), a corporation subject to the jurisdiction of the Commission, in violation of Section 7 of the Claylows:

e of business

II. THE ACQUIRED COMPANY

3. Santo Holding AG (“Santo”) is a corporation organized, existing, and doing business under and by virtue of the laws of Switzerland, with its office and principal place of business located at Alte Landstrasse 106, CH-8702 Zollikon/Zurich.

4. Santo owns 67% of the outstanding stock of Eon Labs, Inc. (“Eon”). Eon is a corporation organized, existing and doing business under and by virtue of the laws of the state of Delaware, with its principal place of business located at 1999 Marcus Avenue, Lake Success, New York 11042. Santo, among other things, is engaged in the research, development, manufacture, and sale of human pharmaceutical products in the United States through Eon.

31.9 milletsT72.0000 40000 TD(ma 2004 sales)TjET1.00000 0.00000 0.00000 1.00000 0.0000 0.0000

II. THE PROPOSED ACQUISITION

5. On February 20, 2005, Novartis and Santo entered into a Purchase Agreement and Sale of Stock whereby Novartis agreed to purchase 60 million shares of Eon from Santo for approximately \$1.72 billion in cash (“the Acquisition”). These shares represent approximately 67% of the outstanding stock of Eon. Further, Novartis has made a definitive agreement, approved by the Eon Board of Directors, to offer to acquire the remaining 31.9 million fully diluted shares of Eon for \$31.00 per share cash. With the closing of these transactions, Novartis would become the global leader in generic pharmaceuticals with combined pro forma 2004 sales of \$5.1 billion, and a portfolio of over 600 generic pharmaceutical products.

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VI. EFFECTS OF THE ACQUISITION

14. The effects of the acquisition, if consummated, may be substantially to lessen competition or tend to create a monopoly in each of the relevant markets in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, in the following ways, among others:

- a. by eliminating actual, direct, and substantial competition between Novartis and Eon;
- b. by increasing the likelihood that Novartis will be able to unilaterally exercise market power;
- c. by increasing the likelihood and degree of coordinated interaction between or among competitors; and
- d. by increasing the likelihood that consumers will pay higher prices.

VII. VIOLATIONS CHARGED

15. The Purchase Agreement described in Paragraph 4 constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

16. The Acquisition described in Paragraph 4, if consummated, would constitute a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this _____ day of _____, 2005, issues its Complaint against said Respondent.

By the Commission.

Donald S. Clark
Secretary

SEAL: