LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Letter of Offer is sent to you as a shareholder of **Aventis Pharma Limited**. If you require any clarifications about the action to be taken, you should consult your stock-broker or investment consultant or the Manager/ Registrar to the Offer. In case you have sold your shares, please hand over this Letter of Offer, the accompanying Form of Acceptance cum Acknowledgement, Form of Withdrawal and Transfer Deed to the member of the Stock Exchange through whom the said sale was effected.

CASH OFFER AT Rs. 792.20 /- (Rupees Seven hundred and ninety two and paise twenty only) PER FULLY PAID-UP EQUITY SHARE OF Rs. 10 (RUPEES TEN ONLY)

[Pursuant to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto]

TO ACQUIRE

Up to 4,606,125 fully Paid-up Equity Shares of face value Rs. 10/- each,

representing 20% of the voting share capital ("Offer")

OF

Aventis Pharma Limited ("APLI"/"Target Company")

having its registered office at:

Aventis House, 54/A, Sir Mathuradas Vasanji Road, Andheri (East), Mumbai - 400 093, India

Tel: +91 22 2827 8000, Fax: +91 22 2836 0862

BY

Sanofi-Aventis (formerly Sanofi-Synthelabo) ("Sanofi" / "Acquirer")

having its registered office at:

174 avenue de France, 75013 Paris, France

Tel: + 33 1 53 77 44 00, Fax: + 33 1 53 77 4133

Along with

Hoechst GmbH ("HG" / "PAC") (formerly Hoechst AG) (as a Person deemed to be acting in concert)

having its registered office at:
65926 Frankfurt am Main, Germany
Tel : +49 69 305-26878, Fax: +49 69 305-83490

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
 **DSP Merrill Lynch Limited** 10th Floor, Mafatlal Center, Nariman Point Mumbai 400 021 Tel: +91 22 6632 8000 Fax: +91 22 2204 8518 Email: aventisindia_openoffer@ml.com Contact Person: Mr. Narahari H.S.	 **Karvy Computershare Private Limited** 46, Avenue 4, Street No 1, Banjara Hills Hyderabad 500 034 Tel: +91 40 2331 2454 Fax: +91 40 2331 1968 Email: murali@karvy.com Contact Person: Mr. Murali Krishna
OFFER OPENS ON: JUNE 30, 2006	**OFFER CLOSES ON: JULY 19, 2006**

ATTENTION:

a) The Offer is subject to the receipt of approval from the Reserve Bank of India ("RBI"), under the Foreign Exchange Management Act, 1999 ("FEMA"). The Acquirers have already obtained the approval of the Foreign Investment Promotion Board, Ministry of Finance, Government of India (the "FIPB") to acquire the shares tendered pursuant to this Offer.

b) Besides this, as on the date of this Letter of Offer, no other statutory approval was required to acquire the shares tendered pursuant to this Offer. The Acquirer will not proceed with the Offer in the event that the statutory approval indicated above is refused in terms of Regulation 27 of SEBI (SAST) Regulations and you will be informed by way of another public announcement in the same newspapers where the first Public Announcement ("PA") of this Offer had appeared.

c) In case of delay in the receipt of any statutory approval(s), SEBI has the power to grant extension of time to the Acquirer for payment of consideration to shareholders who have validly tendered their Shares, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of wilful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.

d) If there is any upward revision in the Offer Price by the Acquirer prior to or on the last date for revising the offer price viz. July 10, 2006, you would be informed by way of another public announcement in the same newspapers where the first PA had appeared. The Acquirer would pay such revised price for all the shares validly tendered any time during the Offer and accepted under the Offer.

e) *Shareholders who have accepted the Offer by tendering the requisite documents, in terms of this Letter of Offer shall have the option to withdraw their acceptance upto July 14, 2006 i.e. 3 (three) working days prior to the date of closure of the Offer viz. July 19, 2006.*

f) The last date for a competitive bid was September 01, 2004, and there has been no competitive bid.

g) As the Offer Price cannot be revised during the 7 working days prior to the closing date/bids, it would, therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.

h) Form of acceptance cum acknowledgement and form of withdrawal are enclosed with this Letter of Offer.

i) The Public Announcement, Revised Public Announcement and this Letter of Offer, Form of Acceptance cum Acknowledgement and Form of Withdrawal would also be available on SEBI's website *(www.sebi.gov.in)* from the Offer opening date viz. June 30, 2006.

SCHEDULE OF THE MAJOR ACTIVITIES OF THE OFFER:

Activity	**Original Schedule**	**Revised Schedule**
Public Announcement Date	Wednesday, August 11, 2004	Wednesday, August 11, 2004
Last date for a competitive bid	Wednesday, September 01, 2004	Wednesday, September 01, 2004
Revised Public Announcement	-	Wednesday, June 21, 2006
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer will be posted)	Thursday, September 09, 2004	Wednesday, June 21, 2006
Date by which Letter of Offer will be dispatched to shareholders	Friday, September 24, 2004	Monday, June 26, 2006
Date of opening of the Offer	Thursday, October 07, 2004	Friday, June 30, 2006
Last date for revising the Offer Price	Wednesday, October 27, 2004	Monday, July 10, 2006
Last date for withdrawing acceptance from the Offer	Tuesday, November 02, 2004	Friday, July 14, 2006
Date of closure of the Offer	Friday, November 05, 2004	Wednesday, July 19, 2006
Date of communicating rejection/ acceptance and payment of consideration for accepted Shares/despatch of the share certificate in case of rejection	Saturday, December 04, 2004	Thursday, August 03, 2006

Risk Factors

Given below are the risks related to the transaction, the proposed Offer and getting associated with the Acquirer :

a) The acquisition of the shares tendered in the Offer is subject to the approval of the RBI under the FEMA. In the event that the RBI refuses its approval, the Offer would stand withdrawn in accordance with the SEBI (SAST) Regulations.

b) In the event of either the regulatory approval not being received in a timely manner or litigation leading to stay on the Offer, or SEBI instructing that the Offer should not proceed, the Offer process may be delayed beyond the Schedule of the Major Activities indicated in this Letter of Offer.

c) The Acquirer makes no assurance with respect to the market price of the shares during/ after the Offer.

d) The Acquirer is making this Offer as per Regulation 10 and 12 of SEBI (SAST) Regulations as the Acquirer has acquired indirect control of APLI. There is no assurance with respect to the continuation of the past trend in the financial performance of APLI.

e) The tendered shares will lie to the credit of a designated escrow account until the completion of the Offer formalities. During such period there may be fluctuation in the market price of the shares of APLI.

f) In the event of oversubscription in the Offer, the acceptance will be on a proportionate basis and will be contingent on the level of oversubscription.

g) The market price per equity share of APLI as on June 20, 2006 is Rs. 1,503.15 and Rs. 1,500.00 on NSE and BSE respectively against the open offer price of Rs 792.20 per equity share.

The risk factors set forth above pertain to the Offer and do not relate to the present or future business or operations of APLI or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a shareholder in the Offer. The shareholders of APLI are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

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DEFINITIONS	
Acquirer or Sanofi	Sanofi-Aventis (formerly Sanofi-Synthelabo)
ADMF	Autorité des marchés financiers (the French market authority)
APHG	Aventis Pharma Holding GmbH
bn	Billion
BSE	The Stock Exchange, Mumbai
CDSL	Central Depository Services Limited
DP	Depository Participant
DSPML	DSP Merrill Lynch Limited
Eligible Person(s) for the Offer	All owners (registered or unregistered) of the Shares of Aventis Pharma Limited (other than the Acquirer, parties to the agreement referred to in para 2.1 (a) and the deemed PAC) anytime before the Closure of the Offer. Indian Promoters can participate in this Offer.
FEMA	Foreign Exchange Management Act, 1999
Form of Acceptance	Form of Acceptance cum Acknowledgement
HG	Hoechst GmbH (formerly Hoechst AG)
Letter of Offer ("LOO")	Offer Document
Manager/ Manager to the Offer	DSP Merrill Lynch Limited

mm	Million
NSDL	National Securities Depository Limited
NSE	National Stock Exchange
OCB	Overseas Corporate Bodies
Offer	Open offer for acquisition of 4,606,125 fully Paid-up Equity Shares of face value of Rs.10/- each, representing 20% of the voting share capital of Aventis Pharma Limited at a price of Rs.792.20 per fully paid-up equity share
Offer Price	Rs. 792.20 (Rupees seven hundred and ninety two and paise twenty only) per fully paid-up equity share of Rs.10/-
PAC	HG
Public Announcement/ PA	Announcement of the Offer made by the Acquirer on August 11, 2004
RBI	Reserve Bank of India
Registrar/ Registrar to Offer	Karvy Computershare Private Limited
Revised Public Announcement / RPA	Announcement of the Offer made by the Acquirer on June 21, 2006 including, inter-alia, revised schedule of activities.
Rupee Translation	Certain financial details contained in this Letter of Offer are denominated in € and US$. The Rupee equivalent quoted in each case is calculated in accordance with RBI Reference rate as on June 15, 2006, namely 1€ = Rs.57.92 and 1US$ = Rs. 45.91 (source www.rbi.org.on) unless otherwise stated.
SEBI	Securities and Exchange Board of India
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto as may be applicable
SEC	Securities and Exchange Commission, United States
Share(s)	Fully paid-up equity shares of face value of Rs.10 each of Aventis Pharma Limited
Specified Date	June 21, 2006. Specified date is for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent. However, owners (registered of unregistered) of the shares of APLI (except the Acquirer and the deemed PAC) are eligible to participate in the Offer any time before the clousre of the Offer. [For details, refer to para 8(d)].
Target Company/ Company/ APLI	Aventis Pharma Limited

1 DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF TARGET COMPANY TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER/TARGET COMPANY, WHOSE SHARES ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE-DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES HIS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER - DSP MERRILL LYNCH LIMITED HAS SUBMITTED A DUE-DILIGENCE CERTIFICATE DATED AUGUST 24, 2004 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER".

2 DETAILS OF THE OFFER

2.1 Background

a) On January 26, 2004, the Acquirer announced an unsolicited offer for the entire share capital issued and to be issued of Aventis, France ("Aventis"). This offer was unanimously rejected by the supervisory and management boards of Aventis. From April 23, 2004 until April 25, 2004, a number of discussions among representatives of both the Acquirer and Aventis took place which led to an agreement between Sanofi and Aventis and, on April 26, 2004, to the announcement by the Acquirer of an offer to the shareholders of Aventis recommended by the supervisory and management boards of Aventis. This friendly transaction created the third largest pharmaceutical company in the world and the number one in Europe, in August 2004. The salient features of the April 26, 2004 agreement are described in paragraph (c) below and the current status of the April 26, 2004 offer is described in paragraph (d) below.

b) Aventis held 98.1% of the equity share capital of Hoechst AG and Hoechst AG held 50.1% of the equity share capital of Aventis Pharma Limited, India ("Target Company"/"APLI") through its wholly owned subsidiary Aventis Pharma Holding GmbH ("APHG") as on the date of the PA. Following the consummation of the transactions contemplated by the April 26, 2004 offer for Aventis, the Acquirer indirectly acquired 50.1% of the equity share capital and control of APLI. Hence, in accordance with Regulation 10 and 12 of the SEBI (SAST) Regulations, this Offer is being made to the shareholders of APLI by the Acquirer. Except the above, the Acquirer has not acquired any shares of APLI from the date of PA to this Letter of Offer.

Developments subsequent to the date of the PA :

b.1. : Aventis merged into Sanofi with effect from December 31, 2004

b.2 : On August 23, 2004, Sanofi announced a mandatory public offer for the 1.91% of the capital of Hoechst AG not held by the Sanofi group and Aventis announced its intention to acquire the shares of the outstanding shareholders of Hoechst AG through a squeeze out transaction. The squeeze-out of the minority shareholders took legal effect on July 12, 2005. At the same time, Hoechst AG became a wholly owned subsidiary of Sanofi. Subsequently with effect from October 20, 2005 the legal form of Hoechst AG has changed to Hoechst GmbH ("HG")

b.3. APHG being a wholly owned subsidiary of HG (formerly Hoechst AG) merged with and was absorbed by HG with effect from November 22, 2005 and has ceased to be a separate legal entity from that date.

b.4. : Consequent to the transaction referred in 2.1.(a) and the recent developments mentioned in 2.1 (b.1) to (b.3), Sanofi indirectly holds 50.1% in APLI through its wholly owned subsidiary HG as on the date of this Letter of Offer.

c) Salient features of the agreement referred in 2.1 (a) between the Acquirer and Aventis which were publicly announced by the Acquirer on April 26, 2004 are as follows:

- The combined company will be called ‘’Sanofi-Aventis”
- Jean-François Dehecq, Chairman and Chief Executive Officer of Sanofi will be Chairman and Chief Executive Officer of the combined company. The board of directors of the combined company will be composed of 17 members - Mr. Dehecq, 8 members chosen by Aventis and 8 members chosen by Sanofi. In addition to the three existing board committees (Audit, Remuneration, Scientific), a Strategic Committee will be created for the combined company. The Management Committee of the combined company will be chaired by Jean- François Dehecq
- Aventis withdrew the proposed resolutions to the annual general meeting of Aventis aiming at stopping the unsolicited offer from Sanofi and withdrew all legal proceedings it had initiated in connection with the unsolicited offer
- Aventis undertook not to solicit, initiate or encourage any competing bid [except to the extent required by the *Autorité des marchés financiers*, the French market authority, (“ADMF”)] or in any way seek to engage in any other business continuity transaction
- The Aventis factory and research facility in Frankfurt, Germany will remain open for the foreseeable future

cc) Details of the bid made by the Acquirer to the shareholders of Aventis, France :

1. Initial offer :

   Terms of the initial offer announced on on January 26, 2004 by Sanofi to shareholders of Aventis were as follow:

   - For each Aventis Share, “cum dividend”1, Sanofi offered :
     a. Standard entitlement: 5 Sanofi shares and €69 in cash for 6 Aventis shares (0.8333 Sanofi shares and € 11.5 in cash for each Aventis share or 1.6667 Sanofi-ADSs and an amount in US dollars equal to €11.5 in cash for each Aventis ADS),
     b. All-stock election: 35 Sanofi shares for 34 Aventis shares (1.0294 Sanofi shares for each Aventis share or 2.0588 Sanofi ADSs for each Aventis ADS),
     c. All-cash election: €60.43 in cash for each Aventis share (or an amount in U.S. dollars equal to € 60.43 in cash for each Aventis ADS)
   - Aventis shareholders were able to elect one or a combination of the above elections, subject to proration and allocation adjustments that would ensure, in the aggregate, 81% of the Aventis shares tendered into the offer would be exchanged for Sanofi shares and 19% will be exchanged for cash - called the “election ratio”.(subject to adjustments in the event that Aventis paid a dividend before the settlement of the offer)

2. Revised offer : Terms of the revised offer by Sanofi to shareholders of Aventis after adjustment for the dividend of €0.82 per ordinary share paid by Aventis to its shareholders on July 15, 2004 were as follows:
   - Standard entitlement: 5 Sanofi shares and €115.08 in cash for 6 Aventis shares (or 0.8333 of a Sanofi ordinary share and €19.18 in cash for each Aventis ordinary share; and 1.6667 Sanofi ADSs and an amount in U.S. dollars equal to €19.18 in cash for each Aventis ADS),
   - All-stock election: 1.1600 Sanofi ordinary shares for each Aventis ordinary share (or 2.3200 Sanofi ADSs for each Aventis ADS),
   - All-cash election: €68.11 in cash for each Aventis ordinary share (or an amount in U.S. dollars equal to €68.11 in cash for each Aventis ADS)
   - Aventis shareholders were able to elect one or a combination of the above elections, subject to proration and allocation adjustments that would ensure that, in aggregate, 72% of the Aventis shares tendered into the offer would be exchanged for Sanofi shares and 28% would be exchanged for cash - called the “election ratio”.

Both the offers provided that if the shares tendered did not conform to the election ratios mentioned, then a pre-defined proration and allocation procedure would be followed to ensure that the final consideration paid for all

[1] If a dividend is distributed by Aventis, the consideration offered to Aventis shareholders by Sanofi was to be reduced by an amount equivalent to the net value of the dividend paid.

tendered shares would adhere to the election ratio.

For the purposes of the bid, the price of one Sanofi share was taken as €58.72. (being the average daily closing price, weighted by volume, for Sanofi ordinary shares on Euronext Paris during the calendar month ended on January 21, 2004).

The above two offers have been summarised below. The total size of the offer has been arrived at assuming that all the outstanding shares of Aventis were tendered.

Offer Size	**Initial offer**	**Revised offer #**
No. of Aventis shares outstanding (in mm) (X)	802.29	802.29
Consideration ## per Aventis Share (€) (Y)	60.43	68.11
Total offer size (in Euro bn) [(X)*(Y)]	48.48	54.64

net of dividend

The value ascribed to one Aventis share was the same under all options. This is illustrated in the following table .

Various options given to shareholders of Aventis (Amounts in €)

Option	**Initial offer**	**Revised offer #**
Option 1. Standard (Default)		
Stock portion		
No. of shares in Sanofi (M)	0.8333	0.8333
Sanofi's share value (per share) (N)	58.72	58.72
Value of stock portion (A) = (M) * (N)	48.93	48.93
Cash portion (B)	11.50	19.18
Value per Aventis share = (A) + (B)	60.43	68.11
Option 2. All stock		
Stock portion		
No. of shares in Sanofi (O)	1.0294	1.1600
Sanofi's share value (per share) (N)	58.72	58.72
Value of stock portion (C) = (O) * (N)	60.43	68.11
Value per Aventis share	60.43	68.11
Option 3. All cash		
Cash portion	60.43	68.11
Value per Aventis share	60.43	68.11

net of dividend

d) The current status of the above transaction with respect to certain regulatory filings is as under:

- Each of the European competition authorities and the American competition authorities, have cleared the transactions as described below.
- On April 22, 2004 European antitrust authorities cleared the transaction.
- Placement of the Consent Decree clearing the transactions on the public record on July 29, 2004 by the U.S. Federal Trade Commission's Bureau of Competition and Economics
- Terms of Sanofi's offer to shareholders of Aventis consisted of a combination of shares and cash as detailed in para cc above.
- The offer was only subject to the condition that shares representing more than 50% of the share capital and voting rights of Aventis were tendered, on a fully diluted basis.

- ADMF published the summary results (preliminary results) on August 9, 2004. The preliminary results published reported that 95.47% of the share capital and 95.52% of the voting rights of Aventis had been tendered, corresponding to 89.84% of the share capital and 89.88% of the voting rights on a diluted basis, thereby satisfying the minimum threshold for success of the offer. On the basis of these results, it was declared that Sanofi had complied with the conditions required for completion of the transaction detailed in Para 2.1(a) above. Subsequently, the ADMF published the detailed results (definitive results) on August 12, 2004. The detailed results disclosed more information about the preliminary results.

- On August 13, 2004, as permitted under French law and with the approval of the ADMF, the offer was voluntarily reopened by Sanofi on the same terms as when it was closed on July 30, 2004. The voluntarily reopened offer closed on September 6, 2004.

  On September 16, 2004, the ADMF announced the results of the Sanofi's offer for Aventis after the subsequent voluntary offering period. Settlement of the subsequent voluntary offer occurred on September 24, 2004. As of September 24, 2004, on the settlement of the purchase and exchange of the Aventis ordinary shares tendered into the voluntary offering period ended September 6, 2004, Sanofi had acquired an aggregate of 791,317,811 Aventis ordinary shares representing 98.03% of the share capital and 98.09% of the voting rights of Aventis, based on 807,204,134 shares and 806,750,129 voting rights outstanding as of August 31, 2004. After giving effect to the offers, on a fully-diluted basis, Sanofi held 92.44% of the share capital and 92.49% of the voting rights of Aventis.

- On October 14, 2004, each of the Sanofi Board of Directors and the Aventis Supervisory Board met and voted to approve the agreement and plan of merger of Aventis with and into Sanofi. On December 13 and 23, 2004, the respective extraordinary shareholder meetings of Aventis and Sanofi adopted the agreement and plan of merger, and on December 31, 2004, Aventis merged with and into Sanofi, with Sanofi as the continuing company with the name "Sanofi-Aventis".

e) No person is acting in concert with the Acquirer for the purpose of this Offer by Sanofi to the public shareholders of APLI made through the PA on August 11, 2004, except Hoechst GmbH ("HG"/"PAC") (formerly Hoechst AG) referred as "PAC") who is a person deemed to be acting in concert with the Acquirer by virtue of it being a subsidiary of Sanofi due to consummation of the transaction disclosed in 2.1. (a) above.

f) Neither the Acquirer nor any of its directors hold any shares in APLI as of the date of the Public Announcement and this Letter of Offer. However, following consummation of transactions disclosed in 2.1.(a) above, the Acquirer through Aventis's 98.1% subsidiary Hoechst AG held 50.1% of the equity shares in APLI through its wholly owned subsidiary APHG as on the date of PA.

Subsequent to the date of PA, due to recent developments described in para 2.1.(b.1) to (b.4), Acquirer indirectly holds 50.1% in APLI through its wholly owned subsidiary HG.

Due to merger of APHG into HG (formerly Hoechst AG), HG holds 50.1% in APLI directly. Other than this there is no change in the shareholding of HG in APLI since the date of PA.

g) The Acquirer or PAC or the Target Company has not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act as on the date of PA and as on this Letter of Offer.

2.2 **The Details of the Offer**

a) The Public Announcements dated August 10, 2004 and June 20, 2006 were made in the following newspapers, (on August 11, 2004 and June 21, 2006 respectively) in accordance with Regulation 15 of the SEBI (SAST) Regulations:

Publication of PA	**Publication of RPA**	**Editions**
Financial Express	Financial Express	All Editions
Jansatta	Jansatta	All Editions
Tarun Bharat [2]	Navshakti	Mumbai

(These Public Announcements are available at the SEBI website: www.sebi.gov.in)

[2] As this publication is not in existence now, the RPA has been made in Navshakti

b) The Acquirer is making an offer to the public shareholders of APLI to acquire upto 4,606,125 fully paid-up Equity Shares ("Share(s)") of Rs. 10/- each, representing in aggregate 20% of the fully paid-up Equity voting capital of APLI at a price of Rs. 792.20 (Rupees seven hundred and ninety two and paise twenty only) per share ("Offer Price"), payable in cash and subject to the terms and conditions mentioned hereinafter ("Offer").

c) The Acquirer will acquire all the shares tendered and accepted under the Offer, subject to certain conditions and other terms and conditions set out in the PA and this Letter of Offer.

d) The Offer is not conditional on any minimum level of acceptance by the shareholders.

2.3 Object of the Offer and Acquirer' Future Plans for APLI

a) The offer to the shareholders of APLI is being made following the offer to the shareholders of Aventis referred in para 2.1 above, pursuant to which the Acquirer has acquired indirect control of the Target Company. In accordance with Regulation 10 and 12 of the SEBI (SAST) Regulations, the Acquirer is making this Offer to the shareholders of APLI.

b) The Acquirer has no plan to sell, dispose of or otherwise encumber any assets of APLI in the next two years, except to the extent that may be required (i) for the purposes of restructuring or rationalisation of assets, investments, liabilities or otherwise of APLI or (ii) in the ordinary course of business of APLI. The Acquirer may also be required to assume obligations under existing contracts with third parties entered into by APLI or erstwhile Aventis which may result in the transfer of certain assets/investments. Further the Acquirer undertakes not to sell, dispose of or otherwise encumber any substantial assets of APLI, except with the prior approval of the Shareholders of APLI as may be required under applicable laws. It will be the responsibility of the board of directors of the Company to make appropriate decisions in these matters, in accordance with the requirements of the business of APLI. Such approvals and decisions will be governed by the provisions of the relevant regulations or any other applicable laws or legislation at the relevant time.

APLI, in the normal course of its business, entered into a joint venture agreement in April 1998 with Chiron Corporation, USA for the manufacture of the anti-rabies vaccine Rabipur and for the grant of distribution rights in India to APLI for certain of Chiron Corporation's vaccines. Chiron Corporation and APLI hold 51% and 49% respectively of the shareholding of the joint venture company incorporated in India pursuant to such joint venture agreement, viz. Chiron Behring Vaccines Private Limited ("CBVPL") as on the date of the PA. The JVC manufactures Rabipur at its plant in Ankleshwar, Gujarat. Under a distribution agreement signed in May 1998 with the CBVPL, APLI has exclusive distribution rights up to April 2008 to market Rabipur in India. Further, under the joint venture agreement, APLI has exclusive distribution rights up to 2008 to market Vaxem-Hib, the Chiron Corporation vaccine for hepatitis-B, in India.

The joint venture agreement and, by indirect consequence, the distribution agreement, include change of control provisions. As required by the agreement with Chiron Corporation, APLI gave notice to Chiron of the change of control over APLI consequent to the transaction described in 2.1(a) above. Under the Change of Control clause of the agreement, Chiron had the option to purchase APLI's shareholding in CBVPL at a fair market value. The distribution agreement can be terminated if APLI ceases to hold 26% of the share capital of CBVPL.

Chiron did not exercise the said option to purchase APLI's shareholding in CBVPL during the specified period (i.e before February 28, 2005). The shareholding pattern of CBVPL continues to remain at the initial levels mentioned above.

c) The proposed Offer does not lead to the public holding in APLI reducing to 10% or below. Hence Regulation 21(3) of SEBI (SAST) Regulations is not applicable.

d) The Acquirer and the Target Company are in similar line of Business/Operations of pharmaceuticals. The Acquirer also has a wholly owned subsidiary in India,viz., Sanofi-Synthelabo (India) Limited, engaged in similar line of business. Subsequent to the PA, no major strategic agreements have been entered into between Sanofi-Synthelabo (India) Limited and the Target Company except for agreements aimed at achieving operational efficiencies and economies of scale in the areas of co-promotion of products, leasing of premises & land, providing sales force,management & support services, outsourced manufacturing and consignment agency services. As on the date of this Letter of Offer, Sanofi does not have any plans to merge these two entities.

Sanofi acquired indirect control of Sanofi Pasteur India Private Limited (an unlisted company based in India) as a result of the transaction described in Para 2.1(a) above. As on the date of the PA and as on the date of this Letter of Offer, no agreements have been entered into between Sanofi Pasteur India Private Limited and the Target Company. As on the date of this Letter of Offer, Sanofi does not have any plans to merge these two entities. Both Sanofi and Sanofi Pasteur India Private Limited have no future plans with respect to the Target Company.

3 BACKGROUND OF THE ACQUIRER

Sanofi-Aventis ("Sanofi" / "Acquirer")

a) Sanofi is a French société anonyme, a form of limited liability stock company, formed in 1994 pursuant to the French Commercial Code for a term of 99 years. The legal and commercial name of Sanofi is Sanofi-Aventis with its registered office at 174 avenue de France, 75013 Paris, France.

b) Brief history of Sanofi is as follows

Sanofi is the result of the 1999 merger of Sanofi and Synthelabo, two major French pharmaceutical companies. Since the merger, it has combined the resources of the two companies to expand its global presence, particularly in the United States, and to increase its focus on research and development for products with strong future potential.

Sanofi was founded in 1973 by Elf Aquitaine, a French oil company, when it took control of the Labaz Group (a pharmaceutical company) for diversification purposes. Sanofi launched its first major product on the market, Ticlid®, in 1978. At the time of the merger in 1999, Sanofi was the second largest pharmaceutical company in France in terms of sales. A majority of its share capital was owned by Elf Aquitaine, which was subsequently acquired by Total. Sanofi made a significant venture into the United States market in 1994, when it acquired the prescription pharmaceuticals business of Sterling Winthorp, an affiliate of Eastman Kodak. Sanofi launched its first major product on the U.S. market, Aprovel®, in 1997, followed by Plavix® in 1998.

Synthelabo was founded in 1970 through the merger of two French pharmaceutical laboratories, Laboratoires Dausse (founded in 1834) and Laboratoires Robert & Carrière (founded in 1899). In 1973, L'Oréal acquired the majority of its share capital and in 1988, Synthelabo launched two major products on the French market: Stilnox® and Xatral®. At the time of the merger, Synthelabo was the third largest pharmaceutical company in France in terms of sales. A majority of its share capital was still owned by the French cosmetics group L'Oréal. In 1993, Synthelabo launched Stilnox® in the United States under the brand name Ambien®. By 1994, Stilnox® had become the leading insomnia prescription medication worldwide according to data from IMS Health.

Sanofi and Synthelabo agreed to merge at the end of 1998, and the merger became effective in the second quarter of 1999.

Further to the transaction referred to in paragraphs 2.1. (a) to (d), Aventis was merged into Sanofi with effect from December 31, 2004.

c) On the basis of 2005 net sales, Sanofi is the third largest pharmaceutical group in the world and the largest pharmaceutical group in Europe (IMS/GERS year end 2005; all available channels). The two main activities of the business are : pharmaceuticals (principally prescription drugs) and human vaccines. Pharmaceuticals activity include six therapeutic areas Cardiovascular, Thrombosis, Metabolic Disorders, Oncology, Central Nervous System (CNS) and Internal Medicine. Human vaccines activity include Pediatric combination vaccines, Influenza vaccines, Adult and adolescent booster vaccines, Meningitis vaccines, and Travel/ Endemic vaccines.

d) Brief description of the business of Sanofi in India :

<u>Company promoted by Sanofi</u>

- Name: Sanofi-Synthelabo (India) Limited
- Promoter : Sanofi was one of the initial promoters of this company.
- Constitution and date of incorporation : Public limited company, 20th June 1996
- Ownership : wholly owned subsidiary of Sanofi

- Business description: manufacturing, marketing and distribution of pharmaceutical products in India, and import of raw material and finished goods in India

Key financial data for the period ended / as on (in Rs. Lacs)	**Dec 2001 (12 months)**	**Dec 2002 (12 months)**	**Mar 2004 (15 months)**	**Mar 2005 (12 months)**
Net Sales	5,258	5,583	7,258	5,745
Net Profit	218	(1,098)	(169)	466
EPS (Rs.)	7.26	(3.92)	(0.60)	1.67
Equity Capital	300	2,800	2,800	2,800
Reserves/ (Loss not written off)	-	(734)	(903)	(436)
Networth	882	2,066	1,897	2,364

- This company is not a sick industrial company
- This company and none of its directors hold any shares in the Target Company

Other Sanofi entities

Sanofi also conducts a human vaccines business in India through its wholly owned subsidiary, Sanofi Pasteur India Private Limited. Sanofi holds its interest in this company through Sanofi's wholly owned sub-holding company Sanofi Pasteur Holding SA which in turn wholly owns Sanofi Pasteur SA, the direct parent of Sanofi Pasteur India Private Limited. This Indian company became the subsidiary of Sanofi due to the consummation of the transactions described in para 2.1(a) above.

e) Acquisitions/Merger/de-merger, spin off during January 2001 to March 2006 involving the Acquirer is as follows : The word 'Group' used in this para (e) refers to the companies forming part of the consolidated audited accounts of Sanofi.

Acquisitions:

- In 2001, the Sanofi Group acquired minority interests held by third parties in four companies in Sweden, Turkey, Chile and Algeria, as well as a majority interest in a company in Colombia.
- Acquisition on April 16, 2002 of the 51% interest held by Pharmacia-Searle in the Lorex Pharmaceuticals joint venture. With effect from this date, Sanofi has owned 100% of the Lorex share capital and has been entitled to 100% of this entity's profits.
- Acquisition on January 1, 2002 of 100% of Institut Médical Algérien.
- The Sanofi Group also acquired the minority interests held by third parties in its Indian and Greek subsidiaries in 2002
- In 2003, the Sanofi Group acquired minority interest from third parties in companies in Colombia, Peru, and 20% of a joint venture in China.
- HG becomes wholly owned subsidiary as as detailed in para 2.1. (b.2)
- In 2004, Sanofi acquired Aventis by way of the offer made to Aventis shareholders as described in para 2.1(a) and 2.1 (d) and Aventis merged into Sanofi with effect from December 31, 2004.
- During the first half of 2004, the Group acquired the interests held by Organon in the joint ventures in Mexico, Canada and the United States of America, and in Fonda BV. As a result, the Group's percentage interest in these companies rose from 50% to 100%
- On August 11, 2004, in accordance with the SEBI (SAST) Regulations, Sanofi announced an open offer to acquire up to 20% equity shares of APLI, for a cash offer price of Rupee 792.20 per fully paid up equity share and aggregate consideration of Rupee 3,649 million.
- Sanofi announced on March 27, 2006 that it had become the largest shareholder of Zentiva N.V. with a total shareholding of 24.9%, acquiring for total consideration of €430 million all 7,487,742 Zentiva shares held by Warburg Pincus together with 1,998,921 shares held by certain current and former

managers and employees of Zentiva. Zentiva is an international pharmaceutical company focused on developing, manufacturing and marketing affordable branded medicines for Eastern European markets

Divestitures:

- On February 8, 2001, the Sanofi Group obtained the approval from the European anti-trust authorities to sell its Sylachim fine chemicals subsidiary to Dynamit Nobel, a subsidiary of the German Group MG Technologies. Total proceeds on the sale, excluding repayment of intercompany loans, were 99 million euro.
- On February 9, 2001, the Sanofi Group signed an agreement to sell the urological bio-medical devices company Porge's and its subsidiaries to Mentor Corporation. Total proceeds on the sale, excluding repayment of intercompany loans, were 35 million euro.
- On March 15, 2001, the Sanofi Group signed an agreement to sell the cardiological medical devices company Ela Medical and its subsidiaries to the Snia Group. Total proceeds on the sale, excluding repayment of intercompany loans, were 138 million euro.
- There were no significant divestitures in the year 2002 and 2003.
- Sanofi announced on April 13, 2004 that it had signed an agreement with GlaxoSmithKline Group (GSK) regarding the divestiture by Sanofi, on a worldwide basis, of Arixtra® , Fraxiparine® and related assets including the manufacturing facility located in NotreDame de Bondeville, France. As part of this transaction, GSK will assume responsibility for ongoing Arixtra® clinical trials. The closing of this divestiture which was conditional on Sanofi successfully completing its offer for Aventis as well as on obtaining the requisite clearances from EU and US competition authorities occurred on September 1, 2004. The consideration for this transaction was € 453 mm and was satisfied by GSK in cash upon completion
- Sanofi announced on June 25, 2004 that Sanofi and Pfizer Inc concluded an agreement for the divestiture of Campto® (irinotecan) in response to requests made by the competition authorities, conditional upon completion of Sanofi's offer for Aventis. The consideration for the whole transaction is of US$620mm and includes some milestone payments for the registration of future indications.
- Divestiture on March 31, 2005 of PharmaServ Marburg, a German subsidiary 67% owned by Sanofi as of December 31, 2004. Divestiture on March 31, 2005 of Dogu Ilac Veteriner Urunleri As, a Turkish subsidiary 100% owned by Sanofi. Divestiture on August 5, 2005 by Sanofi's subsidiary Hoechst AG of its remaining 44.3% interest in Wacker-Chemie GmbH to a company associated with the Wacker family. Divestiture on September 1, 2005 of a line of oral hygiene products including Fluocaril® and Parogencyl® to Procter & Gamble.
- On January 13, 2006, Sanofi announced an agreement to transfer its rights to Exubera® (an inhaled human insulin) to Pfizer, under the change of control clause included in the terms of the 1998 alliance between Aventis and Pfizer. Under the terms of the agreement, on February 28, 2006, Sanofi sold its share in the worldwide rights for the development, manufacture and marketing of Exubera®, and the interest in the Diabel joint venture to Pfizer for $1.3 billion .

f) Sanofi does not belong to any group. The key shareholders of Sanofi and their shareholding and voting rights on a non-diluted basis as on December 31, 2003 are given below :

Particulars	**No. of shares**		**Voting Rights**	
	No. of shares	**%**	**Voting Rights**	**%**
Total SA	178,476,513	24.4%	356,953,026	35.0%
L'Oréal SA	143,041,202	19.5%	286,082,404	28.1%
Free Float	353,220 ,649	48.2%	360,668,420	35.4%
Employees	8,119,446	1.1%	14,920,482	1.5%
Treasury Stocks	49,990,262	6.8%	0	0%
Total	732,848,072	100.0%	1,018,624,332	100.0%

Total and L'Oréal had agreed to act in concert with respect to their shareholdings in Sanofi and to certain restrictions on the transfer of their Sanofi ordinary shares. On November 24, 2003, Total and L'Oréal amended the shareholders' agreement so that it terminates on December 2, 2004 according to its terms, the parties having indicated that they do not intend to act in concert with respect to their shareholdings in Sanofi as from that date.

The proforma shareholding pattern on a non-diluted basis of Sanofi subsequent to the offer mentioned in para 2.1 (a) above, published on August 09, 2004 is as follows:

Particulars	**Shares**		**Voting rights**	
	No. of shares	**%**	**Voting rights**	**%**
Total SA	178,476,513	13.0%	356,953,026	21.8%
L'Oréal SA	143,041,202	10.4%	286,082,404	17.4%
Free Float	951,760,501	69.2%	959,208,272	58.5%
Employees	31,534,210	2.3%	38,335,246	2.3%
Treasury Stocks	69,636,290	5.1%	0	0.0%
Total	1,374,448,716	100.0%	1,640,578,948	100.0%

The above calculation assumes i) all shares tendered have been contributed to the main offer ii) all shares owned by the Aventis employees have been tendered and iii) no adjustment for the fractional shares

The above shareholding calculation is based on the results of the offer closed on July 30, 2004. Subsequently the offer reopened (voluntarily) for the shares not yet tendered. This offer reopened on August 13, 2004 and closed on September 06, 2004. The share ownership of Sanofi as of September 16, 2004 was as follows (these figures take into account the results of the subsequent voluntary offering period announced by the ADMF on September 16, 2004, the settlement of which occurred on September 24, 2004):

Particulars	**Shares**		**Voting rights**	
	No. of shares	**%**	**Voting rights**	**%**
Total SA*	178,476,513	12.81%	356,953,026	21.25%
L'Oréal *	143,041,202	10.27%	286,082,404	17.03%
Free Float	975,248,792	70.06%	1011,115,919	60.20%
Employees*[3]	18,708,500	1.34%	25,509,536	1.52%
Treasury Stocks*[4]	76,806,425	5.52%	0	0.0%
Total	1,392,281,432	100.0%	1,679,660,885	100.0%

The shareholding pattern on a non-diluted basis of Sanofi on February 28, 2006, subsequent to the offer to and merger with Aventis mentioned in para 2.1 (a), (c), and (d) above is as follows:

Particulars	**Shares**		**Voting rights**	
	No. of shares	**%**	**Voting rights**	**%**
Total SA	178,476,513	13.18	319,968,848	19.48
L'Oréal	143,041,202	10.56	286,082,404	17.42
Free Float	1,006,210,103	74.29	1,012,189,955	61.62
Employees	16,853,804	1.24	24,276,553	1.48
Treasury Stock	9,851,830	0.73	-	-
Total	**1,354,433,452**	**100.00**	**1,642,517,760**	**100.00**

*As of August 31, 2004

*As of August 31, 2004

[3]Shares held through Sanofi and Aventis share savings plan mutual fund

[4]Including 27,347,271 shares held by Aventis

Note : The difference in share capital since December 31, 2003 reflects principally the Sanofi ordinary shares issued in the merger with Aventis on December 31, 2004 as well as in settlement of the initial and reopened offers. Sanofi issued 650,735,250 ordinary shares (excluding the 27,347,271 ordinary shares issued in respect of the Aventis treasury stock tendered into the offers). Additionally, on February 23, 2006, the Board of Directors of Sanofi resolved to cancel substantially all treasury stock, bringing Sanofi's issued capital to 1,354,433,452 shares as at that date.

g) The provisions of Chapter II of SEBI (SAST) Regulations are not applicable to Sanofi.

h) The Board of Directors of Sanofi as on May 31, 2006 was as follows :

Directors, Address and Date of Appointment	**Designation, Qualifications & Employment History**
Jean-François Dehecq Sanofi-Aventis, 174 Avenue de France, 75013 Paris, France (May 1999)	Chairman and Chief Executive Officer. Jean-François Dehecq was first elected a Director of Sanofi on May 18, 1999, and his term expires in 2008. Mr. Dehecq has a degree from the *Ecole Nationale des Arts et Métiers.* He began his career as a mathematics professor and then served in the Army as a research scientist at the Nuclear Propulsion Department. From 1965 until 1973, he served in a variety of positions at the Société Nationale des Pétroles d'Aquitaine (SNPA) before joining Sanofi as Managing Director *(Directeur Général)* in 1973. From 1982 to 1988, Mr. Dehecq served as Vice President and Managing Director *(Vice Président Directeur Général)* of Sanofi, before being appointed Chairman and Chief Executive Officer *(Président Directeur Général)* of Sanofi in 1988. Following the mergerin 1999, he was appointed to his present position. Other Directorships and appointments : • Director of Air France, Finance et Management, Société Financière des Laboratoires de Cosmétologie Yves Rocher and Agence Nationale de la Recherche • Member of Supervisory Board of Agence de l'Innovation Industrielle • Chairman of Association Nationale de la Recherche Technique • Member of Fondation Française pour la Recherche sur lEpilepsie • Vice Chairman of EFPIA (European Federation of Pharmaceutical Industries and Associations) • Member of IFPMA (International Federation of Pharmaceutical Manufacturers Associations)
René Barbier de la Serre 26 rue Barbet de Jouy, 75007 Paris, France (May 1999)	Director. René Barbier de la Serre was first elected as a Director of Sanofi on May 18, 1999, and his term expires in 2008. Mr. Barbier de la Serre has degrees from the *Ecole Polytechnique*, the Institut of Political Studies Paris, and *Ecole des Manufactures de l'Etat.* Other Directorships and appointments • Chairman of the Supervisory Board of Edmond de Rothschild Private Equity Partners • Director of PPR and Schneider Electric • Member of the Supervisory Boards of la Compagnie Financière Saint-Honoré, la Compagnie Financière Edmond de Rothschild Banque and Euronext N.V. (Netherlands) • Delegated Director of Harwanne Compagnie de Participations Industrielles et Financières (Switzerland)

	• Censor of Fimalac and Nord Est • Chairman of Audit Committees of la Compagnie Financière Edmond de Rothschild Banque and PPR • Member of Compensation Committee of PPR • Chairman of Compensation, Appointments and Governance Committee of Schneider Electric
Robert Castaigne Total, 2 place de la Coupole, La Défense 6, 92400 Courbevoie, France (Feb 2000)	Director. Robert Castaigne was first elected as a Director of Sanofi on February 21, 2000, and his term expires in 2008. Mr. Robert Castaigne has degrees from the *Ecole centrale de Lille*, the *Ecole Nationale supérieure des Pétroles et Moteurs,* and has *a Doctorate in Economy.* Other Directorships and appointments : • Chief Financial Officer of Total • Chairman and Chief Executive Officer of Total Chimie and Total Nucléaire • Director of Elf Aquitaine, Hutchinson, Total Gestion Filiales, Omnium Insurance & Reinsurance Company Ltd (Bermuda), Alphega (Bermuda), Petrofina (Belgium), Total Upstream UK Ltd and Total Gabon.
Thierry Desmarest Total, 2 place de la Coupole, La Défense 6, 92400 Courbevoie, France (Feb 2000)	Director. Thierry Desmarest was first elected a Director of Sanofi on February 21, 2000, and his term expires in 2008. Mr. Desmarest holds degrees from the *Ecole Polytechnique* as well as from the *Ecole Nationale Supérieur des Mines.* Other Directorships and appointments : • Chairman and Chief Executive Officer of Total and Elf Aquitaine • Member of the Supervisory Boards of Areva and L'Air Liquide
Lord Douro Framlingdon Group, 155 Bishopsgate, London EC2M 3FT (May 2002)	Director. Lord Douro was first elected a Director of Sanofi on May 22, 2002, and his term expires in 2007. Lord Douro holds an MA degree from Oxford University. Other Directorships and appointments : • Chairman of Richemont Holdings UK Ltd • Director of La Compagnie Financière Richemont AG (Switzerland), Pernod Ricard, GAM Worldwide (United Kingdom) and English Heritage (United Kingdom) • Member of the Compensation Committee and the Appointments Committee of Pernod Ricard • Member of Appointments Committee of La Compagnie Financière Richemont AG (Switzerland)
Lindsay Owen-Jones L'Oréal, 14 rue Royale, 75008 Paris, France (May 1999)	Director. Lindsay Owen-Jones was first elected a Director of Sanofi on May 18, 1999, and his term expires in 2008. Mr. Owen-Jones is Licencé es Lettre, Bachelor of Arts and holds a degree from the European Institute of Business Administration. Other Directorships and appointments : • Chairman and Chief Executive Officer of L'Oréal • Chairman of Strategy Committee of L'Oréal

	• Director of Galderma Pharma S.A (Switzerland), Ferrari S.p.A (Italy) • Chairman of L'Oreal USA Inc. and L'Oreal UK Ltd • Vice-Chairman of the Supervisory Board of L'Air Liquide
Gérard Van Kemmel Novell House, Arlington Square, Downshire Way, Bracknell, Berkshire, RG12 1WA, UK (May 2003)	Director. Gérard Van Kemmel was first elected Director in May 2003 and his term expires in 2007. Mr. Van Kemmel holds a degree from HEC and an MBA from the Stanford Business school. Other Directorships and appointments : Chairman Europe of Novell
Bruno Weymuller Total, 2 place de la Coupole, La Défense 6, 92400 Courbevoie, France (May 1999)	Director. Bruno Weymuller was first elected a Director of Sanofi on May 18, 1999, and his term expires in 2008. Mr. Weymuller holds degrees from the *Ecole Polytechnique* as well as from the *Ecole Nationale Supérieur des Mines* and holds a Master of Science. Other Directorships and appointments :. • Executive Vice President, Strategy and Risk Assessment of Total • Director of Elf Aquitaine and Technip • Elf Aquitaine's permanent representative on the Board of Directors of Eurotradia International
Christian Mulliez L'Oréal, 14 rue Royale, 75008 Paris, France (Jun 2004)	Director. Christian Mulliez was first elected a Director of Sanofi on June 23, 2004, and his term expires in 2008. Mr. Mulliez holds a degree from the *ESSEC* as well as a DESS of tax and management *(gestion financière et fiscalité).* Other Directorships and appointments : • Vice President, General Manager Administration and Finance of L'Oréal • Chairman of the Board of Directors of Regefi • Director of DG 17 Invest and L'Oreal USA Inc.
Jean-Marc Bruel Sanofi-Aventis, 174 Avenue de France, 75013 Paris, France (Aug 2004)	Director. Jean-Marc Bruel was a Member of the Supervisory Board and of the Nomination and Compensation Committee of Aventis. Mr. Bruel was first appointed on the Aventis Supervisory Board on December 15, 1999 and his term on the Sanofi Board will expire in 2008. Mr. Bruel has a degree from the *Ecole centrale des arts et manufactures.* Other Directorships and appointments : • Chairman of Firmenich • Director of L'Institut Curie
Jürgen Dormann ABB Ltd., Affolternstrasse 54, P.O. Box 8131, CH-8050 Zurich, Switzerland (Aug 2004)	Director. Jürgen Dormann was the Chairman of the Supervisory Board and of the Strategy Committee of Aventis. Mr. Dormann was first appointed on the Aventis Supervisory Board on May 14, 2002 and his term on the Sanofi Board will expire in 2008. Mr. Dormann holds a degree in Economy. Other Directorships and appointments : • Chairman of ABB Ltd (Switzerland) • Vice-Chairman of the Board of Directors of Adecco (Switzerland) • Director of BG Group (United Kingdom) and IBM (United States)

Jean-René Fourtou Vivendi Universal, 42 Avenue de Friedland, 75380 Paris Cedex 08, France. (Aug 2004)	Director. Jean-René Fourtou was the Vice-Chairman of the Supervisory Board of Aventis. Mr. Fourtou was first appointed on the Aventis Supervisory Board on May 14, 2002 and his term on the Sanofi Board will expire in 2008. Mr. Fourtou holds a degree from the *Ecole Polytechnique.* Other Directorships and appointments : • Chairman and Chief Executive Officer of Vivendi Universal • Chairman of the Supervisory Board of Groupe Canal + • Honorary Chairman of the International Chamber of Commerce • Vice-Chairman of the Supervisory Board of Axa • Member of the Board of Directors of Axa Millésimes SAS • Member of the Supervisory Board of Maroc Telecom • Director of Cap Gemini SA and NBC Universal Inc. (United States)
Serge Kampf Cap Gemini, 11 rue de Tilsitt, 75017 Paris, France. (Aug 2004)	Director. Serge Kampf was a Member of the Supervisory Board of Aventis and the Chairman of the Aventis Nomination and Compensation Committee. Mr. Kampf was first appointed on the Aventis Supervisory Board on December 15, 1999 and his term on the Sanofi Board will expire in 2008. Mr. Kampf has a degree in economics (Paris). Other Directorships and appointments : • Chairman of the Board of Directors of Cap Gemini SA • Chairman of Capgemini Service, Capgemini Suisse and Sogeti • Director of Capgemini North America Inc.
Igor Landau Sanofi-Aventis, 174 Avenue de France, 75013 Paris, France (Aug 2004)	Director. Igor Landau was the Chairman of the Aventis Management Board and was initially appointed on May 14, 2002. His term on the Sanofi Board will expire in 2008. Mr. Landau holds degrees from HEC and l'INSEAD. Other Directorships and appointments : • Director of Essilor, HSBC France and INSEAD • Member of the Supervisory Boards of Dresdner Bank, Allianz AG and Adidas-Salomon
Hubert Markl Fachbereich Biologie, Universität Konstanz, Postfach M 612, D-78457, Germany. (Aug 2004)	Director. Hubert Markl was a Member of the Aventis Supervisory Board. Mr. Markl was first appointed on the Aventis Supervisory Board on December 15, 1999 and his term on the Sanofi Board will expire in 2008. Mr. Markl holds degrees in Biology, Chemistry and Geography from Munich University. Mr. Markl is a Professor of Biology. Other Directorships and appointments : • Member of the Supervisory Boards of BMW AG (Germany) & Münchener Rückversicherungs-Gesellschaft AG

Klaus Pohle Deutsches Rechnungslegungs Standards Committee e.v., Zimmerstrasse 30, D-10969 Berlin, Germany. (Aug 2004)	Director. Klaus Pohle was appointed on the Sanofi Board of Directors on June 23, 2004 and his term will expire in 2008. Mr. Pohle holds degrees in Law and Economy and Management from Tübingen, Munich and Francfort Universities and an LLM from Harvard (USA). Other Directorships and appointments : • Vice-Chairman of the Supervisory Board and Chairman of the Audit Committee of Hypo Real Estate Holding AG, Munich (Germany) • Director of Coty Inc., New York • Chairman of the Audit Committee of Coty Inc., New York • Member of the Supervisory Board and Chairman of the Audit Committee of DWS Investment GmbH, Frankfurt (Germany)
Hermann Scholl Robert Bosch GmbH, Postfach 10 60 50, D-70049 Stuttgart, Germany. (Aug 2004)	Director. Hermann Scholl was appointed on the Sanofi Board of Directors on June 23, 2004 and his term will expire in 2008. Dr. Scholl holds a degree in electronics and communications engineering as well as doctorate in engineering from the University of Stuttgart. Other Directorships and appointments : • Chairman of the Supervisory Board of Robert Bosch GmbH (Germany) • Managing Partner of Robert Bosch Industrietreuhand KG (Germany) • Member of the Supervisory Board of BASF AG (Germany)
Gérard Le Fur Sanofi-Aventis, 174 Avenue de France, 75013 Paris, France (May 2006)	Gérard Le Fur is Senior Executive Vice President of Sanofi-Aventis, Executive Vice President for Scientific and Medical Affairs. Mr. Le Fur has degrees in both pharmacy and science. In August 2004, he was appointed Executive Vice President, Scientific and Medical Affairs. Other Directorships and appointments : • Member of the French Academy of Sciences.

i) None of the Directors of Sanofi has acquired any shares of APLI during the preceding 12 months as on the date of the PA.

j) None of the Directors of Sanofi was on the board of APLI as on the date of the PA

k) Sanofi ordinary shares are currently listed and admitted to trade on Euronext Paris (Paris: SAN). Sanofi ADSs are currently listed and admitted to trade on the NYSE (NYSE: SNY). The closing price of the shares of Sanofi on Euronext Paris as on August 09, 2004 and June 20, 2006 was € 54.45 (Rs. 3,154) and € 72.70 (Rs. 4,210) respectively.

l) Based on the closing price of the shares of Sanofi on Euronext Paris as on August 09, 2004, and the EPS (reported) for the year ended December 31, 2003, the P/E ratio was 18.46 times. Based on the closing price of the shares of Sanofi on Euronext Paris as on June 20, 2006 and the EPS (reported)for the year ended December 31, 2005, the P/E ratio is 43.02 times.

m) Brief audited financials of Sanofi on consolidated basis for 2001, 2002 and 2003 prepared in accordance with French GAAP :

Profit & Loss Statement for the year ended December 31,	**2001**	**2002**	**2003**	**2001**	**2002**	**2003**
	€ in mm			Rs. in mm (Rupee Translation of €)		
Net Sales	6,488	7,448	8,048	375,785	431,388	466,140
Total Expenses [5]	(4,188)	(4,617)	(4,748)	(242,569)	(267,417)	(275,004)
PBDITA	**2,300**	**2,831**	**3,300**	**133,216**	**163,972**	**191,136**
Depreciation	(194)	(217)	(225)	(11,236)	(12,569)	(13,032)
Amortization and Impairment	(68)	(129)	(129)	(3,939)	(7,472)	(7,472)
Interest	102	85	155	5,908	4,923	8,978
PBT and Exceptional Items	**2,140**	**2,570**	**3,101**	**123,949**	**148,854**	**179,610**
Exceptional Items	281	10	24	16,276	579	1,390
Tax	(842)	(746)	(1,058)	(48,769)	(43,208)	(61,279)
Net Income Before income from equity investees, goodwill amortization and minority interest	**1,579**	**1,834**	**2,067**	**91,456**	**106,225**	**119,721**
Income from equity investees	14	20	20	811	1,158	1,158
Goodwill amortization	(7)	(8)	(8)	(405)	(463)	(463)
Net Income before Minority Interest	**1,586**	**1,846**	**2,079**	**91,861**	**106,920**	**120,416**
Minority Interest	(1)	(87)	(3)	(58)	(5,039)	(174)
Net Income	**1,585**	**1,759**	**2,076**	**91,803**	**101,881**	**120,242**

Balance Sheet as on December 31,	**2001**	**2002**	**2003**	**2001**	**2002**	**2003**
Sources of Funds	**€ in mm**			**Rs. in mm (Rupee Translation of €)**		
Share Capital	1,464	1,465	1,466	84,795	84,853	84,911
Reserves & Surplus [6]	4,304	4,570	4,857	249,288	264,694	281,317
Net Worth	**5,768**	**6,035**	**6,323**	**334,083**	**349,547**	**366,228**
Minority interests	21	17	18	1,216	985	1,043
Long-term Debt	119	65	53	6,892	3,765	3,070
Provisions and other long-term liabilities	1,053	786	754	60,990	45,525	43,672
Deferred tax liability	10	10	9	579	579	521
Total Long Term Liabilities	**1,203**	**878**	**834**	**69,678**	**50,854**	**48,305**
Total	**6,971**	**6,913**	**7,157**	**403,760**	**400,401**	**414,533**
Application of Funds						
Net Fixed Assets	2,296	2,899	2,712	132,984	167,910	157,079
Deferred Tax Assets	471	484	472	27,280	28,033	27,338
Net Current Assets	4,204	3,530	3,973	243,496	204,458	230,116
Total	**6,971**	**6,913**	**7,157**	**403,760**	**400,401**	**414,533**

Other Financial Data						
Dividend (% of share nominal)	33%	42%	51%	33%	42%	51%
Earning per Share (€ / Rs.)	2.17	2.42	2.95	126	140	171
Return on Net Worth	27%	30%	33%	27%	30%	33%
Book Value per Share (€ /Rs.)	7.88	8.24	8.63	456	477	500

[5] Excluding interest and tax
[6] Includes cumulative translation adjustment

mm) Brief audited financials of Sanofi on consolidated basis for 2004 and 2005 :

The financial statements presented for the years 2001 to 2003 have been prepared in accordance with French Generally Accepted Accounting Principles (French GAAP). However, the financial statements for the years 2004 and 2005 have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union as of December 31, 2005 and with IFRS issued by the International Accounting Standards Board (IASB) as of the same date. IFRS differ in certain significant respects from French GAAP.

The results of operations and financial condition as of and for the year ended December 31, 2004 have been significantly affected by the August 2004 acquisition of Aventis and certain subsequent transactions (including the merger of Aventis with and into Sanofi in December 2004).This resulted in a significant increase in revenues, assets & liabilities as well as significant changes in other financial statement items in 2004 as compared to 2003.

Due to the above two reasons, the financial statements of 2004 are not comparable to those of 2003.

Profit & Loss Statement for the year ended December 31,	**2004**	**2005**	**2004**	**2005**
	€ in mm		**Rs. in mm**	
Net Sales and other revenues	15,733	28,513	911,255	1,651,473
Cost of sales	(4,439)	(7,566)	(257,107)	(438,223)
Gross Profit	**11,294**	**20,947**	**654,148**	**1,213,250**
Other operating expenses (net)	(6,608)	(12,078)	(382,735)	(699,558)
Amortization and impairment	(1,581)	(5,009)	(91,572)	(290,121)
Restructuring costs	(679)	(972)	(39,328)	(56,298)
Financial Expenses (net)	(115)	(245)	(6,661)	(14,190)
Income before tax and associates	**2,311**	**2,643**	**133,853**	**153,083**
Tax	(479)	(477)	(27,744)	(27,628)
Net income before share from associates	**1,832**	**2,166**	**106,109**	**125,455**
Share from associates	409	427	23,689	24,732
Net income before minority interest	**2,241**	**2,593**	**129,799**	**150,187**
Attributable to:				
• Minority interests	255	335	14,770	19,403
• Equity holders of the company	**1,986**	**2,258**	**115,029**	**130,783**

Balance Sheet as on December 31,	**2004**	**2005**	**2004**	**2005**
Sources of funds	**€ in mm**		**Rs. in mm**	
Equity share capital	2,823	2,803	163,508	162,350
Reserves & Surplus	38,238	43,834	2,214,745	2,538,865
Net Worth	**41,061**	**46,637**	**2,378,253**	**2,701,215**
Minority Interests	462	189	26,759	10,947
Long term debt	8,654	4,750	501,240	275,120
Short-term debt and current portion of long-term debt	7,388	6,425	427,913	372,136
Provisions and other non-current liabilities	6,929	7,454	401,328	431,736
Deferred tax liability	13,123	12,208	760,084	707,087
Total	**77,617**	**77,663**	4,495,577	4,498,241

Application of funds				
Net Fixed Assets including intangibles	67,459	66,647	3,907,225	3,860,194
Investments in associates	2,931	2,477	169,764	143,468
Financial assets - non-current	970	1,318	56,182	76,339
Deferred Tax Assets	2,084	3,095	120,705	179,262
Net Currect Assets	4,173	4,126	241,700	238,978
Total	**77,617**	**77,663**	**4,495,577**	**4,498,241**
Other Financial Data				
Dividend (%)	60%	76%	60%	76%
Basic Earning per Share (€ / Rs.)	2.18	1.69	126	98
Diluted Earning per Share (€ / Rs.)	2.17	1.68	126	97
Return on Net Worth	5%	6%	5%	6%
Book Value per Share (€ / Rs.)	45.11	34.89	2,613	2,021

n) Major contingent liabilities :

Contractual Obligations and Other Commercial Commitments

Sanofi has various contractual obligations and other commercial commitments arising from its operations.

Its contractual obligations and other commercial commitments at December 31, 2005 are shown in Note D.21 to its 2005 consolidated financial statements; Note D.22(e) to the 2005 consolidated financial statements describes its principal contractual commitments in respect of divestments. These notes are summarized below.

The following table lists the aggregate maturities of Sanofi's contractual obligations given and other commercial commitments as of December 31, 2005.

Contractual obligations and other commercial commitments ***(In millions of euro)***	**Commitments by Period**				
	Total	**Under 1 year**	**1-3 Years**	**3-5 Years**	**Over 5 Years**
Undrawn confirmed credit facilities (*)	(9,780)	(2,680)	-	5,500	1,600
Finance lease obligations (including interest)	45	7	10	9	19
Operating lease obligations	1,032	277	358	144	253
Irrevocable purchase obligations	792	332	119	55	286
Guarantees:					
- given	243	107	58	31	47
- received	(48)	(36)	(7)	-	(5)
Other commercial commitments	562	206	84	70	202
Total debt	11,092	6,428	2,111	1,522	1,031
Total	13,718	7,321	2,733	1,831	1,833

(*) These amounts include commitments received by some operational subsidiaries.

As of December 31, 2005, Sanofi had given a total of €13,718 million in commercial commitments,€7,321 million of which matures within one year, €2,733 million of which has a maturity of between one to three years, €1,831 million of which has a maturity of between three to five years and €1,833 million of which matures in more than five years from such date.

Sanofi may have payments due to its current or former research and development partners under collaborative agreements. These agreements typically cover multiple products, and give Sanofi the option to participate in development on a product-by-product basis. When Sanofi exercises its option with respect to a product, it pays its collaboration partner a fee and receives intellectual property rights to the product in exchange. It also is generally required to fund some or all of the development costs for the products that it selects, and to make payments to partners when those products reach development milestones.

Sanofi has entered into collaboration agreements under which it has rights to acquire products or technology from third parties through the acquisition of shares, loans, license agreements, joint development, co-marketing and other contractual arrangements. In addition to upfront payments on signature of the agreement, its contracts frequently require it to make payments contingent upon the completion of development milestones by its alliance partner or upon the granting of approvals or licenses.

The main collaboration agreements into which Sanofi has entered are as follows:

- An agreement with Regeneron: In January 2005, sanofi-aventis reaffirmed its commitment to develop the Vascular Endothelial Growth Factor (VEGF) Trap program in oncology, in collaboration with Regeneron Pharmaceuticals Inc. The companies will evaluate the VEGF Trap in a variety of cancer types. Sanofi made a clinical development milestone payment of $25 million under this agreement in 2004. If the program results in a commercially marketed product, Regeneron will receive additional payments. At the end of December 2005, the VEGF Trap collaboration with Regeneron was extended to Japan. Sanofi will pay Regeneron $25 million, milestone payments linked to potential marketing approvals in Japan, and royalties on VEGF Trap sales in Japan. Under the terms of the agreement, Sanofi will pay 100% of the development costs of the VEGF Trap; once a VEGF Trap product starts to be marketed, Regeneron will repay 50% of the development costs (originally paid by Sanofi) out of its share of the profits, including royalties paid in Japan.
- Agreement between sanofi pasteur and the U.S. government, signed in April 2005, to speed the production process for new cell-culture pandemic influenza vaccines and design a production facility for cell-culture vaccines. This agreement was for an amount of $97 million.
- Agreement between sanofi pasteur and the U.S. government, signed in September 2005, for the production of a vaccine against the H5N1 strain of avian influenza, under which sanofi pasteur will receive $100 million for vaccines delivered. At the start of 2006, the agreement was extended to include additional production worth $50 million. Sanofi pasteur has initiated similar projects in Europe and the rest of the world.
- License agreement between sanofi pasteur and Becton Dickinson, signed in October 2005, for the development of a vaccine micro-administration technology.
- A collaboration agreement with Cephalon on the development of angiogenesis inhibitors, under which Sanofi's payments for the first product could reach $32 million.
- A strategic collaboration agreement signed in 2001, under which IDM granted to Sanofi 20 development options on current and future research and development programs. For each option that leads to a commercially marketed product, Sanofi may be required to pay IDM a total of between €17 million and €32 million, depending on the potential of the market, plus reimbursement of the development costs. Contractually, Sanofi may suspend the development program for each option exercised at any time and without penalty. As of December 31, 2005, Sanofi had exercised only one option, relating to a program for the treatment of melanoma. Because of the uncertain nature of development work, it is impossible to predict whether it will exercise further options for products or whether the expected milestones will be achieved, or for it to predict the number of compounds that will reach the relevant milestones. For this reason, it is impossible for Sanofi to estimate the maximum aggregate amount that it will actually pay in the future. Sanofi believes it is highly unlikely that it will exercise all options for all products or that all milestones will be achieved.
- A collaboration agreement with Zealand Pharma, signed in June 2003, under which Sanofi obtained rights relating to the development and worldwide marketing of ZP10, an agent used in the treatment of type-2 diabetes. Under the agreement, Sanofi is responsible for the development of this compound and could, if marketing approvals are obtained, be required to pay Zealand Pharma a total of €60 million over the next five years.
- Contingent payments that Sanofi may be required to make during the next five years under other collaboration

agreements with Ajinomoto, Immunogen and Coley amount to approximately €26 million.

Sanofi has commercial commitments relating to the acquisition of commercial rights:

- On July 5, 2005, Sanofi acquired all the commercial rights to Plavix® (clopidogrel) from Daiichi Pharmaceuticals Ltd. ("Daiichi") and a partnership jointly held by Daiichi and it. Given their long-standing association, Sanofi and Daiichi will now work together on the manufacture and co-promotion of Plavix® in order to ensure a successful launch for the product on the Japanese market. Plavix® will begin to be marketed in Japan as soon as it is registered on the NHI (National Health Insurance) price list, expected to be during the second quarter of 2006. Marketing approval for Japan was obtained in January 2006. No payment was made during 2005.

Sanofi also has commercial commitments related to divestments:

- Following the divestment of the Notre Dame de Bondeville site, effective September 1, 2004, a contract was signed with the purchaser guaranteeing continuity of production of mature sanofi-aventis products at the site for a period of five years.

Environmental risks

Applicable environmental laws and regulations may require Sanofi to eradicate or reduce the effects of chemical substance usage and release at its various sites. The sites in question may belong to Sanofi, be currently operational, or they may have been owned or operational in the past. Under some of these laws and regulations, a current or previous owner or operator of a property may be held liable for the costs of removal or remediation of hazardous substances on, under or in its property, or transported from its property to third party sites, without regard to whether the owner or operator knew of, or caused the presence of the contaminants. Sanofi may also be liable regardless of whether the practices that resulted in the contamination were legal at the time they occurred.

Moreover, as for a number of companies involved in the pharmaceutical, chemical and agrochemical industries, soil and groundwater contamination has occurred at some company sites in the past, and may still occur or be discovered at others. Such sites are mainly located in the United States, Germany, France, Brazil and United Kingdom. As part of a program of environmental audits conducted over the last few years, detailed assessments of the risk of soil and subsoil contamination have been carried out at current and former sites. In cooperation with national and local authorities, Sanofi is currently assessing the rehabilitation work required and this work has begun on several sites. Among them, rehabilitation work over several years has been completed or is in progress in Rochester, Portland and Cincinnati in the United States, Frankfurt and Hoechst in Germany, and Beaucaire, Limay, Rousset in France and on a number of sites divested to third parties and covered by contractual environmental guarantees granted by Sanofi. Remediation works at the Massy and Valernes sites were completed in 2005.

Sanofi may also have potential liability for investigation and cleanup at several other sites. Reserves have been established for the sites already identified as well as to cover contractual guarantees for environmental liabilities for sites that have been divested. In 2005, Sanofi spent more than €45 mm on rehabilitating sites previously contaminated by ground pollution. As of December 2005, the most in-depth review possible was carried out of the legacy of environmental pollution. In light of data collected during this review, Sanofi adjusted the reserves to approximately €529 mm.

Because of the growing cost of environmental regulations governing site remediation the provisions for remediation obligations may not be adequate because of the multiple factors involved: the complexity of operational or previously operational sites, the nature of claims received, the rehabilitation techniques considered, the planned timetable for rehabilitation, and the outcome of discussions with national Regulatory Authorities or other potentially responsible parties, as in the case of multiparty sites. Because some of the manufacturing sites have a long history of industrial operations, and given Aventis's legacy of environmental remediation obligations inherited from its former chemical and agrochemical businesses, it is impossible to evaluate precisely what impact these laws and regulations will have in the future. Given the long industrial history of some of the sites and the legacy obligations of Aventis arising from its past involvement in the chemicals and agrochemical industries, it is impossible to quantify the future impact of these laws and regulations with precision.

To Sanofi's knowledge, it is not currently subject to liabilities for non-compliance with current health, safety and environmental laws and regulations that would significantly jeopardize its activities, financial situation or operating income. Sanofi also believes that it is in substantial compliance with current health,

safety and environmental laws and regulations and that all the environmental permits required to operate the facilities have been obtained. Regular HSE audits are carried out by Sanofi in order to detect possible instances of non-compliance with regulations and to initiate corrective measures. Thirty-two audits were carried out in 2005.

o) Reasons for the fall/rise in the total income and Net Income :

2005:

- Consolidated net sales were €27,311mm in 2005, representing an increase of 83.7% over net sales of €14,871mm in 2004. The magnitude of the difference was principally the result of the consolidation of the net sales of Aventis beginning on August 20, 2004. On a comparable basis (recognition of non-consolidated sales of Aventis for the period 1 January 2004 through 20 August 2004, excluding divested businesses such as Aventis Behring, Arixtra®, Fraxiparine® and Campto® and accounting for changes in the Group structure and impact of exchange rates), net sales were up 9.3% . Sales growth in Europe was boosted by a dynamic performance across the entire portfolio, especially Lantus®, Eloxatine®, Taxotere® and Plavix®. Net sales in Europe advanced by 8.2% on a comparable basis. In the United States, net sales grew by 11.5% on a comparable basis. Growth was affected by competition from generics of four products (Allegra®, Amaryl®, Arava® and DDAVP®). Excluding the net sales of these four products, remaining sales were up 17.4% on a comparable basis.
- Consolidated net income was €2,258mm in 2005 compared to pro forma €2,316mm for 2004. The impact of the workdown of Aventis inventory remeasured at fair value on this line is an additional charge of €270mm in 2005.

2004:

- Consolidated net sales were €15,043mm in 2004, representing an increase of 86.9% over net sales of €8,048mm in 2003. The magnitude of the difference was the result of the consolidation of the net sales of Aventis on August 20, 2004. On a comparable basis (recognition of non-consolidated sales of Aventis for the period 1 January 2004 through 20 August 2004 and for the full year 2003, excluding divested businesses such as Aventis Behring, Arixtra®, Fraxiparine® and Campto® and accounting for changes in Group structure and impact of exchange rates), net sales were up 10.0%. In Europe pro forma net sales were up 5.9% on a comparable basis despite difficult market conditions and the arrival of generic forms of Tritace®. In the United States pro forma net sales were up 16.1% on a comparable basis. Growth in the United States was principally driven by the success of Lantus®, Eloxatine®, Lovenox® and Ambien®.
- A net loss of €3,610mm was recorded in 2004, compared to a consolidated net income of €2,076mm in 2003. The loss in 2004 includes restructuring charges of €557mm arising from the acquisition of Aventis. In 2004 a charge of €1,563mm was recorded for amortization and impairment of intangible assets (compared to €129mm in 2003) arising from the amortization of intangible assets acquired on the acquisition of Aventis from August 20, 2004. Pro forma net income increased 74.6% from €977mm in 2003 to €1,706mm in 2004.

2003

- Consolidated net sales for the year were €8,048mm, an increase of +8.1% on a reported basis, +15.6% on a comparable basis (before impact of change in group structure and movements in exchange rates). Growth was driven by good performance from Sanofi's four flagship products Plavix®, Aprovel®, Stilnox® and Eloxatine®, which between them generated consolidated net sales of €4,177mm, up 34.9% on a comparable basis and 24.2% on a reported basis.
- Consolidated net income was €2,076mm, representing a growth of +18.0% on a reported basis and 31.6% at 2002 exchange rates. Net income includes a net exceptional gain of €24mm. The main exceptional item in 2003 was additional purchase consideration for Sylachim, a company divested by Sanofi in 2001.

2002

- Consolidated net sales for the year were €7,448mm, an increase of 14.8% on a reported basis and 12.8% on a comparable basis. Growth was driven by good performance from Sanofi's three flagship products Plavix®, Aprovel® and Stilnox®, which between them generated consolidated net sales of €2,973mm, 32.1% higher than in 2001.
- Consolidated net income was €1,759mm, 11% higher than the 2001 net income. Net income includes a net exceptional gain of €10mm. The 2002 net gain essentially comprised gains on disposals of short term

investment securities in the United States.

2001

- Consolidated net sales for the year were €6,488mm, an increase of 8.8% on a reported basis 15.2% on a comparable basis. Growth was driven by good performance from Sanofi's three flagship products Plavix®, Aprovel® and Stilnox®, which between them generated consolidated net sales of €1,914mm, and also by an increasing presence in the US market, which represented 16.9% of Sanofi's consolidated net sales.
- Consolidated net income was €1,585mm, 60.9% higher than the 2000 net income. Net income includes a net exceptional gain of €281mm (vs. a net gain of €46mm in 2000). The 2001 net gain essentially comprised the net gains on activities divested in 2001: the direct interest in Laboratoires de Biologie Végétale Yves Rocher, Sylachim, Porgès, Ela Medical and Dentoria, plus the sale of the rights to Gabitril® and Prenate®.

p) Significant Accounting Policies of the Acquirer : (Source : Sanofi's Form 20F filed with SEC). The word 'Group' used in this para (p) refers to the companies forming part of the consolidated audited accounts.

Basis of consolidation : The consolidated financial statements include the accounts of Sanofi and subsidiaries controlled by Sanofi, using the full consolidation method. The existence of effectively exercisable or convertible potential voting rights is taken into account in determining whether control exists.

Joint ventures are accounted for by the equity method in accordance with the option in IAS 31 (Interests in Joint Ventures). Companies over which Sanofi exercises significant influence are accounted for by the equity method. Companies are consolidated from the date on which control (exclusive or joint) or significant influence is transferred to the Group. The Group's share of post-acquisition profits or losses is taken to the income statement, and post-acquisition movements in the acquiree's reserves are taken to consolidated reserves. Companies are excluded from consolidation from the date on which the Group transfers control or significant influence.

Foreign currency translation : Accounting for transactions in foreign currencies in individual company accounts Non-current assets and inventories acquired in foreign currencies are translated into the functional currency using the exchange rate prevailing at the date of acquisition. All amounts receivable or payable in foreign currencies are translated using the exchange rate prevailing at the balance sheet date or, where hedging instruments have been contracted in the market, at the hedged rate. The resulting gains and losses are recorded in the income statement. However, foreign exchange gains and losses arising from the translation of capitalizable advances made to consolidated subsidiaries are recognized directly in equity on the line Cumulative translation difference. Foreign currency translation of the financial statements of foreign subsidiaries. In accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates), each Group subsidiary translates foreign currency transactions into the currency that is most representative of its economic environment (the functional currency). All assets and liabilities are translated into euros using the exchange rate of the subsidiary's functional currency prevailing at the balance sheet date. Income statements are translated using a weighted average exchange rate for the period. The resulting translation difference is shown as a separate component of shareholders' equity and is recognized in the income statement only when the subsidiary is sold or is wholly or partially liquidated. Under the exemptions allowed by IFRS 1, Sanofi elected to eliminate through equity all cumulative translation differences for subsidiaries with a functional currency other than euro at the January 1, 2004 transition date.

Business combinations

Accounting treatment : Business combinations consummated subsequent to the IFRS transition date (January 1, 2004) are accounted for by the purchase method in accordance with IFRS 3 (Business Combinations). Under this method, the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria of IFRS 3 are measured initially at their fair values as at the date of acquisition, except for non-current assets classified as held for sale, which are measured at fair value less costs to sell. Only identifiable liabilities that satisfy the criteria for recognition as a liability by the acquiree are recognized in a business combination. Consequently, restructuring liabilities are not recognized as a liability of the acquiree unless the acquiree has an obligation as at the date of the acquisition to carry out the restructuring. Adjustments to the values of assets and liabilities initially determined provisionally (pending the results of independent valuations or further analysis) are recognized as a retrospective adjustment to goodwill if they are made within twelve months of the acquisition date. Once this twelve-month period has elapsed, the effects of any adjustments are recognized directly in the income statement, unless they qualify as an error correction. Under the exemptions allowed by IFRS 1, Sanofi elected not to restate in accordance with IFRS 3 any business combinations that were consummated prior to the January 1, 2004 transition date. This includes

the Sanofi-Synthélabo merger that took place in 1999.

Goodwill : The difference between the cost of an acquisition (including any costs directly attributable to the acquisition) and the Group's interest in the fair value of the net assets of the acquiree is recognized as goodwill at the date of the business combination. Goodwill arising on the acquisition of subsidiaries is shown as a separate intangible asset in the balance sheet under Goodwill, whereas goodwill arising on the acquisition of associates is recorded in Investment in associates. Goodwill is measured in the currency of the acquiree. In accordance with IFRS 3 and with IAS 36 (Impairment of Assets), goodwill is carried at cost less accumulated impairment. Goodwill is tested for impairment annually and whenever events or circumstances indicate that impairment might exist. Such events or circumstances include significant changes liable to have an other-than-temporary impact on the substance of the original investment.

Intangible assets : Intangible assets are initially measured at acquisition cost or production cost, including any directly attributable costs of preparing the asset for its intended use, or (in the case of assets acquired in a business combination) at fair value as at the date of the combination. They are amortized on a straight line basis over their useful lives. The useful lives of intangible assets are reviewed at each balance sheet date. The effect of any adjustment to useful lives is recognized prospectively as a change of accounting estimate. Amortization of intangible assets is recognized in the income statement under Amortization of intangibles with the exception of amortization of acquired or internally-developed software, which is recognized on the relevant line of the income statement according to the purpose for which the software is used. Sanofi does not own any intangible assets with an indefinite useful life. When there is an internal or external indication of impairment, Sanofi estimates the recoverable amount of the intangible asset and recognizes an impairment loss when the carrying amount of the asset exceeds its recoverable amount. These indications of impairment are reviewed at each reporting date. Intangible assets are carried at cost less accumulated amortization and impairment, in accordance with IAS 36.

Gains and losses on disposals of intangible assets are measured as the difference between selling price and carrying amount, and are taken to the income statement in Other operating income and expenses.

Research and development not acquired in a business combination

Internally generated research and development : Under IAS 38 (Intangible Assets), an intangible asset is recognized when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and when the cost of the asset can be measured reliably. Internally generated research expenditure does not satisfy these criteria, and therefore is expensed as incurred under Research and development expenses. Internally generated development expenses are recognized as an intangible asset if, and only if, all the following can be demonstrated: (a) the technical feasibility of completing the development project; (b) the Group's intention to complete the project; (c) the Group's ability to use the project; (d) the probability that the project will generate future economic benefits; (e) the availability of adequate technical, financial and other resources to complete the project; and (f) the ability to measure the development expenditure reliably. Due to the risks and uncertainties relating to regulatory approval and to the research and development process, the criteria for capitalization are considered not to have been met until marketing approval has been obtained from the regulatory authorities. On the other hand, chemical industrial development expenses incurred to develop a second-generation process are additional development costs incurred to improve the industrial process for an active ingredient. Such costs are incurred after initial regulatory approval has been obtained and are capitalized under Intangible assets as incurred.

Separately acquired research and development : Separately acquired development is capitalized, because the recognition criteria for intangible assets under IAS 38 are considered to be satisfied in all cases in accordance with paragraph 25 of IAS 38. Consequently, rights to pharmaceutical products acquired from third parties prior to receipt of regulatory approval to market the products are recognized as intangible assets, and are amortized on a straight line basis over their useful lives from the date on which regulatory approval is obtained. Payments under research and development arrangements relating to access to technology or to databases, and payments made to purchase generics files, are also capitalized. Subcontracting arrangements, payments for research and development services and continuous payments under research and development collaborations unrelated to the outcome of the research and development efforts are expensed over the service term.

Other intangible assets : Patents are capitalized at acquisition cost and amortized over the shorter of the period of legal protection or their useful life. Licenses other than those related to pharmaceutical products and research projects, in particular software licenses, are capitalized at acquisition cost, including any directly attributable cost of preparing the software for its intended use. Software licenses are amortized on a straight line basis over their useful lives (3 to 5 years). Internally generated costs incurred to develop or upgrade software are capitalized if the IAS 38 criteria for recognition as an intangible asset are satisfied,

and amortized on a straight line basis over the useful life of the software from the date on which the software is ready for use.

Intangible assets acquired in a business combination : Intangible assets acquired in a business combination (in particular the acquisition of Aventis) which relate to in-process research and development and are reliably measurable are separately identified from goodwill and capitalized in Intangible assets in accordance with IFRS 3 (Business Combinations) and IAS 38 (Intangible Assets). The related deferred tax liability is also recognized.

In-process research and development acquired in a business combination is amortized on a straight line basis over its useful life from the date of receipt of regulatory approval for the product derived from the research and development work. Rights to products sold by the Group, mainly acquired through the acquisition of Aventis, are amortized on a straight line basis over their useful lives, which are calculated on the basis of cash flow forecasts that take account of (among other factors) the period of legal protection of the related patents. On this basis, the average amortization period for products sold by the Group is eight years.

Property, plant and equipment : Property, plant and equipment is initially measured and recognized at acquisition cost, including any directly attributable cost of preparing the asset for its intended use, or (in the case of assets acquired in a business combination) at fair value as at the date of the combination. The component-based approach to accounting for property, plant and equipment is applied. Under this approach, each component of an item of property, plant and equipment with a cost which is significant in relation to the total cost of the item and which has a different useful life from the other components must be depreciated separately. After initial measurement, property, plant and equipment is carried at cost less accumulated depreciation and impairment, except for land which is carried at cost less impairment. Subsequent costs are not recognized as assets unless (i) it is probable that future economic benefits associated with these costs will flow to the Group and (ii) the costs can be measured reliably. Day-to-day maintenance costs of property, plant and equipment are expensed as incurred. Borrowing costs attributable to the financing of items of property, plant and equipment and incurred during the construction period of such items are capitalized as part of the acquisition cost of the item. Government grants relating to non-current assets are deducted from the acquisition cost of the asset to which they relate. In accordance with IAS 17 (Leases), items of property, plant and equipment leased by Sanofi as lessee under finance leases are recognized as an asset in the balance sheet, with the related lease obligation recognized as a liability. A lease qualifies as a finance lease if it transfers substantially all the risks and rewards of ownership of the asset to the Group. Assets held under finance leases are carried at the lower of the fair value of the leased asset or the present value of the minimum lease payments, and are depreciated over the shorter of the useful life of the asset or the term of the lease.The depreciable amount of items of property, plant and equipment, net of any residual value, is depreciated on a straight line basis over the useful life of the asset. The useful life of an asset is equivalent to its economic life. The useful lives of property, plant and equipment are: Buildings 15 to 40 years; Fixtures 10 to 20 years; Plant and equipment 5 to 15 years; Other tangible fixed assets 3 to 15 years.

Useful lives and residual values of property, plant and equipment are reviewed at each balance sheet date. The effect of any adjustment to useful lives or residual values is recognized prospectively as a change of accounting estimate. Depreciation of property, plant and equipment is recognized on the relevant line of the income statement according to the purpose for which the asset is used. When there is an internal or external indication of impairment, Sanofi estimates the recoverable amount of items of property, plant and equipment and recognizes an impairment loss when the carrying amount of the item exceeds its recoverable amount. These indications of impairment are reviewed at each reporting date. Gains and losses on disposals of property, plant and equipment are determined by comparing the disposal price with the carrying amount, and are recognized in the income statement on the line Other operating income and expenses.

Impairment of property, plant and equipment and intangibles : Assets that generate separate cash flows and assets included in cash-generating units (CGUs) are assessed for impairment in accordance with IAS 36 when events or changes in circumstances indicate that the asset or CGU may be impaired. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Indications of impairment are reviewed at each reporting date. If there is any internal or external indication of impairment, the Group estimates the recoverable amount of the asset or CGU. Intangible assets not yet available for use (such as capitalized in-process research and development), and CGUs that include goodwill, are tested for impairment annually whether or not there is any indication of impairment, and as soon as any event or circumstance indicates that they might be impaired. These assets are not amortized. When there is an internal or external indication of impairment, the Group estimates the recoverable amount of the asset and recognizes an impairment loss when the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of any particular asset, the Group determines the recoverable amount of the CGU to which the asset belongs.

The recoverable amount of the asset is the higher of its fair value less costs to sell or its value in use. To determine the value in use, the Group uses estimates of future cash flows generated by the asset or CGU, prepared using the same methods as those used in the initial measurement of the asset or CGU on the basis of the medium-term plans of each business activity, generally over a period of four years. Where appropriate, cash flows beyond this period are estimated by applying a flat or declining growth rate to future periods. In the case of goodwill, a 20-year cash flow projection period is used. For other intangible assets, the period used is the period of protection provided by the related patent. Estimated cash flows are discounted at long-term market interest rates that reflect the best estimate by Sanofi of the time value of money, the risks specific to the asset or CGU, and economic conditions in the geographical regions in which the business activity associated with the asset or CGU is located. Certain assets and liabilities that are not directly attributable to a specific CGU, and goodwill, are allocated between CGUs on a reasonable and consistent basis. Goodwill is tested for impairment by being allocated to CGUs. Given the international nature of the Group's activities, the CGUs used for the allocation and impairment testing of goodwill are the same business segments and geographical segments as used for segmental reporting. Impairment losses and reversals of impairment losses are recognized under Impairment of property, plant and equipment and intangibles in the income statement. Impairment losses taken against goodwill are never reversed. In compliance with IFRS 1, an impairment review was conducted for IFRS transition purposes. This review was performed in accordance with the requirements of IAS 36 (Impairment of Assets). No adjustments were required as a result of this review.

Assets held for sale : Under IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations), non-current assets held for sale are defined as assets that will be realized through sale rather than continuing use. Once they have been classified as such, non-current assets held for sale are measured at the lower of carrying amount or fair value less costs to sell net of any impairment losses, and are not depreciated or amortized.

Financial instruments

Financial assets: Under IFRS, and in accordance with IAS 39 and IAS 32, Sanofi has adopted the following classification for investments, based on management intent at the date of acquisition (except for investments already held at the transition date and reclassified at that date in accordance with IFRS 1). The designation and classification of investments is carried out at initial recognition and reassessed at each reporting date. Purchases of investments are recognized on the date when Sanofi becomes party to the contractual terms of the investment. On initial recognition, financial assets are measured at fair value, plus direct transaction costs in the case of financial assets not classified as "fair value through profit or loss".

Classification, presentation and subsequent measurement of financial assets are as follows:

Financial assets at fair value through profit or loss : These assets are classified in the balance sheet under Financial assets - current and Cash and cash equivalents. Financial assets at fair value through profit or loss comprise financial assets held for trading and financial instruments designated at fair value through profit and loss on initial recognition. This category consists of financial assets acquired principally for the purpose of selling them in the near term (usually within less than 12 months). Derivative instruments are classified as held for trading unless they are designated as hedging instruments. These financial assets are carried at fair value, without any deduction for transaction costs that may be incurred on sale. Realized and unrealized gains and losses resulting from changes in the fair value of these assets are recognized in the income statement, in Financial income/Financial expenses. Realized and unrealized foreign exchange gains and losses on financial assets in currencies other than the euro are recognized in the income statement in Financial income/Financial expenses.

Available-for-sale financial assets : Available-for-sale financial assets are non-derivative financial assets that are (i) designated by management as available for sale or (ii) not classified as "financial assets at fair value through profit or loss", "held-to-maturity investments" or "loans and receivables". This category includes participating interests in quoted or unquoted companies (other than investments in associates and joint ventures) that management intends to hold on a long-term basis. Available-for-sale financial assets are classified in non-current assets under Financial assets - non-current. Available-for-sale financial assets are measured at fair value, without any deduction for transaction costs that may be incurred on sale. Gains and losses arising from changes in the fair value of these assets, including unrealized foreign exchange gains and losses, are recognized in equity, under Items recognized directly in equity, in the period in which they occur, except for impairment losses and foreign exchange gains and losses on debt instruments. On derecognition of an available-for-sale financial asset, or on recognition of an impairment loss on such an asset, the cumulative gains and losses previously recognized in equity are recognized in the income statement

for the period under Financial income/Financial expenses. Interest income and dividends on equity instruments are recognized in the income statement under Financial income when the Group is entitled to receive payment. Available-for-sale financial assets in the form of participating interests in companies not quoted in an active market are measured at cost if their fair value cannot be determined. Realized foreign exchange gains and losses are recognized in the income statement under Financial income/Financial expenses.

Held-to-maturity investments: Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. These investments are measured at amortized cost using the effective interest method. Sanofi did not hold any such investments during the year ended December 31, 2004 or during the year ended December 31, 2005.

Loans and receivables : Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented in current assets (under Other current assets in the case of loans and under Accounts receivable in the case of receivables) if they have a maturity of less than 12 months at the balance sheet date, and in Financial assets - non current if they have a maturity of more than 12 months. Loans and receivables are measured at amortized cost using the effective interest method. Realized and unrealized foreign exchange gains and losses are recognized in the income statement under Financial income/Financial expenses.

Impairment of financial assets : Indicators of impairment are reviewed for all financial assets at each reporting date. Such indicators include default in contractual payments, significant financial difficulties of the issuer or debtor, probability of bankruptcy, or prolonged or significant decline in quoted market price. An impairment loss is recognized in the income statement when there is objective evidence that an asset is impaired. Impairment losses are measured and recognized as follows:

- The impairment loss on loans and receivables and on held-to-maturity investments, which are measured at amortized cost, is the difference between the carrying amount of the asset and the present value of its estimated future cash flows discounted using the effective interest method.
- When an impairment loss is identified on an available-for-sale financial asset, the cumulative losses previously recognized directly in equity are recorded in the income statement. The impairment loss is the difference between the acquisition cost (net of principal repayments and amortization) and the fair value at the time of impairment, less any impairment losses previously recognized in the income statement.
- The impairment loss on investments in companies that are not quoted in an active market and are measured at cost is the difference between the carrying amount of the investment and the present value of its estimated future cash flows discounted at the current market rate of return for similar financial assets. Impairment losses on financial assets are recognized under Financial expenses. Impairment losses on investments in companies that are not quoted in an active market and are measured at cost, and on equity instruments classified as available-for-sale financial assets, cannot be reversed through the income statement.

Derivative instrument : Derivative instruments not designated as hedges of operating transactions are initially and subsequently measured at fair value with changes in fair value recognized in the income statement, under Financial income/ Financial expenses, in the period when they arise. Derivative instruments qualifying as hedging instruments are measured in accordance with the hedge accounting requirements of IAS 39 (see Note B.8.4.).

Hedging: Hedging involves the use of derivative financial instruments. Changes in the fair value of these instruments are intended to offset the exposure of the hedged item to changes in fair value. As part of its overall interest rate risk and foreign exchange risk management policy, the Group enters into various transactions involving derivative instruments. Derivative instruments used in connection with the Group's hedging policy may include forward exchange contracts, currency options and interest rate swaps. Derivative financial instruments qualify as hedging instruments for hedge accounting purposes when (a) at the inception of the hedge there is formal designation and documentation of the hedging relationship and of the risk management strategy and objective; (b) the hedge is expected to be highly effective in offsetting the risk; (c) the forecasted transaction being hedged is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss; (d) the effectiveness of the hedge can be reliably measured; and (e) the hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the reporting periods for which the hedge was designated.

These criteria are applied when the Group uses derivative instruments designated as a fair value hedge, a cash flow hedge or a hedge of a net investment in a foreign operation.

Fair value hedge: A fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or unrecognized firm commitment that could affect profit or loss. Changes in fair value of the hedging instrument and changes in fair value of the hedged item attributable to the hedged risk are recognized in the income statement, under Other current operating income for hedges of operating activities and under Financial income/Financial expenses for hedges of investing or financing activities.

Cash flow hedge :A cash flow hedge is a hedge of the exposure to variability in cash flows attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecasted transaction, that could affect profit or loss. Changes in fair value of the hedging instrument attributable to the effective portion of the hedge are recognized in equity, under Items recognized directly in equity. Changes in fair value attributable to the ineffective portion of the hedge are recognized in the income statement under Other current operating income and expenses for hedges of operating activities, and under Financial income/ Financial expenses for hedges of investing or financing activities. Cumulative changes in fair value of the hedging instrument previously recognized in equity are transferred to the income statement when the hedged transaction affects profit or loss. These transferred gains and losses are recorded under Other current operating income and expenses for hedges of operating activities and Financial income/Financial expenses for hedges of investing or financing activities. When a forecasted transaction results in the recognition of a non-financial asset or liability, cumulative changes in the fair value of the hedging instrument previously recognized in equity are included in the initial measurement of the asset or liability.

Hedge of a net investment in a foreign operation : A hedge of a net investment in a foreign operation is accounted for in the same way as a cash flow hedge. Changes in fair value of the hedging instrument attributable to the effective portion of the hedge are recognized in equity, under Items recognized directly in equity. Changes in fair value attributable to the ineffective portion of the hedge are recognized in the income statement under Financial income/ Financial expenses. When the investment in the foreign operation is sold, or wholly or partially liquidated, the changes in the fair value of the hedging instrument previously recognized in equity are transferred to the income statement under Financial income/Financial expenses. Hedge accounting is discontinued when (a) the hedging instrument expires or is sold, terminated or exercised, or (b) the hedge no longer meets the criteria for hedge accounting, or (c) the Group revokes the hedge designation, or (d) management no longer expects the forecasted transaction to occur. When hedge accounting is discontinued, the cumulative gains or losses previously recognized in equity remain in equity, and are not transferred to the income statement until the forecasted transaction actually occurs. However, when a forecasted transaction is no longer expected to occur, the cumulative gains or losses previously recognized in equity are immediately recognized in the income statement.

Financial liabilities: Financial liabilities are composed of bank borrowings and debt instruments. Bank borrowings and debt instruments are initially measured at fair value of the consideration received, net of directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method. All costs related to the issuance of borrowings or debt instruments, and all differences between the issue proceeds net of transaction costs and the value on redemption, are recognized under Financial expenses in the income statement over the term of the debt using the effective interest method.

Fair value of financial instruments : Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of financial assets and liabilities that are traded in an active market is determined by reference to stock market prices at the reporting date in the case of participating interests and other investments, and by reference to market prices at the reporting date in the case of derivative instruments traded in an active market. The fair value of financial assets or liabilities that are not quoted in an active market is based on various valuation methods and assumptions made by Sanofi with reference to market conditions prevailing at the reporting date.

Derecognition of financial instruments: Sanofi derecognizes financial assets when the contractual rights to cash flows from the asset have ended or have been transferred and when the Group has transferred substantially all risks and rewards of ownership. If the Group has neither transferred nor retained substantially all the risks and rewards of ownership, financial assets are derecognized if control is not retained. Financial liabilities are derecognized when the Group's contractual obligations are discharged or cancelled, or expire.

Inventories : Inventories are measured at the lower of cost or net realizable value. Cost is calculated using the weighted average cost method or the first-in, first-out method, depending on the nature of the inventory. The cost of finished goods inventories includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the

estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents : Cash and cash equivalents as shown in the balance sheet and statement of cash flows comprise cash, plus liquid short-term investments that are (i) readily convertible into cash and (ii) subject to an insignificant risk of changes in value in the event of movements in interest rates.

Treasury shares : In accordance with IAS 32, Sanofi treasury shares are deducted from equity irrespective of the purpose for which they are held. No gain or loss is recognized in the income statement on the purchase, sale, impairment or cancellation of treasury shares.

Provisions for risks : In accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), Sanofi records a provision where it has a present obligation, whether legal or constructive, as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the outflow of resources. If the obligation is expected to be settled more than twelve months after the balance sheet date, or has no definite settlement date, the provision is recorded under Provisions and other non-current liabilities. Contingent liabilities are not recognized, but are disclosed in the notes to the financial statements unless the possibility of an outflow of economic resources is remote. Provisions are estimated on the basis of actual events and circumstances and past experience, and of management's best estimate at the balance sheet date. Reimbursements offsetting the probable outflow of resources are recognized as assets only if it is virtually certain that they will be received. Contingent assets are not recognized. Restructuring provisions are recognized if the Group has a detailed, formal restructuring plan and has announced its intention to implement this plan to those affected by it. No provisions are recorded for future operating losses. Sanofi records long-term provisions for certain obligations, such as legal environmental obligations and litigation in which the Group will probably be held liable. Where the effect of the time value of money is material, these provisions are measured at the present value of the expenditures expected to be required to settle the obligation, calculated using a discount rate that reflects an estimate of the time value of money and the risks specific to the obligation. Increases in provisions to reflect the effects of the passage of time, and gains and losses arising from changes in the discount rate, are recognized in Financial income/Financial expenses.

Emission rights : Following the Kyoto agreements, the European Union committed to reducing greenhouse gas emissions and instituted an emissions allowance trading scheme. In an initial three-year phase starting in 2005, each member State will allocate annual emission allowance caps to operators included in the scheme. Operators are then obliged to deliver a number of emission allowances corresponding to their actual CO2 emissions. Approximately ten Sanofi sites in Europe are covered by the scheme. In accounting for emission allowances, Sanofi applied position statement no. 2004-C of March 23, 2004 issued by the Urgent Issues Committee of the Conseil National de la Comptabilité (CNC), the French accounting standard-setter, the main principles of which are described below. The annual allowances allocated by government are recognized as intangible assets measured at fair value at the date of initial recognition, with a matching liability recognized to reflect the government grant effectively arising from the fact that allowances are issued free of charge. As and when allowances are consumed, they are transferred to "Deliverable allowances" in order to recognize the liability to government in respect of actual CO2 emissions. If the allocated allowances are insufficient to cover actual emissions, an expense is recognized in order to reflect the additional allowances deliverable; this expense is measured at the market value of the allowances. As of December 31, 2005, Sanofi had a net overall surplus of allowances. Consequently, recognition of emission allowances had no effect on net income for the year ended December 31, 2005. The financial statements therefore include (i) intangible assets representing the allowances issued by government; (ii) a liability to government representing actual CO2 emissions; and (iii) a government grant representing unused allowances. 2005 allowances are deliverable on April 30, 2006.

Revenue recognition : Revenue arising from the sale of goods is presented in the income statement under Net sales. Net sales comprise revenue from sales of pharmaceutical products, vaccines, and active ingredients, net of sales returns, of customer incentives and discounts, and of certain sales-based payments paid or payable to the healthcare authorities. Revenue is recognized when all of the following conditions have been met: the risks and rewards of ownership have been transferred to the customer; the Group no longer has effective control over the goods sold; the amount of revenue and costs associated with the transaction can be measured reliably; and it is probable that the economic benefits associated with the transaction will flow to the Group. Sanofi offers various types of price reductions on its products. In particular, products sold in the United States of America are covered by various programs (such as Medicare and Medicaid) under

which products are sold at a discount. Rebates are granted to healthcare authorities, and under contractual arrangements with certain customers. Some wholesalers are entitled to chargeback incentives based on the selling price to the end customer, under specific contractual arrangements. Cash discounts may also be granted for prompt payment. The discounts, incentives and rebates described above are recognized in the period in which the underlying sales are recognized, as a reduction of sales revenue. The same applies to sales returns.

These amounts are calculated as follows:

- Provisions for chargeback incentives are estimated on the basis of the relevant subsidiary's standard sales terms and conditions, and in certain cases on the basis of specific contractual arrangements with the customer. They represent management's best estimate of the ultimate amount of chargeback incentives that will eventually be claimed by the customer.
- Provisions for rebates based on attainment of sales targets are estimated and accrued as each of the underlying sales transactions is recognized.
- Provisions for price reductions under Government and State programs, largely in the United States of America, are estimated on the basis of the specific terms of the relevant regulations and/or agreements, and accrued as each of the underlying sales transactions is recognized.
- Provisions for sales returns are calculated on the basis of management's best estimate of the amount of product that will ultimately be returned by customers.

In each case, the provisions are subject to continuous review and adjustment as appropriate based on the most recent information available to management. The Group believes that it has the ability to measure each of the above provisions reliably, using the following factors in developing its estimates:

- The nature of the underlying product, and the patient profile of the product
- The specific terms and conditions of Governmental regulations and contracts with governmental authorities, wholesalers and other customers
- Historical data relating to similar contracts, in the case of qualitative and quantitative rebates and chargeback incentives
- Past experience and sales growth trends for the same or similar products
- Actual inventory levels in distribution channels, monitored by the Group using internal sales data and externally provided data
- The shelf life of the Group's products
- Market trends including competition, pricing and demand
- The possibility of reusing returned goods

Non-product revenues, mainly comprising royalty income from license arrangements that constitute ongoing operations of the Group, are presented in Other revenues.

Cost of sales : Cost of sales consists primarily of the industrial cost of goods sold, payments made under licensing agreements, and distribution costs.

Research and development expenses : Internally generated research costs are expensed as incurred. Internally generated pharmaceutical development costs are also expensed as incurred; they are not capitalized, because the criteria for capitalization are considered not to have been met until marketing approval for the related product has been obtained from the regulatory authorities. Any recharges to or contributions from alliance partners are recorded as a reduction in research and development expenses. Research and development not acquired in a business combination, and Intangible assets acquired in a business combination, describe the principles applied to the recognition of separately acquired research and development.

Other current operating income : Other current operating income includes the share of profits that Sanofi is entitled to receive from alliance partners, principally Procter & Gamble Pharmaceuticals, in respect of product marketing agreements. It also includes revenues generated under certain complex agreements, which may include partnership and co-promotion agreements. Upfront payments received are deferred for as long as a service obligation remains. Milestone payments are assessed on a case by case basis, and recognized in the income statement on delivery of the products and/or provision of the services in question.

Revenue generated in connection with these services is recognized on the basis of delivery of the goods or provision of the services to the other contracting party. This line also includes realized and unrealized foreign exchange gains and losses on operating activities

Other current operating expenses : Other current operating expenses mainly comprise the share of profits that alliance partners are entitled to receive from Sanofi under product marketing agreements.

Amortization of intangibles : This line records amortization expense for all intangible assets other than software.

Restructuring costs : Restructuring costs include all early retirement benefits, compensation for early termination of contracts, and rationalization costs relating to restructured sites. Asset impairment losses directly attributable to restructuring are also recorded on this line.

Impairment of property, plant and equipment and intangibles : This line includes all impairment losses on property, plant and equipment and intangibles, including goodwill. It also includes any reversals of impairment losses on property, plant and equipment and intangibles.

Other operating income and expenses : Other operating income and expenses mainly comprise costs and provisions related to material litigation, and gains and losses on disposals of property, plant and equipment and intangible assets.

Financial income/expenses

Financial expenses : Financial expenses mainly comprise interest charges on debt financing, negative changes in the fair value of financial instruments (where changes in fair value are taken to the income statement), realized and unrealized foreign exchange losses on financing and investing activities, and impairment losses (net of any reversals) on financial instruments. Any reversals of impairment losses are also recorded on this line. Financial expenses also include the expense arising from the unwinding of discount on long-term provisions, except provisions for retirement benefits and other long-term employee benefits. This line does not include commercial discounts, which are deducted from net sales.

Financial income: Financial income includes interest and dividend income, positive changes in the fair value of financial instruments (where changes in fair value are taken to the income statement), realized and unrealized foreign exchange gains on financing and investing activities, and gains or losses on disposals of financial assets.

Income taxes : Income tax expense includes all current and deferred taxes of consolidated companies. Sanofi accounts for deferred taxes in accordance with IAS 12 (Income Taxes), using the methods described here. Deferred tax assets and liabilities are recognized on taxable temporary differences, deductible temporary differences, and unused tax losses. Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax assets and liabilities are calculated using the tax rate expected to apply in the period when a temporary difference is expected to reverse, based on tax rates adopted or effectively enacted at the balance sheet date. Unused tax losses and unused tax credits are recognized as deferred tax assets to the extent that it is probable that future taxable profits will be available against which they can be utilized. Sanofi recognizes a deferred tax liability for temporary differences relating to investments in subsidiaries and associates and to interests in joint ventures except when the Group is able to control the timing of the reversal of the temporary differences. This applies in particular when the Group is able to control dividend policy and it is probable that the temporary differences will not reverse in the foreseeable future. No deferred tax is recognized on intragroup transfers of investments in subsidiaries or associates. All net deferred tax asset and liability positions are then aggregated and shown as separate line items on the assets and liabilities sides of the consolidated balance sheet respectively. Deferred tax assets and liabilities can be offset only if (i) the Group has a legally enforceable right to set off current tax assets and current tax liabilities, and (ii) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. Deferred taxes are not discounted, except implicitly in the case of deferred taxes on assets and liabilities which are themselves discounted. Withholding taxes on intragroup royalties and dividends, and on royalties and dividends collected from third parties, are accounted for as current income taxes. In accounting for business combinations, Sanofi complies with IFRS 3 as regards the recognition of deferred tax assets after the initial accounting period. This means that if any of the acquiree deferred tax assets are recognized after the end of this period on temporary differences or unused tax losses existing at the date of the combination, a corresponding reduction is made to the amount of goodwill.

Employee benefit obligations : Sanofi offers retirement benefits to employees and retirees of the Group. These benefits are accounted for in accordance with IAS 19 (Employee Benefits). These benefits are in the form of either defined-contribution plans or defined-benefit plans. In the case of defined-contribution plans, the contributions paid by Sanofi are expensed in the period in which they occur, and no actuarial estimate is performed. In the case of defined-benefit plans, Sanofi recognizes its obligations to employees as a liability, based on an actuarial estimate of the rights vested and/or currently vesting in employees and retirees using the projected unit credit method, net of the estimated fair value of plan assets. These estimates are performed annually, and rely on assumptions about mortality, employee turnover, and salary increases. The estimated obligation is discounted. Obligations in respect of other post-employment benefits (healthcare, life insurance) offered by Group companies to employees are also recognized as a liability based on an actuarial estimate of the rights vested or currently vesting in employees and retirees at the balance sheet date. Actuarial gains and losses, arising from the effects of changes in actuarial assumptions and from experience adjustments, are recognized in the income statement using the corridor method. Under this method, actuarial gains and losses equal to less than 10% of the greater of the amount of the future obligation or the fair value of plan assets are not recognized. Actuarial gains and losses above this 10% threshold are recognized in the income statement over the expected remaining working lives of the employees. For the transition to IFRS as of January 1, 2004, all actuarial gains and losses of former Sanofi-Synthélabo companies not recognized as of that date were recognized in equity under the option offered by IFRS 1 (First-Time Adoption of International Financial Reporting Standards). Actuarial gains and losses of former Aventis companies were included in the fair value of the employee benefit obligations assumed at the date of acquisition (August 20, 2004).

Share-based payment

Stock option plans : Sanofi has granted a number of equity-settled share-based payment plans (stock option plans) to some of its employees. In accordance with IFRS 2 (Share-Based Payment), services received from employees as consideration for stock options are recognized as an expense in the income statement, with the matching entry recognized in equity. The expense corresponds to the fair value of the stock option plans at the date of grant, and is charged to income on a straight line basis over the vesting period of the plan (the 3-year or 4-year period during which grantees cannot exercise their options). The fair value of stock option plans is measured at the grant date using the Black & Scholes valuation model, taking into account the expected life and cancellation rate of the options. This initial measurement is not subsequently adjusted except where an adjustment is required to reflect the actual cancellation rate and the effect of this adjustment is material. Sanofi has elected to use the IFRS 1 exemption authorizing retrospective application of IFRS 2 to all stock option plans not wholly vested at the transition date provided that the fair value of these stock option plans has been previously disclosed. The benefit cost recognized therefore relates to rights that vested during the reporting period for all plans granted by Sanofi, Sanofi-Synthélabo and the former Aventis group.

Employee stock ownership plans : The Sanofi Group may offer its employees the opportunity to subscribe to reserved share issues at a discount to the reference market price. Shares allotted to employees under these plans fall within the scope of IFRS 2 (Share-Based Payment). The discount is treated as an employee benefit, valued at the subscription date and recognized as an expense.

Earnings per share : Basic earnings per share is calculated using the weighted average number of shares outstanding during the reporting period, adjusted on a time-weighted basis from the acquisition date to reflect the number of sanofiaventis shares held by the Group and acquired in the light of market conditions. Diluted earnings per share is calculated with the Treasury Stock Method using the weighted average number of ordinary shares, calculated on the assumption that (a) all outstanding dilutive options and warrants are exercised and (b) the Group acquires its own shares at quoted market price for an amount equivalent to the cash received as consideration for the exercise of the options or warrants, plus the expense arising on unamortized stock options. In the event of a stock split or bonus issue of shares, earnings per share for prior periods is adjusted accordingly.

Segment reporting : In accordance with IAS 14 (Segment Reporting), Sanofi reports information by business segment and geographical segment. The primary level of segment reporting used by Sanofi is the business segment. A business segment is a distinguishable component of the Group that is engaged in providing a

group of related products and services and is subject to different risks and returns from those of other business segments. Sanofi has two business segments: pharmaceuticals and human vaccines. The secondary level of segment reporting used by Sanofi is the geographical segment. A geographical segment is a distinguishable component of the Group that is engaged in providing a group of related products and services within a particular economic environment and is subject to different risks and returns from those of components operating in other economic environments. Sanofi has three geographical segments: Europe, the United States of America, and Other Countries. The split between these segments is based on the Group's organizational and management structure, and on indicators used for internal management reporting purposes.

New IASB standards and interpretations applicable from 2006 onwards : New standards and interpretations issued in 2005 and applied in the Sanofi consolidated financial statements are described at the start of this section. The other standards and interpretations issued in 2005 are listed below, with an indication of the mandatory application date and of the Group's position regarding future application.

- The amendment to IAS 1 (Presentation of Financial Statements) on capital disclosures is applicable from 2007 onwards. This amendment requires additional disclosures on capital to be presented in the notes to the financial statements.
- The amendment to IAS 19 (Employee Benefits) has a mandatory application date of January 1, 2006. The principal change contained in this amendment is the introduction of an option for all actuarial gains and losses to be recognized in shareholders' equity. Sanofi is currently assessing the effect of this option on the financial statements before deciding whether or not to elect this treatment in 2006.
- The limited amendment to IAS 39 (Financial Instruments: Recognition and Measurement) on the fair value option is applicable from January 1, 2006 onwards. Sanofi has elected not to apply the fair value option in advance of the mandatory application date in its consolidated financial statements.
- The limited amendments to IFRS 4 (Insurance Contracts) and to IAS 39 (Financial Instruments: Recognition and Measurement) relating to financial guarantee contracts are applicable from January 1, 2006 onwards. These amendments will not have a material impact on the consolidated financial statements of Sanofi.
- IFRS 6 (Exploration for and Evaluation of Mineral Resources), and the corresponding amendments to IFRS 1, are applicable from 2006 onwards. This standard will have no impact on the consolidated financial statements of Sanofi.
- IFRS 7 (Financial Instruments: Disclosures) is applicable from January 1, 2007 onwards. Sanofi is currently assessing the impact of this standard on the notes to the financial statements. Sanofi has elected not to apply the following interpretations in 2005 in advance of the mandatory application date, which is from 2006 onwards.
- IFRIC 4 (Determining Whether an Arrangement Contains a Lease)
- IFRIC 6 (Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment)

  Sanofi does not expect adoption of these interpretations in 2006 to have a material impact on the financial statements.

q) Information in respect of companies promoted by the Acquirer:

q1.: Sanofi has not promoted any new company in India as on the date of the Letter of Offer except as mentioned before. Refer to para 3(d) above for constitutional, busines and financial data for Sanofi's Indian subsidiary incorporated in 1996.

q2. : Information in respect of companies promoted by Sanofi outside India

Name of the company	PT Sanofi-Synthelabo Combiphar									
Constitution & Date of incorporation	Limited liability company in Indonesia 21 June 2001									
Ownership	Sanofi-aventis Participations 95% (2 185 shares) Secipe 5% (115 shares)									
Business Description	Pharmaceuticals industry, large-scale trading and import trading									
Key financial data	**(in € mm)**					**(in Rs. mm)**				
For the period ended /as on December 31,	**2001**	**2002**	**2003**	**2004**	**2005**	**2001**	**2002**	**2003**	**2004**	**2005**
Sales	-	6.0	6.4	6.9	9.1	-	348	371	400	527
Net Profit	-	(0.1)	(0.5)	(0.1)	(1.3)	-	(6)	(29)	(6)	(75)
EPS (€ / Rs.)	-	(43.48)	(21.74)	(43.48)	(565.22)	-	(2,518)	(1,259)	(2,518)	(32,738)
Share Capital	1.4	2.8	2.8	2.8	2.8	81	162	162	162	162
Reserves (including currency translation effects)	-	(0.4)	(1.2)	(1.7)	(2.7)	-	(23)	(70)	(98)	(156)
Net Equity	1.4	2.4	1.6	1.1	0.1	81	139	93	64	6

Name of the company	Sanofi-Synthelabo Mexicana, SA DE CV (ex Organon Sanofi-Synthelabo Mexico, SA DE CV)							
Constitution & Date of incorporation	Limited liability company with variable share capital in Mexico *(société anonyme à capital variable)* 7 March 2002							
Ownership	Sanofi-aventis Participations 27 000 class II shares, and 99 class I shares Secipe 1 class I share							
Business Description	Marketing, sale and distribution of every kind of pharmaceutical products in Mexico							
Key financial data	**(in € mm)**				**(in Rs. mm)**			
For the period ended /as on December 31,	**2002**	**2003**	**2004**	**2005**	**2002**	**2003**	**2004**	**2005**
Sales	0.1	0.1	0.1	-	6	6	6	-
Net Profit	(0.5)	(1.1)	(0.7)	(0.1)	(29)	(64)	(41)	(6)
EPS (€ / Rs.)	(18.45)	(40.59)	(25.83)	(3.69)	(1,069)	(2,351)	(1,496)	(214)
Share Capital	0.01	0.01	1.80	1.80	1	1	104	104
Reserves	(0.50)	(1.60)	(2.30)	(2.40)	(29)	(93)	(133)	(139)
Net Equity	(0.50)	(1.60)	(0.50)	(0.70)	(29)	(93)	(29)	(41)

Name of the company	Sanofi 1
Constitution & Date of incorporation	Limited liability company in France *(Société par actions simplifiée)* 21 December 2005
Ownership	Sanofi-aventis 100% (4 000 shares)
Business Description	Holding and acquisitions
The company is in existence only since December 21, 2005 and hence there is no audited or certified financial information available on the date of the LOO.	

Name of the company	Sanofi 2
Constitution & Date of incorporation	Limited liability company in France *(Société par actions simplifiée)* 21 December 2005
Ownership	Sanofi-aventis 100% (4 000 shares)
Business Description	Holding and acquisitions
The company is in existence only since December 21, 2005 and hence there is no audited or certified financial information available on the date of the LOO.	

Name of the company	Sanofi 3
Constitution & Date of incorporation	General partnership in France *(société en nom collectif)* 21 December 2005
Ownership	Sanofi-aventis 95% (950 shares) Sodechim 5% (50 shares)
Business Description	Holding and acquisitions
The company is in existence only since December 21, 2005 and hence there is no audited or certified financial information available on the date of the LOO.	

Name of the company	UAB sanofi-aventis Lietuva	
Constitution & Date of incorporation	Limited Liability Company in Lithuania 19 April 2005	
Ownership	Sanofi-aventis 100 % (100 shares)	
Business Description	None indicated	
Key financial data	**(in € mm)**	**(in Rs. mm)**
For the period ended /as on December 31,	**2005**	**2005**
Sales	-	-
Net Profit	0.02	1
EPS (€ / Rs.)	240	13,901
Share Capital	0.003	0
Reserves	0.02	1
Net Equity	0.03	2

Name of the company	Sanofi-Synthelabo Kenya Limited							
Constitution & Date of incorporation	Private company limited by shares in Kenya							
	19 February 2002							
Ownership	Sanofi-aventis 74 999 shares Didier ROUSSELLE 1 share							
Business Description	Registration, importation, exportation, promotion, marketing, distribution and sale of pharmaceutical products and the provision of healthcare services and the obtaining of pharmaceutical products' approval							
Key financial data	**(in € mm)**				**(in Rs. mm)**			
For the period ended /as on December 31,	**2002**	**2003**	**2004**	**2005**	**2002**	**2003**	**2004**	**2005**
Sales	-	-	-	-	-	-	-	-
Net Profit	-	-	-	0.1	-	-	-	6
EPS (€ / Rs.)	-	-	0.2	1.3	-	-	12	75
Share Capital	0.1	0.1	0.1	0.1	6	6	6	6
Reserves	-	-	-	0.1	-	-	-	6
Net Equity	0.1	0.1	0.1	0.1	6	6	6	6

Name of the company	Sanofi-Synthelabo AFO					
Constitution & Date of incorporation	One-person company in Senegal *(société anonyme unipersonnelle)* 13 June 2003					
Ownership	Sanofi-aventis 100% (1 000 shares)					
Business Description	Promotion of chemical and pharmaceutical products, all goods related to dietetics and aromas, all medico-surgical and hospital equipments, and more generally all services related thereto					
Key financial data	**(in € mm)**			**(in Rs. mm)**		
For the period ended /as on December 31,	**2003**	**2004**	**2005**	**2003**	**2004**	**2005**
Sales	3.0	3.2	3.6	174	185	209
Net Profit	-	0.1	0.2	-	6	12
EPS (€ / Rs.)	-	11	224	-	637	12,974
Share Capital	0.02	0.02	0.02	1	1	1
Reserves	-	-	(2.8)	-	-	(162)
Net Equity	-	0.1	(2.8)	-	6	(162)

Name of the company	Sanofi-aventis Malta Limited	
Constitution & Date of incorporation	Private company limited in Malta 5 October 2005	
Ownership	Sanofi-aventis 98% (49 shares) Secipe 2% (1 share)	
Business Description	To provide all types of marketing, promotion and advertising services in relation to all types of pharmaceutical products. To act as buyers, sellers either wholesale or retail or correspondence, promoters, importers, exporters, bailees, commission merchants and commission agents and brokers in respect of all types of plant, machinery, equipment, merchandise, goods, products and raw materials without restriction as to type or volume, and whether for immediate or future delivery, and whether on a cash or margin basis, in particular all types of pharmaceutical products.	
Key financial data	**(in € mm)**	**(in Rs. mm)**
For the period ended /as on December 31,	**2005**	**2005**
Sales	-	-
Net Profit	0.1	6
EPS (€ / Rs.)	1220	70,662
Share Capital	0.002	0
Reserves	0.1	6
Net Equity	0.1	6

Name of the company	Sanofi-aventis Latvia	
Constitution & Date of incorporation	Limited liability company in Latvia 22 April 2005	
Ownership	Sanofi-aventis 100% (20 shares)	
Business Description	Promotion, sale of services and pharmaceutical products	
Key financial data	**(in € mm)**	**(in Rs. mm)**
For the period ended /as on December 31	**2005**	**2005**
Sales	-	-
Net Profit	0.1	6
EPS (€ / Rs.)	2650	153,488
Share Capital	0.003	0
Reserves	0.1	6
Net Equity	0.1	6

Name of the company	Sanofi-aventis Estonia OU	
Constitution & Date of incorporation	Private company limited in Estonia 14 June, 2005	
Ownership	Sanofi-aventis 100% (400 shares)	
Business Description	Promotion activities of pharmaceutical products and services supporting their sale.	
Key financial data	**(in € mm)**	**(in Rs. mm)**
For the period ended /as on December 31,	**2005**	**2005**
Sales	-	-
Net Profit	-	-
EPS (€ / Rs.)	10	579
Share Capital	0.003	0
Reserves	-	-
Net Equity	0.003	0

Name of the company	Sanofi-aventis Cyprus Limited	
Constitution & Date of incorporation	Private company limited by shares in Cyprus 30 June, 2005	
Ownership	Sanofi-aventis 100% (1 000 shares)	
Business Description	Marketing and promotion, medical information, organization of symposia, distribution of samples, price advice, surveys conducting, buying, selling, manufacturing, import and export of pharmaceutical products, conducting clinical trials.	
Key financial data	**(in € mm)**	**(in Rs. mm)**
For the period ended /as on December 31,	**2005**	**2005**
Sales	-	-
Net Profit	0.1	6
EPS (€ / Rs.)	110	6,371
Share Capital	0.017	1
Reserves	0.1	6
Net Equity	0.1	6

r) Current status of corporate governance (Source : www.sanofi-aventis.com)

Corporate governance framework of Sanofi reflects the mandatory provisions of French corporate law, the securities laws and regulations of France and the United States.

Sanofi generally follows the recommendations for French listed issuers set out in the Bouton Report on corporate governance. As a result, its corporate governance framework is similar in many respects to, and provides investor protections that are comparable to - or in some cases, more stringent than - the corresponding rules of the New York Stock Exchange. Nevertheless, there are important differences to keep in mind.

In line with New York Stock Exchange rules applicable to domestic issuers, a majority of Sanofi board members are independent. Sanofi evaluates the independence of members of its Board of Directors using the standards of the French Bouton Report on corporate governance as the principal reference.

Sanofi believes that the Bouton Report's overarching criteria for independence - no relationship of any kind whatsoever with the Company, its group or the management of either that is such as to color a Board member's

judgment - is on the whole consistent with the goals of the New York Stock Exchange's rules although the specific tests proposed under the two standards may vary on some points.

Additionally, Sanofi has complied with the audit committee independence and other requirements of the Rule 10A-3 under the U.S. Securities Exchange Act of 1934, as amended, adopted pursuant to the Sarbanes-Oxley Act of 2002.

Under French law, the committees of Sanofi's Board of Directors are advisory only, and where the New York Stock Exchange Listed Company Manual would vest certain decision-making powers with specific committees by delegation (e.g., nominating or audit committees), Sanofi's Board of Directors remains by law the only competent body to take such decisions, albeit taking into account the recommendation of the relevant committees.

Additionally, under French corporate law, it is the shareholder meeting of Sanofi that is competent to appoint its auditors upon the proposal of its Board of Directors, although its internal rules provide that the Board of Directors will make its proposal on the basis of the recommendation of its Audit Committee. Sanofi believes that this requirement of French law, together with the additional legal requirement that two sets of statutory auditors be appointed, share the New York Stock Exchange's underlying goal of ensuring that the audit of its accounts be conducted by auditors independent from company management.

In addition to the oversight role of Sanofi's Compensation, Appointments and Governance Committee for questions of management compensation including by way of equity, under French law any option plans or other share capital increases, whether for the benefit of top management or employees, may only be adopted by management pursuant to and within the limits of a shareholder resolution approving the related capital increase and delegating to the board the authority to implement such operations.

As described above, a number of issues, which could be resolved directly by a board or its committees in the United States, require the additional protection of direct shareholder consultation in France. On the other hand, there is not a tradition of non-executive Board of Director sessions.

Sanofi's audit committee is entirely composed of independent directors, in compliance with the Rule 10A-3 under the U.S. Securities Exchange Act of 1934, as amended, adopted pursuant to the Sarbanes-Oxley Act of 2002. The composition of Sanofi's compensation, nomination and corporate governance committee includes directors who are also officers of its principal shareholders.

As a 'foreign private issuer' under the U.S. securities laws, Sanofi's Chief Executive Officer and Chief Financial Officer issue the certifications required by §302 and §906 of the Sarbanes Oxley Act of 2002 on an annual basis (with the filing of our annual report on U.S. Form 20-F) rather than on a quarterly basis as would be the case of a U.S. corporation filing quarterly reports on U.S. Form 10-Q.

French corporate law provides that the Board of Directors must vote to approve a broadly defined range of transactions that could potentially create conflicts of interest between Sanofi on the one hand and its directors and officers on the other hand. This legal safeguard operates in place of certain provisions of the NYSE Listed Company Manual.

s) Status of pending litigation matters are given below. The word 'Group' used in this para refers to the companies forming part of the consolidated audited accounts of Sanofi. Also refer to para (n) above

Legal and arbitral proceedings as on December 31, 2005. (Source : Notes to Sanofi's financial statements for the year ended December 31, 2005)

a) Products : In the ordinary course of its business, the Group is involved in lawsuits concerning products currently or formerly marketed by the Group, its predecessor companies, or its former subsidiaries. The litigation which management currently considers to be the most significant is described below.

Sabril® Litigation (anti-epilepsy) : Aventis Pharma Ltd, UK, faces group litigation consisting of 181 active claimants in the United Kingdom relating to the anti-epilepsy drug Sabril®. The action alleges that patients have suffered irreversible visual field constriction as a result of taking Sabril®. Approximately 130 claimants have alleged damages amounting in the aggregate to approximately UK£ 50 million for these injuries. The remaining claimants have not yet submitted claims for specified damages. Trial is currently scheduled for October 2007. In April 2004, Aventis sold its rights to Sabril® for North America, but not for the rest of the world, to Ovation Pharmaceuticals, Inc.

Sanofi pasteur Hepatitis B Vaccine Litigation : More than 150 lawsuits have been filed in various French civil courts against sanofi pasteur S.A. or Sanofi Pasteur MSD, two French subsidiaries of Sanofi, in which the plaintiffs allege that they suffer from a variety of neurological disorders and autoimmune diseases, including multiple sclerosis or Guillain-Barré syndrome as a result of receiving the hepatitis B vaccine. More than 20 judgments in France have recently rejected claims alleging a causal link between the hepatitis B vaccine and the claimants'

alleged injuries. On January 25, 2006, the Cour de cassation (the French Supreme Court) reversed a 2003 decision unfavorable to sanofi pasteur and remanded the case to the Court of Appeal of Paris.

Sanofi pasteur Thimerosal Litigation : Since early 2001, sanofi pasteur has been a defendant in 334 lawsuits in several federal and state courts in the U.S. alleging that serious personal injuries resulted from the presence of mercury in the preservative thimerosal, trace amounts of which are contained in vaccines manufactured by sanofi pasteur. Several of the cases seek certification to proceed as class actions.

Sanofi pasteur believes that under U.S. law all of these claims must first be filed in the U.S. Court of Federal Claims to determine whether the claim qualifies for compensation by the National Vaccine Injury Compensation Program before the claimants may bring direct actions against the Company.

Currently, all of these cases are either in the preliminary response stage, in the discovery process, have been stayed pending adjudication by the U.S. Court of Federal Claims, or have pending plaintiffs' requests for reconsideration of preliminary determinations to stay proceedings pending such adjudication by the U.S. Court of Federal Claims. Sixteen of these cases have been brought on behalf of plaintiffs who had previously filed in the U.S. Court of Federal Claims and have now been filed against sanofi pasteur after the Claims Court failed to render a determination on the claims within the statutory 240 day period. These cases are in various stages of discovery, and none of these cases have been set for trial.

Sanofi pasteur Blood Products Litigation : Sanofi pasteur S.A. faces civil actions in various courts in Argentina, France and the United States on behalf of individuals with hemophilia, alleging that they became infected with the Human Immunodeficiency Virus ("HIV") or hepatitis C virus ("HCV") as a result of the administration of non-heat-treated anti-hemophilic factor ("AHF") manufactured in France in the early 1980s by a predecessor company.

Other Blood Products Litigation : On June 2, 2003 a purported worldwide class action was filed against Armour Pharmaceutical Company, Aventis Behring and Aventis Inc. and three other U.S. plasma fractionators, on behalf of a purported class of foreign and national plaintiffs alleging infection with HIV and/or hepatitis C from 1978-1990. This action is pending before the United States District Court for the Northern District of Illinois. Eighty-seven additional individual and class action complaints have been filed in various jurisdictions, but have all been successfully removed to the Northern District of Illinois. In the aggregate, the various plaintiffs' counsel represented approximately 3,000 putative class members. On March 3, 2005, the U.S. District Court for the Northern District of Illinois denied plaintiffs' requests to certify class actions with respect to the cases before it. However, to the extent plaintiffs chose to proceed with individual claims, most of the approximately 3,000 plaintiffs' cases are expected to remain before the U.S. District Court for the Northern District of Illinois because of shared questions of fact.

In June 2005, defendants filed a motion to dismiss claims brought by UK plaintiffs arguing that the U.S. is not the proper forum. On January 5, 2006, the U.S. District Court granted the defendants' motion in the lead case, dismissing certain UK plaintiffs and indicating that the decision would apply to some 300 additional UK plaintiffs. Plaintiffs have indicated they intend to appeal this decision. Defendants anticipate filing similar motions for other countries.

In November 2002, Canadian authorities filed criminal charges against Armour Pharmaceutical Company and a former Armour employee alleging that Armour distributed AHF infected with HIV. A trial date is currently set for February 2006.

b) Patents

Plavix® Patent Litigation : United States. In February 2002, Sanofi learned that Apotex, a Canadian generic drug manufacturer, filed an Abbreviated New Drug Application, or ANDA, with the Food and Drug Administration, or FDA, challenging two of its U.S. patents relating to Plavix®. The challenged patents include U.S. Patent No. 4,847,265 (the "265 patent"), expiring in 2011, which discloses and claims the compound clopidogrel bisulfate, the active ingredient in Plavix®. In April 2002, Sanofi learned of a similar ANDA filing by Dr. Reddy's Laboratories, an Indian generic drug manufacturer.

On March 21, 2002, Sanofi, Sanofi-Synthélabo Inc. and Bristol-Myers Squibb Sanofi Pharmaceuticals Holding Partnership (or "BMS Sanofi Holding", Sanofi's partnership with Bristol-Myers Squibb) filed suit in the United States District Court for the Southern District of New York against Apotex for the infringement of U.S. patent rights relating to Plavix®. Apotex has asserted antitrust counterclaims. The lawsuit is captioned *Sanofi-Aventis, Sanofi-Synthélabo Inc. and Bristol-Myers Squibb Sanofi Pharmaceuticals Holding Partnership v. Apotex Inc. and Apotex Corp., 02-CV-2255 (SHS).*

On May 14, 2002, Sanofi, Sanofi-Synthélabo Inc. and BMS Sanofi Holding filed suit in the United States District Court for the Southern District of New York against Dr. Reddy's Laboratories for infringement of these same patent rights. That lawsuit is captioned *Sanofi-Aventis, Sanofi-Synthélabo Inc. and Bristol-Myers Squibb Sanofi*

Pharmaceuticals Holding Partnership v. Dr. Reddy's Laboratories, LTD, and Dr. Reddy's Laboratories, Inc., 02-CV-3672 (SHS).

As regards the proceedings, fact and expert discovery have been completed and the pre-trial order was submitted by the parties other than Dr. Reddy's on May 27, 2005. The court has scheduled trial to begin in the Apotex matter on April 3, 2006.

On April 20, 2005, Apotex filed as a separate suit before the same court a complaint seeking a declaratory judgment that the '265 patent is unenforceable based on inequitable conduct. On September 12, 2005, the court granted defendant's motion to dismiss this complaint for declaratory judgment. Apotex has filed an appeal to the United States Court of Appeals for the Federal Circuit.

In August 2004, Sanofi was notified that Teva, an Israeli generic drug manufacturer, had amended an earlier filed ANDA and was challenging the validity of the '265 patent. On September 23, 2004, sanofiaventis, Sanofi-Synthélabo Inc. and BMS Sanofi Holding filed suit in the United States District Court for the Southern District of New York against Teva for infringement of the '265 patent. That lawsuit is captioned *Sanofi-Aventis, Sanofi-Synthélabo Inc. and Bristol-Myers Squibb Sanofi Pharmaceuticals Holding Partnership v. Teva Pharmaceuticals USA, Inc., Teva Pharmaceuticals Industries, Ltd.*, 04-CV-07548. Sanofi has indicated to the court that this suit is related to the other two lawsuits pending in the same court, and moved to consolidate this case with the others pending before the same court. In a stipulation approved by the U.S. District Court for the Southern District of New York on April 15, 2005, all parties to the patent infringement litigation against Teva have resolved the pending motion to consolidate by agreeing that the Teva litigation will be stayed, pending resolution of the Apotex and Dr. Reddy litigation, and that the parties to the Teva litigation will be bound by the outcome of the litigation in the District Court against Apotex or Dr. Reddy.

If any of the challenges to the '265 patent were successful, one or more of the generic drug manufacturers would have the right (assuming FDA approval has been obtained) to produce a generic clopidogrel product and market it in the United States in competition with Sanofi and its alliance partner, BMS. On January 24, 2006, Sanofi learned that the FDA had granted final approval to the Apotex ANDA. This approval does not resolve the outstanding patent claims. Sanofi believes that Plavix(r) will continue to benefit from its patent protection in the United States, and will continue to defend its interests in this matter vigorously.

In September 2002 and in January 2003, Sanofi obtained two additional U.S. patents: U.S. Patent No. 6,504,030 and U.S. Patent No. 6,429,210, related to a second crystalline form of clopidogrel known as "form 2". At the present time, Sanofi does not believe that it has a basis to assert these patents against Apotex, Dr. Reddy's Laboratories or Teva.

In August 2004, Sanofi learned that Watson Laboratories Inc., a U.S. generic company, filed an ANDA with the FDA challenging the validity of the form 2 patents and alleging non-infringement of U.S. Patent No. 6,504,030. On October 7, 2004, Sanofi, Sanofi-Synthélabo Inc. and BMS Sanofi Holding filed suit in the United States District Court for New Jersey against Watson Laboratories for infringement of this U.S. patent. Watson has asserted counterclaims of invalidity and non-infringement with respect to this U.S. patent. On January 20, 2006, at the request of all parties to the Watson litigation the judge ordered that this litigation will be stayed, pending resolution of the Apotex litigation.

Since the second quarter of 2005 each of Cobalt, Ivax, Mylan, Roxane Laboratories and Sandoz notified Sanofi that it had filed an ANDA with the FDA with regard to purported generic versions of form 1 of clopidogrel in the United States. In each case, the ANDA claims the purported form 1 generics do not infringe patents related to form 2, and only the Cobalt ANDA contests the U.S. Patent 4,847,265. Sanofi did not file suit against Ivax, Mylan, Roxane or Sandoz. Sanofi has filed suit against Cobalt, and a stipulation similar to that signed with Teva (discussed above) was approved by the Court on October 28, 2005.

Canada. In March 2003, Sanofi learned that Apotex had filed an application with Canadian authorities for a marketing authorization for a proposed generic clopidogrel product, alleging that sanofiaventis's Canadian Patent No. 1,336,777 (the "777 patent") for clopidogrel bisulfate was invalid and not infringed. The '777 patent is the Canadian counterpart to Sanofi's U.S. Patent No. 4,847,265 which is being asserted in the U.S. against Apotex, Dr. Reddy's, Teva and Cobalt. On April 28, 2003, Sanofi's Canadian subsidiary and Sanofi commenced an application for judicial review in the Federal Court of Canada and in March 2005 the Canadian Federal Court of Ottawa granted Sanofi's application for an order of prohibition against the Minister of Health and Apotex Inc. in relation to Apotex's 2003 application in Canada for a marketing authorization for a generic version of clopidogrel bisulfate tablets. The Canadian Court rejected Apotex's challenge to the Plavix(r) patent and held that the asserted

claims are novel, not obvious and infringed. Apotex has appealed. If Sanofi is unsuccessful in the appeal, it may subsequently become subject to a damages claim by Apotex.

In November 2004, Sanofi learned that Novopharm Ltd., a member of the Teva Group, had filed Notice of Allegation with Canadian authorities seeking a marketing authorization for a generic clopidogrel product, alleging that Sanofi's Canadian patent claiming clopidogrel bisulfate was invalid and not infringed. On January 14, 2005, Sanofi's Canadian subsidiary and Sanofi commenced an application for judicial review in the Federal Court of Canada. A settlement agreement was reached with Novopharm wherein Novopharm withdrew its Notice of Allegation and Sanofi and Sanofi-Synthelabo Canada Inc. consented to the discontinuance of the judicial proceedings and both parties agreed to be bound by the outcome of the appeal in the Apotex proceedings. Cobalt has also filed a Notice of Allegation concerning the '777 patent. Sanofi and Cobalt have entered into an agreement similar to the one made with Novopharm, whereby both parties agreed to be bound by the outcome of the appeal in the Apotex proceedings.

In March 2005, Sanofi was granted a new Canadian Patent No. 2,334,870 (the " '870 patent") which discloses and claims form 2 of clopidogrel bisulfate, the active ingredient in Plavix(r). This patent was listed in the Patent Register. Subsequently, both Novopharm and Cobalt filed Notices of Allegation with respect to this new patent. Sanofi did not file suit in response to these Notices of Allegations based on both companies' representations that they intended to make only form 1 clopidogrel products, which would not infringe the '870 patent.

United Kingdom. In January 2005, Sanofi learned that Aircoat, Ltd., a Scottish company, filed a revocation action before the Scottish Court of Session seeking to invalidate the Sanofi patent in the UK claiming clopidogrel bisulfate. In August 2005, Aircoat withdrew its revocation action with prejudice.

Allegra® Patent Litigation : United States. In June 2001 Aventis Pharmaceuticals Inc. ("API"), a Sanofi subsidiary, was notified that Barr Laboratories Inc. ("Barr") filed an Abbreviated New Drug Application (ANDA) with the FDA seeking approval to market a generic version of Allegra® 60 mg capsules in the United States and challenging certain of API's patents. In August 2001, API filed a patent infringement lawsuit against Barr in U.S. District Court claiming that marketing of Allegra® by Barr prior to the expiration of certain API patents would constitute infringement of those patents. API subsequently received similar ANDA notifications from Barr and six additional generic companies relating variously to Allegra(r) 30 mg, 60 mg and 180 mg tablets and Allegra®-D as well as notice of a Section 505(b)(2) application by Dr. Reddy's Pharmaceuticals. A section 505(b)(2) application may be used to seek approval for, among other things, combination products, products that do not demonstrate bioequivalence to a listed drug and over-the-counter versions of prescription drugs. Dr. Reddy's has not notified API of the contents of its application. In each case, API has filed additional patent infringement lawsuits against the generic companies. All of the Allegra(r) patent infringement suits are pending in the U.S. District Court for New Jersey. No date is currently set for trial.

On September 6, 2005, Barr and Teva announced that they were collaborating to launch a generic version of Allegra® despite the pending litigation. As a result Sanofi submitted a motion for a preliminary injunction to halt Barr and Teva's marketing of generic Allegra®, which the district court denied. Sanofi is appealing this decision. Sanofi's motion for an expedited trial, which was also filed as a result of the generic launch, was not addressed in the court's opinion

Israel. On January 22, 2006, Sanofi filed a patent infringement lawsuit and motion for a preliminary injunction in Israel against Teva Pharmaceuticals relating to a crystalline form of the active ingredient of Allegra® (fexofenadine HCl). Sanofi is seeking a court order prohibiting Teva's manufacture, export and marketing of fexofenadine HCl in infringement of Sanofi's Israeli patent rights.

Actonel® Patent Litigation : Patent infringement litigation was initiated in 2004 by P&G Pharmaceuticals and Merck & Co. in the U.S. District Court of Delaware against Teva Pharmaceuticals USA in response to Teva's application to market a generic version of Actonel® (risedronate sodium tablets) in the United States. Sanofi is not currently a co-plaintiff in either suit. Actonel® is marketed by the Alliance for Better Bone Health, an alliance between P&G Pharmaceuticals and API. Discovery is currently ongoing, and no trial date has been set.

Lovenox® Patent Litigation : United States : In June 2003, API received notice that both Amphastar Pharmaceuticals and Teva Pharmaceuticals were seeking approval from the FDA for purportedly generic versions of Lovenox® and were challenging U.S. Patent No. 5,389,618 (the " 618 patent") listed in the Orange Book for Lovenox®. API brought a patent infringement suit against both Amphastar and Teva in U.S. District Court (Central District of California) on the '618 patent.

On June 14, 2005, in a separate administrative procedure the U.S. Patent & Trademark Office reissued the '618

patent, as reissue patent number RE 38,743 (the " 743 patent"). The '743 patent is listed in the Orange Book and will expire on February 14, 2012. As a result of the reissuance, the '618 patent has been surrendered in favor of the '743 patent by operation of law.

On June 15, 2005, the Court granted Amphastar's motion for summary judgment of inequitable conduct. The District Court subsequently ruled that the '743 patent was substituted for the '618 patent in the proceedings and entered final judgment.

On August 1, 2005, API lodged an appeal of the District Court's summary judgment ruling. The appeal has been argued, and a decision is anticipated for the first half of 2006. If API loses the appeal, the '743 patent will be deemed to be unenforceable and the case will be remanded to the District Court, where it will proceed on the defendants' remaining counterclaims for alleged antitrust and unfair competition violations. If API wins the appeal, the case will be remanded to the District Court and will proceed on the issues of the infringement, validity, and enforceability of the '743 patent.

Canada: On February 25, 2005, Novopharm received a Notice of Compliance ("NOC") in Canada to market a purported generic form of enoxaparin. Aventis Pharma S.A. (France) and Sanofi Canada, Inc's predecessor, Aventis Pharma Inc. (Canada), both subsidiaries of Sanofi, filed a patent infringement suit against Novopharm Limited in the Federal Court of Canada for infringement of Canadian patent number 2,045,433 (the "'433 patent"). The patent infringement suit is proceeding. The '433 patent expires in 2011, and is the Canadian counterpart to U.S. patent number RE 38,743 which is being asserted in the U.S. against Amphastar Pharmaceuticals and Teva Pharmaceuticals.

Further, on April 1, 2005, Sanofi Canada, Inc's predecessor, Aventis Pharma, Inc. (Canada) initiated a judicial review proceeding before the Federal Court of Canada against the Minister of Health, Attorney General of Canada and Novopharm Limited seeking to obtain an order quashing the Notice of Compliance issued to Novopharm. The government filed a motion to strike which was granted-in-part and denied-in-part. The court's decision to grant part of the government's motion is being appealed, and the case is proceeding on the remaining claims.

Italy. The companies Biofer, Chemi and Opocrin have filed suits in Italy before the Tribunale di Milano (civil section) seeking a declaratory judgment of invalidity and, in the case of Opocrin, of non-infringement with respect to the Italian patent covering Clexane®, which is the Italian counterpart to the U.S. patent number 5,389,618 (now RE 38,743). On September 29, 2005, the court ruled in Sanofi's favor in the Biofer and Chemi suit, upholding the validity of the Italian patent while holding that one of the examples falls outside the scope of claim 1. The Opocrin suit remains pending.

Ramipril Canada Patent Litigation : Ramipril is the active ingredient of Tritace®, marketed in Canada under the brand Altace®. Sanofi Canada, Inc's predecessor, Aventis Pharma, Inc. (Canada) initiated a number of legal proceedings in Canada to prohibit the Minister of Health from issuing a Notice of Compliance (a "NOC") to Pharmascience, Apotex, Novopharm and Riva in relation to these companies' respective Abbreviated New Drug Submissions ("ANDS") seeking approval to market a generic version of ramipril capsules in Canada for the treatment of hypertension. Sanofi Deutschland GmbH (Germany) and its predecessor have been parties in a number of proceedings where they are the patent owner.

In December 2004, a hearing was held in Canadian Federal Court in Vancouver concerning Pharmascience's first allegation in respect of its ANDS to market generic Ramipril in Canada for the treatment of hypertension. On March 11, 2005, the Canadian Federal Court ruled that the Minister of Health was prohibited from issuing a Notice of Compliance to Pharmascience on the basis of Pharmascience's first allegation in respect to its ANDS to market generic ramipiril in Canada. On April 11, 2005, Pharmascience appealed this ruling to the Canadian Federal Court of Appeal.

In 2005, four hearings were held in Canadian Federal Court in Toronto concerning allegations Apotex made with respect to three patents listed in relation to ramipril in Canada: Canadian Patents 1,341,206 (the "'206 patent"), 2,023,089 (the "'089 patent"), and 1,246,457 (the "'457 patent"). The court declined to prohibit the Minister from issuing an NOC to Apotex based upon three of these allegations, but issued an order prohibiting the Minister from issuing an NOC to Apotex with respect to its non-infringement allegation relating to the '457 patent. The '457 patent expired on December 13, 2005. A hearing concerning an allegation Apotex has made against an additional patent listed for ramipril is expected to be held in June 2006 and hearings concerning two new patents listed by Sanofi in 2005 are not currently scheduled. Apotex must succeed in each of its separate allegations before the Minister of Health can issue a NOC.

Novopharm has submitted Notices of Allegation citing all listed ramipril patents, and in November and October

2005 sanofi-aventis Canada, Inc. initiated legal proceedings in response to these allegations seeking a court order prohibiting the Minister from issuing an NOC to Novopharm. Sanofi-aventis Canada, Inc. has initiated comparable procedings in response to Notices of Allegation received from Riva Laboratories.

DDAVP®Patent Litigation : In November 2002, Barr Laboratories, Inc. ("Barr") notified API that Barr was seeking approval from the FDA to market a generic version of DDAVP(r) tablets, and was challenging U.S. Patent 5,407,398 (the '398 patent). Ferring B.V. ("Ferring") had licensed the '398 patent exclusively to API. In December 2002, API and Ferring brought a patent infringement lawsuit against Barr in U.S. District Court for the Southern District of New York claiming that Barr's marketing of a generic version of DDAVP® tablets prior to the expiration of the '398 patent would constitute infringement of that patent. On February 7, 2005 the court held the '398 patent unenforceable, and held that Barr did not infringe the '398 patent. On February 24, 2005, Ferring and Aventis filed a notice of appeal to the United States Court of Appeals for the Federal Circuit. On February 15, 2006 the Court of Appeals affirmed the earlier decision of the District Court.

In July, 2004, Ferring filed a lawsuit against Teva Pharmaceuticals U.S.A. Inc. and Teva Pharmaceuticals Industries Limited, (referred to herein collectively as "Teva") in the U.S. District Court of Delaware in response to Teva's seeking approval to market a generic version of the tablet formulation of DDAVP®. In August 2005, Ferring filed a comparable infringement action against Apotex. API is not a party to either the Teva or the Apotex lawsuit. Both the Teva and the Apotex matters were stayed by the Court pending the outcome of the appeal of the decision in the Barr suit. In both cases, Ferring entered into a consent order accepting the lifting of the 30-month stay preventing FDA approval of either the Teva or the Apotex product.

Rilutek® Patent Litigation : In June 2002 Impax Laboratories, Inc. ("Impax") filed a complaint against API in U.S. District Court in Delaware seeking a declaratory judgment of patent invalidity and/or non-infringement with respect to API's patent relating to the use of Rilutek® for the treatment of amyotrophic lateral sclerosis (ALS), also known as Lou Gehrig's disease. API has counterclaimed that marketing by Impax of a generic version of Rilutek® prior to the expiration of the Sanofi method of use patent would constitute infringement of the Sanofi patent. On August 30, 2004, the Federal District Court for Delaware ruled that API's patent related to the use of Rilutek® for the treatment of ALS is valid, enforceable and would be infringed by the proposed generic product of Impax Laboratories Inc. On March 16, 2005, the Federal District Court for Delaware entered final judgment in favor of Sanofi's subsidiary Aventis Pharmaceuticals Inc. Impax has appealed the matter to the Court of Appeals for the Federal Circuit. The hearing was held on January 13, 2006. A ruling is expected in the first half of 2006.

GA-EPO Patent Litigation : In April 1997 Amgen Inc. filed an action in U.S. District Court in Massachusetts against Transkaryotic Therapies (API's former alliance partner for GA-EPO) and API alleging that GA-EPO (gene activated erythropoietin, a drug for the treatment of anemia) and the processes for producing GA-EPO infringe certain U.S. patents of Amgen. On January 19, 2001 the court ruled that certain claims in three of the five patents asserted by Amgen were valid and enforceable, and would be infringed by the marketing of GA-EPO. API and Transkaryotic Therapies appealed the district court decision and the appellate panel issued a ruling remanding the case to the district court for further rulings on invalidity and infringement. On remand, the U.S. District Court for Massachusetts ruled on October 15, 2004, that certain claims of four patents held by Amgen Inc. are valid and are infringed by API and Transkaryotic Therapies in relation to GA-EPO and the processes for the production of GA-EPO.

API and Transkaryotic Therapies filed an appeal to the United States Court of Appeals for the Federal Circuit from the judgment in this action on December 10, 2004. The appeal was heard and a decision is expected in 2006.

Eloxatine® U.K. Patent Litigation : On July 1, 2005, Mayne Pharma Pty Ltd ("Mayne") has filed an action in the Patents Court in the United Kingdom against both Sanofi-Synthélabo (a predecessor company to Sanofi) and Debiopharm S.A. seeking a declaration of non-infringement and/or revocation of certain U.K. patents related to oxaliplatin. Sanofiaventis owns or licenses patents related to oxaliplatin from Debiopharm S.A.

As part of this procedure, Mayne has provided Sanofi with information on hypothetical products that Mayne may try to market in the United Kingdom. Based upon this information, Sanofi has been asked to determine whether or not certain patents would be infringed. Sanofi acknowledged non-infringement of the hypothetical products as to some of the patents but believed that for other patents the information provided by Mayne was not sufficient to make a determination of infringement in relation to the hypothetical products. In addition Sanofi requested the Court to order that more information be provided on Mayne's actual products. Sanofi has counterclaimed for patent infringement. The Court granted Sanofi's request for additional information and subsequently set a trial date in March 2006.

A determination that the hypothetical product as described by Mayne does not infringe a particular patent will not necessarily prevent the patent from later being asserted against an actual product not corresponding to the earlier description.

In addition to applicable patent protection, Eloxatine® data exclusivity is protected in the United Kingdom through April 2006.

Eligard® Patent Litigation : In November 2003, TAP (Takeda - Abbott Partnership) filed suit against Sanofi-Synthelabo Inc., a sanofiaventis subsidiary, and Atrix (now part of the QLT group) in the Northern District of Illinois, claiming that Sanofi's product Eligard(r) which relies on technology licensed from Atrix infringes on a TAP patent, and seeking unspecified damages. The Court entered its finding in favor of TAP on January 20, 2006, rejecting Sanofi and Atrix's affirmative defenses of invalidity and inequitable conduct. A judgment of liability in favor of TAP was entered on January 24, 2006 with damages remaining to be determined. The defendants intend to appeal this judgment.

OptiClik® Patent Litigation: On September 2, 2005, Novo Nordisk filed a Complaint in the U.S. District Court of Delaware against Sanofi, Aventis Pharmaceuticals Inc. and Aventis Pharma Deutschland GmbH (collectively, "sanofiaventis") alleging infringement of Novo's U.S. Patent No. 6,582,408 in connection with the sanofi aventis Group's OptiClik®pen device for use with Lantus® (insulin glargine [rDNA origin]) injection, a long-acting insulin for the treatment of type 1 and type 2 diabetes. No damages have been specified. The litigation is currently in the discovery phase.

c) Compliance

*Government Investigations-Pricing and Marketing Practices :*Private Label. The U.S. Attorney's Office in Boston is conducting a civil and criminal investigation into whether sales by Aventis Pharmaceuticals Inc. ("API") of certain products to a managed care organization for resale under that organization's own label should have been included in the "best price" calculations that are used to compute the Medicaid rebates for API products. Medicaid is a public medical insurance program jointly financed by the U.S. state and federal governments. It is alleged that not including these sales in the calculation resulted in incorrect Medicaid rebates. API has responded to all requests for information in this matter.

Massachussetts Physician. The U.S. Attorney's Office in Boston is also conducting a civil and criminal investigation with regard to interactions API had with a Massachusetts physician, and affiliated managed care entities. In the course of that investigation one current and one former employee of API received letters from the government indicating they are targets of that investigation. API has responded to all subpoenas related to this investigation.

Managed Care Investigation. The U.S. Attorney's Office in Boston is conducting an investigation related to managed care entities which includes allegations that API directly or indirectly made payments to customers or to those in a position to influence sales of API pharmaceuticals in order to obtain or keep drug business and to evade Medicaid best price reporting requirements. As part of the investigation the government served API with a subpoena investigating criminal federal health care violations related to health care benefit programs. The subpoena asked for documents related to API interactions with payments to managed care customers, formulary placement, sales and marketing of specific products to those managed care customers, as well as contracts with wholesalers and distributors and payments to non-Aventis employees. API is responding to this subpoena.

Lahey Clinic. In 2004, API and Aventis Behring received subpoenas issued by the U.S. Attorney's office in Boston requesting documents concerning payments and contacts between these companies and the Lahey Clinic, a Massachusetts healthcare facility, or certain of its employees, relating to various periods between January 1995 and October 2004. API and Aventis Behring have provided documents in response to these subpoenas.

Lovenox® Marketing. The U.S. Attorney's Office in Chicago, Illinois is conducting a civil and criminal investigation with regard to Lovenox® sales and marketing practices from January 1, 1999 to the present. API is currently responding to a second investigatory subpoena.

Average Wholesale Prices. Since July 2005, the Department of Justice has been reviewing the merits of an action under the False Claims Act filed by a private plaintiff on behalf of the U.S. federal government in 1995 in a U.S. federal court in Florida. This action alleges that the Average Wholesale Prices ("AWP") of certain pharmaceutical products, which were used to set Medicare reimbursement levels, were improperly established and used by API, Aventis Behring, and Armour Pharmaceutical Company in the marketing of their products. Medicare is a federally-funded health insurance program, principally available to persons aged 65 and over. API and Aventis Behring also received subpoenas from the states of California and Texas with respect to such issues in 2000. API received a similar subpoena from the state of Massachusetts in April 2001.

Civil Suits-Pricing and Marketing Practices

Class Actions. API is a defendant in several U.S. lawsuits seeking damages on behalf of multiple putative classes

of individuals and entities that allegedly overpaid for certain pharmaceuticals as a result of the AWP pricing issue described under "Government Investigations-Pricing and Marketing Practices" above. Aventis Behring and Sanofi-Synthelabo, Inc. are also defendants in some of these cases. Cases filed in state and federal courts have been or are in the process of being consolidated in the U.S. District Court in Boston along with similar cases pending against other pharmaceutical companies. These suits allege violations of federal anti-racketeering (RICO) and state unfair trade, unfair competition, consumer protection and false claim statutes. Plaintiffs initially also sued Together Rx, the discount drug program in which API and several other pharmaceutical companies participate that is designed to provide needy senior citizens with lower cost pharmaceuticals. Plaintiffs alleged the Together Rx program violated federal antitrust laws and RICO, and constituted a conspiracy under civil laws. In June 2005, following discovery, plaintiffs agreed to drop their claims against Together Rx and the member companies, and have filed an amended complaint reflecting this agreement.

Discovery is ongoing. By order entered on January 30, 2006, the court granted in part plaintiffs' motion for class certification against five designated manufacturer defendants (not including API or Aventis Behring) in a ruling certifying a class action of Medicare beneficiaries in approximately 41 states and class actions of Medicare beneficiaries' insurers and of non-Medicare third-party payers geographically limited to Massachusetts. A similar motion for class certification against defendants including API and Aventis Behring is expected.

Public Entity Suits. U.S. subsidiaries of the Group together with several dozen other pharmaceutical companies are defendants in lawsuits brought starting in 2002 by the states of Alabama, Arizona, California, Connecticut, Illinois, Kentucky, Mississippi, Montana, Nevada, New York, Pennsylvania and Wisconsin for AWP pricing issues described under "Government Investigations-Pricing and Marketing Practices" above. These suits allege violations of state unfair trade, consumer protection and false claims statutes, breach of contract and Medicaid fraud. The California, Montana and Nevada cases are before the federal district court in Boston. All of the other state suits are pending in the state courts in which they were filed.

API, Sanofi-Synthelabo Inc. and other pharmaceutical companies have also been sued by several individual New York State counties and the City of New York, in suits alleging similar violations of state laws concerning pricing and marketing practices.

§ 340B Suits. In July 2004 Central Alabama Comprehensive Healthcare Inc. filed suit in federal court against API, Aventis Behring, and seven other pharmaceutical companies alleging that the defendants had overcharged Public Health Service entities for their pharmaceutical products. The plaintiff seeks to represent a nationwide class of all such entities that purchase under the Public Health Service program. Plaintiffs' base their complaint on a report of the U.S. Department of Health and Human Services' Office of the Inspector General, which has since been withdrawn. The plaintiffs' allege the report was withdrawn based on "pressure from the pharmaceutical industry" and that its withdrawal does not invalidate their claim. The litigation is in discovery phase, with trial currently set for September 10, 2007.

On August 18, 2005, the County of Santa Clara, California filed a similar suit against API and fourteen other pharmaceutical companies in the Superior Court of the State of California, County of Alameda. Plaintiff seeks to proceed on behalf of a California-wide class of similarly situated cities and counties in California. On September 15, 2005, the case was removed from Alameda Superior Court to the United States District Court. Trial has been set for March 26, 2007.

Pharmaceutical Industry Antitrust Litigation. Approximately 135 cases remain pending of the numerous complaints that were filed in the mid-1990's by retail pharmacies in both federal and state court. These complaints shared the same basic allegations: that the defendant pharmaceutical manufacturers and wholesale distributors, including Sanofi predecessor companies, violated the Sherman Act, the Robinson Patman Act, and various state antitrust and unfair competition laws by conspiring to deny all pharmacies, including chains and buying groups, discounts off the list prices of brand-name drugs. Shortly before a November 2004 trial in the United States District Court for the Eastern District of New York, Sanofi and the remaining manufacturer defendants settled the Sherman Act claims of the majority of the remaining plaintiffs. These settlements did not dispose of the remaining plaintiffs' Robinson Patman Act claims.

Vitamin Antitrust Litigation

Since 1999, Sanofi, some of its subsidiaries in its former animal nutrition business, and other vitamin manufacturers have been defendants in a number of class actions and individual lawsuits in U.S. courts relating to alleged anticompetitive practices in the market for bulk vitamins. Sanofi has settled all claims brought by direct purchasers of the relevant vitamin products and the majority of actions brought on behalf of indirect purchasers.

A lawsuit filed on behalf of a putative class of non-U.S. "direct purchasers" was dismissed by the District Court, which concluded that the non-U.S. plaintiffs were unable to sustain their case in the U.S. Courts. Review by the

Court of Appeals for the District of Columbia and by the U.S. Supreme Court upheld the district Court's conclusion that plaintiffs are unable to sustain their case in the U.S. Courts. Plaintiffs sought yet another review by the U.S. Supreme Court, which was refused in January 2006, ending the non-U.S. direct purchaser suit.

In February 2006, Sanofi and API learned that they had been named together with several other companies in a complaint filed by the Attorney General of Mississippi on the grounds of state antitrust law.

Aventis Animal Nutrition and five of the other major settling defendants entered into a judgment-sharing agreement, pursuant to which they agreed to allocate any judgment at trial among themselves according to the actual sales made by each of them. Regarding the same matter, civil litigation against Sanofi and some of its subsidiaries is pending in the U.K. claiming unspecified damages; similar litigation in Australia has been settled. Investigations by antitrust authorities are pending in Brazil. In connection with the sale of its animal nutrition business to CVC Capital Partners, Sanofi retains liability arising out of these antitrust issues.

Methionine Antitrust Litigation : Sanofi has settled all direct purchaser civil claims brought in the U.S. against Sanofi and its subsidiaries relating to methionine sales and has settled the majority of claims brought by indirect purchasers starting in 2002. Settlement negotiations are ongoing with the remaining U.S. indirect purchasers. In connection with the sale of its animal nutrition business to CVC Capital Partners, Sanofi retains liability arising out of these antitrust issues.

Cipro® Antitrust Litigation : Since August 2000, API has been a defendant in several related cases in U.S. state and federal courts alleging that API and certain other pharmaceutical manufacturers violated U.S. antitrust laws and various state laws by settling a patent dispute regarding the brand-name prescription drug Cipro® in a manner which allegedly delayed the arrival of generic competition. Watson Pharmaceuticals and Rugby Laboratories were named as defendants in most of these cases. Watson purchased Rugby from API. API agreed to defend and indemnify both Watson and Rugby in connection with the sale. The United States District Court for the Eastern District of New York dismissed Watson from the federal consolidated cases. Sanofi believes that the potential damages that plaintiffs seek against Rugby and Watson (in the cases in which Watson remains a party) are duplicative of the damages that plaintiffs seek against Sanofi in those cases. In March 2005, the District Court granted Sanofi's summary judgment motions, and issued a judgment in favor of Sanofi and the other defendants in this litigation. Plaintiffs have appealed this decision.

Lovenox® Antitrust Litigation : Subsequent to the decision of the U.S. District Court for the Central District of California holding the patent rights in the Lovenox® patent litigation to be unenforceable (see "Patents-Lovenox® Litigation", above), on August 4, 2005, the Steamfitters Industry Welfare Fund and additional plaintiffs claiming to represent a purported class of indirect purchasers of Lovenox(r) filed a complaint alleging that Aventis Pharma S.A. and API had engaged in a scheme to monopolize the market for Lovenox(r) in violation of the Sherman Act and state consumer protection statutes. Plaintiffs seek to represent a class of persons having purchased Lovenox® since June 2003 and assert claims for triple damages based on alleged excess profits. Defendants reached an agreement with plaintiffs to stay the antitrust litigation pending the outcome of the appeal of the patent case.

DDAVP® Antitrust Litigation : Subsequent to the decision of the U.S. District Court for the Southern District of New York holding the patent rights at issue in the DDAVP® tablet litigation to be unenforceable (see "Patents-DDAVP(r) Litigation", above), nine putative class actions were filed claiming injury as a result of Ferring B.V. and Aventis Pharmaceuticals Inc.'s alleged scheme to monopolize the market for DDAVP® tablets in violation of the Sherman Act and the antitrust and deceptive trade practices statutes of several states. Each of these suits was filed in the Southern District of New York, and seeks to proceed on behalf of a putative class of direct or indirect purchasers of DDAVP® tablets and claims triple damages based on alleged excess profits. Defendants reached an agreement with plaintiffs to stay the antitrust litigation pending the outcome of the appeal of the patent case, and a decision in the appeal was handed down on February 15, 2006 *(see "Patents-DDAVP® Litigation", above).*

Cardizem® Antitrust Litigation : Starting in 1998, API, Andrx Pharmaceuticals, and in some cases HG, were defendants in a number of lawsuits alleging that API and Andrx engaged in anticompetitive practices and unfair methods of competition by entering into an agreement in partial settlement of patent infringement litigation relating to Cardizem® CD. API and Andrx reached settlements in an aggregate amount of approximately U.S.$110 million in 2002, U.S.$80 million in 2003 and U.S.$8 million in 2004. A remaining appeal by a class member contesting the U.S.$80 million Indirect Purchaser Class settlement of 2003 was rejected by the U.S. Supreme Court in May 2005, ending this litigation.

Brazilian Antitrust Claims : On October 13, 2005, the Brazilian CADE ("Conselho Administrativo de Defesa Economica") concluded that certain sales managers from 21 pharmaceutical companies (including representatives from Sanofi, Aventis Behring Ltda., and Sanofi-Synthélabo) attended a sales meeting in 1999, during which they engaged in anti-competitive acts, intended to prevent competition from certain generic products. As a result of

the CADE's ruling, the named companies will be assessed fines.

d) Other litigation and arbitration

Exubera® Alliance : In early 2005, Pfizer commenced lawsuits in New York and Germany against Sanofi and certain subsidiaries, seeking in each case a declaratory judgment that the acquisition of Aventis by Sanofi constitutes a change in control under the contracts governing the Exubera(r) alliance. In May, the Supreme Court of the State of New York granted Pfizer's motion for summary judgment, and in October, the district court in Frankfurt, Germany held that a change of control had occurred. In each case, Sanofi filed an appeal.

On January 13, 2006, Sanofi entered into an agreement to sell its interests in Exubera® and related assets to Pfizer, completion of which will render moot Sanofi's pending appeals in the U.S. and German litigation.

HG Shareholder Litigation : On December 21, 2004 the extraordinary General Meeting of Sanofi's German subsidiary Hoechst AG approved a resolution transferring the shares held by minority shareholders to Sanofi for compensation of € 56.50 per share. Certain minority shareholders filed claims contesting the validity of the resolution, preventing its registration with the commercial register of Frankfurt and entry into effect.

On July 12, 2005, this litigation was settled. As a consequence, the squeeze out has been registered in the commercial register making Sanofi the sole shareholder of Hoechst AG (now Hoechst GmbH).

According to the settlement agreement the cash compensation has been increased to € 63.80 per share. The cash compensation was further increased by another € 1.20 per share for those outstanding shareholders who inter alia waived in advance any increase of the cash compensation obtained through a judicial appraisal proceeding (Spruchverfahren) brought by former minority shareholders. Subsequently, a number of former minority shareholders of HG initiated a judicial appraising proceeding with the local Frankfurt court Landgericht Frankfurt on Main contesting the amount of the cash compensation paid in the squeeze out.

e) Contingencies Arising from Certain Business Divestitures

Sanofi and its subsidiaries, HG and Aventis Agriculture, divested a variety of mostly chemical, including agro-chemical, businesses as well as certain health product businesses in previous years with customary indemnification obligations regarding the state of the sold businesses as well as specific indemnification obligations negotiated on a case-by-case basis.

Aventis Behring : The divestment of Aventis Behring and related protein therapies assets became effective on March 31, 2004. The purchase agreement contained customary representations and warranties running from Sanofi as seller to CSL Limited as purchaser. Sanofi has indemnification obligations that generally remain in effect until March 31, 2006 (the second anniversary of the Closing Date). However some indemnification obligations have a longer duration, for instance: indemnification obligations relating to the due organization, capital stockand ownership of Aventis Behring Companies runs through March 31, 2014, environmental indemnification through March 31, 2009, and product liability indemnification through March 31, 2019, subject to extension for claims related to types of product liability notified before such date. Furthermore for tax related issues sanofiaventis indemnification obligation covers all taxable periods that end on or before the Closing Date and expires thirty days after the expiration of the applicable statute of limitations. In addition, the indemnification obligations relating to certain specified liabilities, including HIV liability, survive indefinitely.

Under the indemnification agreement, Sanofi is generally to indemnify only to the extent indemnifiable losses exceed U.S.$10 million and up to a maximum aggregate amount of U.S.$300 million. For environmental claims the indemnification due by Sanofi equals 90% of the indemnifiable losses. Product liability claims are generally treated separately, and the aggregate indemnification is capped at U.S.$500 million. Certain indemnification obligations including those related to HIV liability as well as tax claims are not capped in amount.

Aventis CropScience : The sale by Aventis Agriculture and HG of their aggregate 76% participation in Aventis CropScience Holding ("ACS") to Bayer AG was effective on June 3, 2002. The Stock Purchase Agreement dated October 2, 2001 contained customary representations and warranties with respect to the sold business as well as a number of indemnifications, in particular with respect to: environmental liabilities (the representations and warranties and the environmental indemnification are subject to a cap of € 836 million, except for certain legal representations and warranties and specific environmental liabilities); taxes; certain legal proceedings; claims related to StarLink® corn; and certain pre-closing liabilities, in particular, product liability cases (which are subject to a cap of € 418 million). Additionally, Bayer AG is subject to a number of obligations regarding mitigation and cooperation. The regular limitation period for most representations and warranties ran until December 3, 2003. However, the legal representations and warranties will only become time-barred in June 2012. All

specific indemnifications provide for various specific periods of limitation.

On December 9, 2005 Aventis Agriculture and HG signed a settlement agreement with Bayer and Bayer CropScience AG, a wholly owned subsidiary of Bayer, which acquired the ACS shares in June 2002. The settlement agreement terminates arbitration proceedings for an alleged breach of a financial statement-related representation contained in the Stock Purchase Agreement, which were initiated by Bayer CropScience AG in August 2003. The settlement agreement also resolves numerous other warranty and indemnification claims asserted under the Stock Purchase Agreement, including claims relating to certain environmental liabilities. A number of other outstanding claims remain unresolved.

Aventis Animal Nutrition : Sanofi and Drakkar Holdings SA signed an agreement for the sale to Drakkar Holdings SA of the Aventis Animal Nutrition business effective in April 2002. The sale agreement contained customary representations and warranties. Sanofi's indemnification obligations ran through April 2004, except for environmental indemnification obligations (which run through April 2012), tax indemnification obligations (which run through the expiration of the applicable statutory limitation period), and antitrust indemnification obligations (which extend indefinitely). The indemnification undertakings are subject to an overall cap of € 223 million, with a lower cap for certain environmental claims. Indemnification obligations for antitrust and tax claims are not capped.

Messer Griesheim GmbH : Pursuant to an agreement dated December 30/31, 2000, HG sold its 66.7% participation in the industrial gasses company Messer Griesheim GmbH. All purchaser claims under the representations and warranties of the agreement except those relating to tax and environmental matters were settled under an agreement entered into in July 2003. Several environmental claims are pending.

Celanese AG : The demerger of the specialty chemicals business Celanese AG became effective on October 22, 1999. Under the demerger agreement between HG and Celanese, HG expressly excluded any representations and warranties regarding the shares and assets demerged to Celanese. However, the following obligations of HG are ongoing:

- While all obligations of HG (i) resulting from public law or (ii) pursuant to current or future environmental laws or (iii) vis-à-vis third parties pursuant to private or public law related to contamination (as defined) have been transferred to Celanese in full, HG split with Celanese any such cost incurred under these obligations applying a 2:1 ratio.
- To the extent HG is liable to purchasers of certain of its divested businesses (as listed in the demerger agreement), Celanese must indemnify HG, as far as environmental damages are concerned, for aggregate liabilities up to € 250 million, liabilities exceeding such amount will be borne by HG alone up to € 750 million, and amounts exceeding € 750 million will be borne 2/3 by HG and 1/3 by Celanese without any further caps. Compensation paid to third parties by Celanese under the aforementioned clause, through December 31, 2005 was significantly below the first threshold of € 250 million.

Rhodia : In connection with the initial public offering of Rhodia in 1998, Rhône-Poulenc (later named Aventis, to which Sanofi is the legal successor in interest) entered into an Environmental Indemnification Agreement with Rhodia on May 26, 1998 under which, subject to certain conditions, Rhodia was entitled to claim indemnification from Aventis with respect to direct losses resulting from third party claims or public authority injunctions for environmental damages. Further to the negotiations that took place in 2002, and after authorization by the Management Board and Supervisory Board of Aventis on one hand and the Board of Directors of Rhodia on the other hand, Aventis and Rhodia entered into a settlement agreement on March 27, 2003 under the terms of which the parties settled all environmental claims in connection with the Environmental Indemnification Agreement.

On December 29, 2004, Rhodia Inc., a U.S. subsidiary of Rhodia, filed a complaint against Sanofi and Bayer CropScience Inc. (formerly Aventis CropScience Inc. prior to its acquisition by Bayer AG in 2002 - for additional information, see "Aventis CropScience", above) before the U.S. District Court for the District of New Jersey under the U.S. Comprehensive Environmental Response, Compensation and Liability Act, federal common law and New Jersey state law. Rhodia Inc. seeks to recover costs of an unspecified amount relating to a Rhodia Inc. site in Silver Bow, Montana, owned and managed by Rhodia Inc. alone since its carve out from the Rhône-Poulenc Group in 1998. A decision is expected in 2006.

On August 19, 2005, Rhodia-Brasil Ltda and Rhodia notifed Sanofi of a summons before the civil court of São Paolo, Brazil on the basis of alleged extra-contractual liability as former owner or operator of Rhodia's Cutabao site in Brazil. The plaintiffs seek indemnification for alleged harm related to the Cubatao site amounting to approximately 120 million reals (about € 44 million). Sanofi filed its responsive brief on October 24, 2005. The procedure is currently pending.

Sanofi contests both the substance and the admissibility of Rhodia's claims and inter alia considers that the above-mentioned Environmental Indemnification Agreement entered into on March 27, 2003 precludes any claim from part of Rhodia, Rhodia Inc. and Rhodia Brasil Ltda.

On April 13, 2005 Rhodia initiated an ad hoc arbitration procedure seeking indemnification from sanofiaventis for the financial consequences of the environmental liabilities and pension obligations that were allocated to Rhodia through the various operations leading to the formation of Rhodia in 1997, amounting respectively to € 125 million and € 531 million. Rhodia additionally seeks indemnification for future costs related to transferred environmental liabilities and coverage of all costs necessary to fully fund the transfer of pension liabilities out of Rhodia's accounts. The arbitral tribunal has been constituted and the terms of reference were signed on July 27, 2005. Rhodia filed its brief on October 17, 2005 and Sanofi filed its responsive brief on January 10, 2006 to which Rhodia replied by an additional brief on February 13, 2006. The award of the arbitral tribunal is expected to be issued in 2006.

Sanofi considers that Rhodia's claims made in that ad hoc arbitration procedure are not admissible and without merit.

Rhodia Shareholder Litigation : In January 2004, two minority shareholders of Rhodia and their respective investment vehicles filed two claims before the Commercial Court of Paris *(Tribunal de Commerce de Paris)* against Aventis, to which Sanofi is successor in interest, together with other defendants including former directors and statutory auditors of Rhodia from the time of the alleged events. The claimants seek a judgment holding the defendants collectively liable for alleged management errors and for alleged publication of misstatements between 1999 and 2002 and inter alia regarding Rhodia's acquisition of the companies Albright & Wilson and ChiRex. These shareholders seek a finding of joint and several liability for damages to be awarded to Rhodia in an amount of € 925 million for alleged harm to the Company (a derivative action), as well as personal claims of € 4.3 million and € 125.4 million for their own alleged individual losses. Sanofi contests both the substance and the admissibility of these claims.

During 2005, the defendants filed responsive briefs including several pre-trial motions regarding the personal jurisdiction of the court and the admissibility of the claims in addition to their defense on the merits. Sanofi is also aware of three criminal complaints filed in France by the same plaintiffs and of a criminal investigation order issued by the Paris public prosecutor following the submission of the report issued by the Autorité des marchés financiers regarding Rhodia's financial communications. Under French law, private litigation may be stayed pending resolution of related criminal complaints. Therefore Sanofi and most of the defendants petitioned the court in order to stay the procedure. After hearing the parties only on the procedural issues relating to the court's jurisdiction and the stay of the procedure, the Commercial Court of Paris sustained its jurisdiction over the cases but accepted Sanofi and the other defendants' motion to stay the civil litigation in decisions issued on January 27 and on February 10, 2006.

On June 29, 2004, claims similar to the Rhodia shareholders' claims pending before the Commercial Court of Paris were filed in the Supreme Court of the State of New York (United States) on behalf of two Rhodia shareholders claiming damages of at least € 60 million, in addition to unspecified punitive damages.

On December 29, 2004, plaintiffs amended their original claims to encompass the formation of Rhodia in 1998 as well as environmental and pension liabilities assumed by Rhodia. In April 2005, the court dismissed the case on the ground of the inconvenience of trying the case in New York (forum non conveniens). Plaintiffs appealed this dismissal. The procedure is currently pending before the Supreme Court, Appellate Division of the State of New York, and the decision is expected in 2006.

Clariant-Specialty Chemicals Business : HG conveyed its specialty chemicals business to Clariant AG pursuant to a 1997 agreement. While Clariant has undertaken to indemnify HG for all costs incurred for environmental matters relating to purchased sites, certain ongoing indemnification obligations of HG for environmental matters in favor of Clariant can be summarized as follows:

- Costs for environmental matters at the sites taken over directly or indirectly by Clariant and attributable to a specific activity of HG or of a third party not related to the business transferred to Clariant are to be borne by HG to the extent the accumulated costs since the closing in any year exceed a threshold amount for the then current year. The threshold increases annually from approximately € 102 million in 1997/98 to approximately € 816 million in the fifteenth year after the closing. Only the amount by which Clariant's accumulated costs exceed the then-current year's threshold must be compensated by HG. No payments have yet become due under this rule.

- HG must indemnify Clariant indefinitely (i) for costs attributable to four defined waste deposit sites in Germany which are located outside the sites taken over by Clariant (to the extent exceeding an indexed amount of approximately € 20.5 million), (ii) for costs from certain locally concentrated pollutions in the sites taken over by Clariant but not caused by specialty chemicals activities in the past, and (iii) for 75% of the costs relating to a specific waste deposit site in Frankfurt, Germany.

InfraServ Höchst : By the Asset Contribution Agreement dated December 19/20, 1996 as amended on May 5, 1997, HG contributed all land, buildings, and related assets of the HG site at Frankfurt-Höchst to InfraServ Höchst GmbH & Co KG. InfraServ Höchst undertook to indemnify HG against environmental liabilities at the Höchst site and with respect to certain landfills. As consideration for the indemnification undertaking, HG transferred to InfraServ approximately € 57 million to fund reserves. In 1997, HG also agreed it would reimburse current and future InfraServ Höchst environmental investments totaling € 143 million. As a limited partner in InfraServ, as a former owner of the land and as a former user of the landfills HG may ultimately be liable for costs of remedial action in excess of this amount.

DyStar: HG held a 35% interest in the DyStar group of companies, whose business is the manufacturing and marketing of textile dyestuffs. The other shareholders were Bayer Chemicals AG (35%) and BASF AG (30%). HG, as well as Bayer and BASF, sold their interests to an investment vehicle of Platinum Equities LLP in August 2004. In addition to customary representations and warranties, the selling shareholders agreed to a guarantee on certain minimum purchases by the sellers from the DyStar group (including a certain minimum return to DyStar) within a period of four years following the closing. Purchasers have submitted claims related to environmental and tax matters, as well as under the minimum purchase guarantee.

Albemarle Arbitration : In 1992, Rhône-Poulenc S.A. (a predecessor company of Sanofi) signed with Ethyl Overseas Development, now known as Albemarle, a Stock Purchase Agreement by which Rhône-Poulenc sold 100% of the share capital of Potasse et Produits Chimiques S.A. (PPC) to Ethyl. Under the terms of the Stock Purchase Agreement, Rhône-Poulenc agreed to indemnify Albemarle for and to hold it harmless from any claims, losses, damages, costs or any other present and prospective liabilities arising out of soil and/or groundwater contamination at the site of the Thann facility. Following a study demonstrating such soil and groundwater contamination, the French Government ordered Albemarle to undertake certain remedial actions. Having incurred costs in connection with the environmental claims of the French Government, Albemarle sought recovery from Sanofi pursuant to the warranty stated in the Stock Purchase Agreement. The warranty stated in the Stock Purchase Agreement has no specified duration; therefore, Sanofi holds that it is timebarred in accordance with the French commercial prescription of ten years. On April 2, 2004, Albemarle initiated arbitration proceedings in the International Chamber of Commerce in Paris against Sanofi. Albemarle seeks to recover from Sanofi of all costs incurred so far in connection with the environmental claims of the French Government as well as a declaratory judgment against Sanofi to hold it liable for all costs prospectively to be incurred by Albemarle in connection with such claims. In June 2004, the two parties appointed the arbitral tribunal, which determined the terms of reference of the procedure in September 2004. The first hearings in the case were held on June 22 and 23, 2005. The final decision of the arbitral tribunal is currently expected during the first quarter of 2006.

Legal and arbitral proceedings (subsequent to December 31, 2005 and as on March 31, 2006)

Plavix® Patent Litigation : On March 21, 2006, Sanofi and Bristol-Myers Squibb announced that they had reached an agreement subject to certain conditions with Apotex Inc. and Apotex Corp. to settle the patent infringement lawsuit pending between the parties in the U.S. District Court for the Southern District of New York. The lawsuit relates to the validity of a composition of matter patent for clopidogrel bisulfate (the '265 patent), a medicine made available in the United States by Sanofi and Bristol-Myers Squibb as Plavix®. The trial in the lawsuit had previously been scheduled to begin in June 2006. As a result of the agreement, the Court has now suspended the trial date pending the possible finalization of the proposed settlement.

Under the terms of the proposed settlement, Sanofi would grant Apotex a royalty-bearing license under the '265 patent to manufacture and sell its FDA-approved clopidogrel bisulfate product in the United States, and Apotex would agree not to sell a clopidogrel product in the United States until the effective date of the license. The license would be exclusive (except for the Plavix® brand product) and would be effective on September 17, 2011, with the possibility of an effective date earlier in 2011 if Sanofi does not receive an extension of exclusivity for pediatric use under the '265 patent. If a third party obtains a final decision that the '265 patent is invalid or unenforceable, under certain circumstances, the license to Apotex may become effective earlier. As previously disclosed, Sanofi and Bristol-Myers Squibb have filed a patent infringement claim against Dr. Reddy's Laboratories with respect to the '265 patent. Sanofi and Bristol-Myers Squibb have approached Dr. Reddy's to discuss a possible settlement of this matter. The outcome of these discussions cannot be assured. The agreement includes other provisions, including payments by Sanofi and Bristol-Myers Squibb to Apotex in the event of either

finalization of the proposed settlement or termination of the agreement. Payments due to Apotex under the agreement are payable 50% by Sanofi and 50% by Bristol-Myers Squibb.

The proposed settlement is subject to certain conditions, including antitrust review and clearance by the Federal Trade Commission and state attorneys general. There is a significant risk that required antitrust clearance will not be obtained. In such event, the proposed settlement would be terminated, and the litigation would be reinstated in the same Court. If the litigation were reinstated, Sanofi and Bristol-Myers Squibb intend to vigorously pursue enforcement of their patent rights in Plavix®. It is not possible at this time reasonably to assess the outcome of this lawsuit or the timing of potential generic competition for Plavix(r). Apotex announced in January 2006 that it had received final approval of its aNDA for clopidogrel bisulfate from the FDA. As a result, if the litigation were reinstated, Apotex could launch a generic clopidogrel product at risk.

It also is not possible reasonably to estimate the impact of this lawsuit on Sanofi and Bristol-Myers Squibb. However, loss of market exclusivity of Plavix® and the subsequent development of generic competition would be material to Sanofi and Bristol-Myers Squibb's sales of Plavix® and results of operations and cash flows, and could be material to Sanofi and Bristol-Myers Squibb's financial condition and liquidity. The foregoing summary of the settlement agreement with Apotex contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Although our management believes that the assumptions reflected in these statements and their underlying assumptions are reasonable, investors are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Sanofi, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These factors include, among other factors disclosed in this annual report: the likelihood of obtaining the required antitrust clearance and satisfying the other conditions to the proposed settlement and, if such conditions are not satisfied, the outcome of the Apotex lawsuit, as well as the risk of a third party obtaining a decision of invalidity or unenforceability of the '265 patent notwithstanding finalization of the proposed settlement. Other than as required by applicable law, we do not undertake any obligation to update or revise any forward-looking information or statements.

Kroger Antitrust Claim : Sanofi has learned that on March 23, 2006, the U.S. retailer The Kroger Co. filed an antitrust complaint in the District Court for the Southern District of Ohio against Sanofi, Bristol-Myers Squibb Co. and Apotex Corp alleging antitrust violations by the defendants in relation to their agreement to settle the U.S. Plavix(r) patent litigation. Plaintiffs seek to enjoin that agreement as well as other relief.

Eloxatine® U.K. Patent Litigation : Sanofi's patent infringement suit against Mayne Pharma Pty Ltd went to trial before the U.K. Patents High Court in March 2006. It has been acknowledged by Sanofi that in light of certain data in these proceedings one of the solution formulation patents would not be infringed by the hypothetical product. The parties await the court's decision regarding the validity of a second solution formulation patent as well as whether the remaining process patent is valid and infringed.

Eligard® Patent Litigation : On February 27, 2006, the U.S. District Court for the Northern District of Illinois Eastern Division granted an injunction enjoining Sanofi, QLT, and their subsidiaries from promoting, manufacturing, selling and offering Eligard(r) for sale in the United States until the asserted TAP patent expires on May 1, 2006. Sanofi and QLT have appealed the lower court's judgment, and the Court of Appeal has stayed the February 27 injunction pending a decision whether to grant a permanent stay of the injunction.

Stilnox® (zolpidem) Product Litigation : In March 2006, Sanofi learned that a lawsuit seeking class action treatment had been filed with the U.S. District Court for the Southern District of New York naming Sanofi and its U.S. subsidiary Sanofi-Synthélabo Inc. as defendants and seeking unspecified damages for harm allegedly caused by claimed product side effects. The proposed class action lawsuit seeks to represent persons using Ambien® since 2000.

Albemarle Arbitration : On March 17, 2006, the arbitral tribunal handed down a partial award holding that the claims of Albemarle under arbitration were not time barred but subject to the France's ten-year statute of limitations for contracts. This partial award did not consider the final liability of Sanofi with regards to the facts and technical elements involved in the case. The parties have been provided a three-month period to reach a settlement; otherwise the matter will be referred by the arbitral tribunal to a panel of experts.

Rhodia : On 28 March, 2006, the Central District Court of Sao Paulo denied to admit Rhodia's claims regarding the alleged extra contractual liability of Sanofi as former owner or operator of Rhodia's Cubatao site in Brazil. Rhodia has appealed this ruling.

Lovenox® Patent Litigation : United States : On April 10, 2006 the Court of Appeal ruled in favour of Sanofi in the Lovenox® patent infringement case in the United States.

t) Name and contact details of investor relations officer :

For institutional investors : Sanjay Gupta, 174 avenue de France, 75013 Paris, France. Tel: + 331 53 77 454 45, Fax: + 33 1 53 77 42 96, Email: ir@sanofi-aventis.com

For individual shareholders: Pierre-Michel Bringer, 174 avenue de France, 75013 Paris. Tel: + 33 800 07 58 76, Fax: + 33 1 53 7791 57, Email: relations-actionnaires@sanofi-aventis.com

3A. Background of Hoechst GmbH ("HG" / "PAC")

(formerly Hoechst AG) (as a Person deemed to be acting in concert)

a) Hoechst GmbH, is a form of limited liability company under the laws of the Federal Republic of Germany. HG adopted the legal form of a limited liability company with effect as of October 20, 2005 by way of change of legal form of Hoechst AG, a stock corporation under the laws of the Federal Republic of Germany incorporated under the name of "Farbwerke Hoechst AG vormals Meister Lucius Brüning" on December 7, 1951. The legal and commercial name of HG is Hoechst GmbH with its registered office at 65926 Frankfurt am Main, Germany.

b) Brief history of HG is as follows (Source : Form 20-F filed with SEC)

Hoechst, named for the district in Frankfurt where it was located, traces its origins to the second half of the 19th century (1863). In 1883, HG for the first time engaged in the pharmaceuticals business. In the 1950s and 1960s, the company devoted itself primarily to developing its chemical and petrochemical businesses. Increased efforts in research and development and production and distribution contributed to the company's internal growth. It also made numerous acquisitions, including Behring and Wacker-Chemie. In 1987, HG entered the US Market through an acquisition. In 1997, HG formed the Hoechst Marion Roussel (HMR), its strengthened and reorganized pharmaceutical division. This initial move to restructure the company into the key areas of pharmaceuticals, agricultural chemicals and industrial chemicals enabled it, in 1999, to complete its move to a focus on life sciences and become part of the new company, Aventis, which was created by the combination between Rhône-Poulenc S.A. and Hoechst AG.

c) After the merger between Sanofi and Aventis in August 2004, HG continued in its role as a sub-holding company.

d) Brief description of the business of HG in India :

HG does not have any business in India except APLI. Refer to para 5 for details about APLI.

e) Acquisitions/Merger/de-merger, spin off during January 2001 to March 2006 involving the Acquirer is as follows : The word 'Group' used in this para (e) refers to the companies forming part of the consolidated audited accounts of Sanofi.

Acquisitions:

On November 22, 2005, the HG subsidiary Aventis Pharma Holding GmbH was merged with and into HG.

Divestitures:

When the Aventis group was reoriented towards its pharmaceuticals core business, the second reorganization was performed by including the HG portfolio. HG and Aventis had consolidated the worldwide agricultural business of HG and Schering AG, Hoechst Schering AgrEvo GmbH, with the agricultural business of Rhône-Poulenc in the newly established Aventis CropScience division effective January 1, 2000. In October 2001, Aventis, HG and Schering agreed with Bayer AG to sell this business by selling the umbrella company, Aventis CropScience Holding. The transaction, by which HG sold its interest of approx. 28% in Aventis CropScience Holding, in addition to other interests held by Aventis and Schering AG, was completed on June 3, 2002.

HG sold its interest in the manufacturer of industrial gases, Messer Griesheim GmbH, in the amount of 66.7 %, to Allianz Capital Partners and Goldman Sachs Funds by an agreement made in December 2000. The participation structure could be further streamlined by this sale. Other sales affected the field of animal health (sale of the HG Roussel Vet group to Intervet International B.V. in November 1999) as well as information systems (sale of Hightech International Services GmbH - HiServ to ThyssenKrupp in the year 2000). The 51.8% interest in the diagnostics business of Dade Behring Holding Inc. was transferred to the external creditors of Dade in October 2002 in the course of a reorganization under US insolvency procedures (a so-called "pre-packaged Chapter 11 bankruptcy").

On December 16, 2000, HG and Dr. Alexander Wacker Familiengesellschaft mbH agreed on the withdrawal of HG from Wacker-Chemie GmbH in a two-step process. As of the date of the PA, only the first step of the agreement had been implemented so far under which HG reduced its interest from 50% to 49%. The remainder of this interest was sold in August 2005.

See also the Campto, Exubera, and Pharmaserv disclosures at 3 (e) above.

f) HG is a wholly owned subsidiary of Sanofi. The key shareholders of HG and their shareholding and voting rights on a non-diluted basis as on December 31, 2003 are given below

Particulars	**No. of shares**		**Voting Rights**	
	No. of shares	**%**	**Voting Rights**	**%**
Aventis SA[(1)]	548,451,852	98.1%	548,451,852	98.1%
Free Float	10,701,838	1.9%	10,701,838	1.9%
Total	**559,153,690**	**100.0%**	**559,153,690**	**100.0%**

[(1)] Sanofi is the successor company to Aventis following the merger of the two companies on December 31, 2004.

On December 31, 2005, subsequent to the implementation of a squeeze out resolution, Sanofi held 100% of HG's share capital and voting rights.

g) HG has complied with the provisions of Chapter II of SEBI (SAST) Regulations to the extent applicable. Refer Para 5(h) also.

h) The Board of HG as on May 31, 2006 was as follows :

Directors, Date of Appointment and Address	**Designation,Qualification & Employment History**
Dr. Wolfgang Schüller (Chairman) Industriepark Höchst, 65926 Frankfurt am Main (May 2003). (Chairman since October 6, 2004)	Head, Internal Control Assessment Sanofi Mr. Schüller holds a degree of Economy (Diplom-Kaufmann) and a degree as PhD in Engineering from University of Clausthal
Werner Bischoff (Vice-Chairman)* IG BCE, Königsworther Platz 6 30167 Hannover (Jul 1998)	Board member of IG BCE Hannover (trade union). Educated as a mechanic.
Jean-Claude Armbruster 174 avenue de France, 75013 Paris, France (June 2005)	Senior Vice President of Sanofi for Corporate Human Resources. Mr. Armbruster has a diploma (DES) and a bachelor degree (maîtrise) in private law, and a diploma (DES) in criminology. He also holds a barrister's practicing certificate (CAPA).
Dr. Joachim Betz Industriepark Höchst, 65926 Frankfurt am Main (Jul 1998)	Biochemist, president of the group's speakers' committee appointed by the managerial staff of HG. Mr. Betz holds a degree as Dr. phil. nat in Biochemistry from the University of Frankfurt
Olivier Charmeil 174 avenue de France, 75013 Paris, France (Jun 2005)	Senior Vice President of Sanofi for Pharmaceutical Operations, Asia / Pacific. Mr. Charmeil is a graduate of HEC *(Ecoledes Hautes Etudes Commerciales)* and of the Institut d'Etudes Politiques in Paris.
Dr. Michael Friedrich Industriepark Höchst, Frankfurt am Main Biology (Apr 2003)	Project manager in the field of research with Aventis Pharma Deutschland GmbH. Mr. Friedrich holds a diploma in 65926 from the University of Dortmund and a PhD (Dr. med.) from the University of Köln.

Michael Klippel Industriepark Höchst, 65926 Frankfurt am Main (Oct 1999)	President of the works council of Aventis Pharma Deutschland GmbH. Educated as a laboratory chemist.
Antonietta Kuhley Industriepark Höchst, 65926 Frankfurt am Main (Jul 2001)	Member of the works council of Aventis Pharma Deutschland GmbH. Educated as a chemical worker.
Rainer Kumlehn IG BCE, Landesbezirk Hessen/ Thüringen, Wilhelm-Leuschner -Straße 69-77 60329 Frankfurt am Main (April 1993)	(Apr 1993) State district president of IG BCE, state district of Hessia-Thuringia (trade union). Educated as an electrician.
Gilles Lhernould 174 avenue de France, 75013 Paris, France (Jun 2005)	Senior Vice President of Sanofi for Industrial Affairs. Mr. Lhernould has a diploma in pharmacy and a master's degree (DEA) in industrial pharmacy.
Dr. Jean-Claude Muller 174 avenue de France, 75013 Paris, France (Jun 2005)	Senior Vice President of Sanofi for Administration and Resources; Jean-Claude Muller, holds a Ph.D (1972) in Organic Chemistry from the University Louis Pasteur, Strasbourg (France)
Thierry Vernier 174 avenue de France, 75013 Paris, France (Jun 2005)	Head of Treasury for Sanofi; Mr. Vernier holds a degree from from the Business School ESC Le Havre-Caen and a Diploma of Superior Financial and Accounting Studies .

i) None of the Directors of HG has acquired any shares of APLI during the preceding 12 months as on the date of PA.

j) No Director of HG was on the board of APLI as on the date of PA.

k) HG ordinary shares are not currently listed or admitted to trade on any public market.

l) Absent a public market, no price/earnings ratio can be calculated for HG.

m) Brief audited financials of HG statutory annual accounts for 2001 to 2005 prepared in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch HGB) :

Profit & Loss Statement for the year ended December 31,	**2001**	**2002**	**2003**	**2004**	**2005**	**2001**	**2002**	**2003**	**2004**	**2005**
	€ in mm					**Rs. in mm (Rupee Translation of €)**				
Investment income	640	1,354	932	849	1,834	37,069	78,424	53,981	49,174	106,225
Other operating income	45	41	20	19	6	2,606	2,375	1,158	1,100	348
Total Expenses	(102)	(121)	(110)	(70)	(552)	(5,908)	(7,008)	(6,371)	(4,054)	(31,972)
EBDITA	**583**	**1,274**	**842**	**798**	**1,288**	**33,767**	**73,790**	**48,769**	**46,220**	**74,601**
Depreciation	-	-	-	-	-	-	-	-	-	-
Amortization and Impairment	340	133	214	5	33	19,693	7,703	12,395	290	1,911
Net Interest and Finance cost	(214)	(154)	(197)	(201)	(238)	(12,395)	(8,920)	(11,410)	(11,642)	(13,785)
EBT & Exceptional Items	**29**	**987**	**431**	**592**	**1,017**	**1,680**	**57,167**	**24,964**	**34,289**	**58,905**
Exceptional Items	-	-	-	-	22,675	-	-	-	-	-
Tax	(91)	(192)	(244)	(177)	(578)	(5,271)	(11,121)	(14,132)	(10,252)	(33,478)
Net Income /(Loss)	**(62)**	**795**	**187**	**415**	**23,114**	**(3,591)**	**46,046**	**10,831**	**24,037**	**1,338,763**

Balance Sheet as on December 31,	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Sources of Funds	**€ in mm**					**Rs. in mm (Rupee Translation of €)**				
Share Capital	1,429	1,429	1,429	1,429	1,429	82,768	82,768	82,768	82,768	82,768
Reserves & Surplus	4,329	4,693	4,449	4,433	6,737	250,736	271,819	257,686	256,759	390,207
Net Worth	5,758	6,122	5,878	5,862	8,166	333,503	354,586	340,454	339,527	472,975
Debts	5,074	4,830	6,482	6,469	5,232	293,886	279,754	375,437	374,684	303,037
Total	**10,832**	**10,952**	**12,360**	**12,331**	**13,398**	**627,389**	**634,340**	**715,891**	**714,212**	**776,012**

Application of Funds										
Net Fixed Assets	3	172	1,432	1,437	1,463	174	9,962	82,941	83,231	84,737
Investments in shares	9,894	9,742	9,206	9,018	13,371	573,060	564,257	533,212	522,323	774,448
Net Current Assets	935	1,038	1,722	1,876	(1,436)	54,155	60,121	99,738	108,658	(83,173)
Total	**10,832**	**10,952**	**12,360**	**12,331**	**13,398**	**627,389**	**634,340**	**715,891**	**714,212**	**776,012**
Other Financial Data										
Dividend (% of share nominal)	30%	30%	30%	30%	1,426%7	30%	30%	30%	30%	1,426%7
Earning per Share (€ / Rs)	(0.11)	1.42	0.33	0.74	0.79	(6)	82	19	43	46
Return on Net Worth	(1)%	13%	3%	7%	5%	(1)%	13%	3%	7%	5%
Book Value per Share (€ /Rs)	10.30	10.95	10.51	10.48	14.60	597	634	609	607	846

n) Major contingent liabilities

(Source : Hoechst annual financial statements for the year ended December 31, 2005)

- As of December 31, 2005 guarantees (commitments) amount to € 6 million.
- Hoechst GmbH has assumed the guarantee in respect of the lessor of office buildings which were leased by Aventis Pharmaceuticals Inc., USA, for fulfilment of all the obligations arising from the tenancy (US$ 180 million).
- Other contingencies for own liabilities relate to unchanged capital contribution commitments of € 254 thousand, as well as joint and several liabilities for non paid original capital contributions pursuant to Section 24 of the Law on Limited Liability Companies (GmbH Gesetz) in the amount of € 770 thousand.
- Warranties (letters of comfort) were issued in the amount of € 13 million.

o) Reasons for the fall/rise in the total income and net income

2005 :

- In 2005, HG's Investment income increased from € 849mm in the prior year to € 1,834mm, reflecting increased income from profit transfer agreements with subsidiaries (€ 848mm vs. € 597mm), higher income from intragroup disposals (€ 116mm vs. € 26mm), and increased income from tax allocations from group companies (€ 634mm vs. € 262mm). Additionally, Income from investments in affiliated companies increased substantially to € 283mm compared to € 15 mm the prior year as a result of the distribution of proceeds from the disposal of the HG group's remaining interest in Wacker-Chemie GmbH described above at 3A(e).
- HG's net income increased to € 23,114mm principally reflecting an exceptional gain of € 22,675mm from HG's merger with subsidiary Aventis Pharma Holding GmbH by which assets were transferred from Aventis Pharma Holding GmbH at fair value and to a lesser extent a higher EBITDA, slightly offset by higher taxes.

2004 :

- In 2004, HG's Investment income decreased to € 849mm from € 932mm the prior year, as a result of decreased income from tax allocations from group companies partially offset by an increase of approximately

10% in income from profit transfer agreement.

- HG's net income increased to _415mm compared to € 187mm the prior year, reflecting reduced impairments of investments and lower taxes partially offset by decreased income tax allocation within domestic group (tax allocation in 2004: € 262m; in 2003: € 346m)

2003 :

- HG's Investment income declined to € 932mm in 2003 compared to € 1,354mm in 2002. Income from the profit transfer agreement was essentially stable, and income from investment declined to€ 932mm compared to € 1,354mm the prior year reflecting lower gains on disposals of assets in 2003 than in 2002.
- HG's net income decreased to € 187 mm compared to € 795 mm the prior year, in part reflecting lower EBITDA and in part reflecting the higher writedowns of investments in 2003 (€ 214mm related primarily to Dystar and Clariant).

2002 :

- In 2002, HG's Investment income increased to € 1,354mm from € 640mm the prior year, as a result of gains on the disposal of investments (notably HG's 28% direct stake in Aventis CropScience) amounting to € 682 mm compared to € 70 mm in 2001 as well as higher income from tax allocations from group companies, more than offsetting a decline in income from profit transfer agreement to € 586 mm in 2002 compared to € 745 mm in 2001.
- HG's net income was € 795 mm compared to a net loss of € 62 mm the prior year, reflecting higher EBITDA and lower net interest expense, only partially offset by higher taxes.

p) Significant Accounting policies of the PAC

(Source : Hoechst annual financial statements for the year ended December 31, 2005)

HG's annual financial statements are prepared in Euro (€) and reported in millions of Euro (€ million). The annual financial statements are prepared in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch HGB).

In order to improve comprehension, some of the legally required items of the profit and loss account and the balance sheet have been combined. For the same reason, HG has gone beyond the legal requirements with regard to classification and has shown individual items in the balance sheet and in the profit and loss account separately. The required detailed information or relevant explanations are, however, included in the notes to the financial statements.

- Intangible assets acquired for valuable consideration and tangible assets are carried at their acquisition cost and are depreciated as scheduled over their anticipated useful lives.
- Movable fixed assets are generally depreciated by the declining-balance method. If the declining-balance method of depreciation is used, it is changed to the straight-line depreciation of residual book values, as soon as this results in higher depreciation. In addition, non-scheduled depreciation is effected, if the decrease in value is expected to be permanent. Assets of minor value are shown as addition and as disposal in their year of acquisition and are fully depreciated.
- Financial assets, including assets held in trust for pension benefits, are carried at acquisition cost - reduced by depreciation, if there is a permanent decrease in value.
- Non-interest-bearing or low-interest-bearing long-term lendings are discounted. Receivables are stated at nominal values. Risks are taken into account by means of appropriate depreciation or valuation adjustments. Translation of receivables and liabilities denominated in foreign currencies into Euro is effected at the middle rate of exchange. If translation at the middle rate prevailing at the balance sheet date leads to lower receivables or higher liabilities, these values are used. Exchange losses resulting therefrom are disclosed in the profit and loss account. Individually hedged foreign currency receivables or liabilities are carried at the hedging rate, taking into account the market value of the hedging transactions.
- Reinstatements of original values are effected with respect to fixed assets, if the reasons for non-scheduled depreciation ceased to exist; this principle also applies with respect to current assets.
- Accruals are set up in the amount necessary according to sound business judgment. Accruals for pension obligations are valued from 2005 according to IAS 19. The trust funds allocated to Aventis Pensionstreuhand e.V. for fulfilling all financial obligations arising from pensions are separately disclosed under financial assets.

- Liabilities are stated at their amounts repayable.

q) Information in respect of all the companies promoted by HG for the last three years based on audited statements :

HG has not promoted any new company, whether in India our outside India, during the last three years as on the date of PA and this date of Letter of Offer.

r) Current status of corporate governance :

HG is a wholly-owned subsidiary of Sanofi and hence this clause is not applicable.

s) Status of pending litigation matters as on December 31, 2005

The significant litigation matters relating to HG have been disclosed in para 3(s) above.

t) Name and contact details of investor relations officer

HG is an unlisted company and is a 100% subsidiary of Sanofi. Hence it does not have an investor relations officer.

4 DISCLOSURE IN TERMS OF REGULATION 21(3)

The public shareholding is not expected to fall to 10% or less of the equity share capital of the Target Company as a consequence of the Offer. Hence the provisions of Regulation 21(3) do not apply.

5 BACKGROUND OF AVENTIS PHARMA LIMITED ("APLI"/ "TARGET COMPANY")

a) APLI was incorporated as a private company on May 02, 1956. The Company's registered office is located at Aventis House, 54/A, Sir Mathuradas Vasanji Road, Andheri (East), Mumbai - 400 093.

b) APLI was incorporated under the name Hoechst Fedco Pharma Private Limited. The name was changed to Hoechst Pharmaceuticals Private Limited with effect from 31st March 1959. The word 'Private' was removed from the name with effect from 19th April 1961 pursuant to Section 43A of the Companies Act, 1956. The name was changed to Hoechst India Limited with effect from 13th June 1984. The name was thereafter changed to Hoechst Marion Roussel Limited with effect from 1st January 1996 and to Aventis Pharma Limited with effect from 11th July 2001. Evid & Company Chemicals Limited and Triti Chem Limited (both engaged in the manufacture of Agrochemicals) which were 100% subsidiaries, merged with APLI with effect from 1st April 1993. Roussel India Limited (engaged in the manufacture of Pharmaceuticals), a 100% subsidiary merged with APLI with effect from 1st April 1997. Rhone-Poulenc Rorer (India) Private Limited (engaged in marketing of Pharmaceuticals), a 100% subsidiary, merged with APLI with effect from 1st April 2001. APLI's Agrochemicals Division was hived off to Hoechst Schering AgrEvo Limited with effect from 1st April 1994, pursuant to a Scheme of Arrangement sanctioned by the Bombay High Court. Each Shareholder of APLI was allotted free Shares in Hoechst Schering AgrEvo Limited in the ratio of 1:5.

c) APLI is engaged in the business of manufacturing and marketing of pharmaceuticals. Its key therapeutic segments include anti-infectives, metabolism, cardiology/thrombosis, CNS, arthritis/bone, oncology and respiratory. It has four zonal offices at Mumbai, Kolkata, Delhi and Chennai and two state-of-the art manufacturing sites at Ankleshwar (active pharmaceutical ingredients & formulations) and Goa (formulations).

d) Description of locations and manufacturing facilities :

APLI has two factories at

1. Ankleshwar : 3501 - 3503-15, 6310B-14, GIDC Estate, Ankleshwar 393 002
2. Goa: GIDC, Plot No. L-121, Phase III, Verna Industrial Estate, Verna , Goa 403 722

In Ankleshwar, both Active Pharmaceutical Ingredients (API) and Drug Products (Formulations) are manufactured. In Goa only formulations are manufactured. The first API plant was set up in Ankleshwar in 1987 and the first DP Plant in 1989. The Drug Products Plant in Ankleshwar has a capacity of 3700 million Tablets per year.

The API Plants manufacture Pheniramine Maleate, Glibenclamide, Tonophosphan, Ramipril Precursor, Roxatidine Acetate and Lasamide both for captive consumption and also for exports to affiliates of the Sanofi group. The Goa plant commenced operations in 1998. It manufactures oral solid forms. Both the Ankleshwar and Goa sites are being used for sourcing products to Sanofi affiliates. DAONIL manufactured at Goa is being exported to European countries from Q1 2004. Similarly, Glibenclamide manufactured at Ankleshwar is being exported from Q3 2005.

e) Merger/de-merger/spin-off in the last 3 years :

Board of Directors of APLI had on October 19, 2001 resolved that Rhone-Poulenc Rorer (India) Private Ltd (in which APLI then held 49%) be amalgamated with APLI with effect from April 01, 2001 after making the former company as a 100% subsidiary of APLI. Acquisition of balance 51% stake was completed in November 2001. At the Meeting held on December 14, 2001 convened pursuant to the Order of the Bombay High Court, the Members overwhelmingly approved the Scheme of Amalgamation. The Scheme of Amalgamation was sanctioned by the High Court by an Order passed on February 27, 2002.

There has been no de-merger or spin-off in the last 3 years.

f) The share capital structure of APLI is as follows (as on the date of the PA and as on June 9, 2006) :

	No. of Shares/voting rights	**% of Shares**
Fully paid-up Equity Shares	23,030,622	100%
Partly paid-up Equity Shares	Nil	0%
Total paid-up Equity Shares	23,030,622	100%
Total voting rights in Target Company	23,030,622	100%

g) Current capital structure of the company since inception and the disclosure status of compliance with applicable provisions of SEBI (SAST) Regulations/other applicable Regulations under the SEBI Act 1992 and other statutory requirements as applicable:

Date of Allotment	**No. and % of Shares issued**		**Cumulative Paid up Capital**		**Mode of Allotment**	**Identity of Compliance**	**Status of Allottees**
	Equity (Face Value Rs.100)	**Preference (Face Value Rs.100)**	**Equity (FV Rs.100)**	**Pref. (FV Rs.100)**		**(promoters/ex-promoters/ others)**	
12.11.1956	10,000	10,000	10,000	10,000	Against Cash	Promoters	Consents obtained
26.5.1958	4,215		14,215	10,000	Against Cash	Promoters	from Controller of
29.8.1958		4,215	14,215	14,215	Against Cash	Promoters	Capital Issues for
24.5.1960	785	785	15,000	15,000	Against Cash	Promoters	Issue of Shares/
12.12.1960	4,867		19,867	15,000	Against Cash	Promoters	Bonus Shares, as
12.12.1960	15,000		34,867	Nil	In lieu of Pref Shares	Promoters	required
27.2.1961	133		35,000		Against Cash	Promoters	
23.6.1964	3,931		38,931		Against Cash	Promoters	
10.8.1964	69		39,000		Against Cash	Promoters	
14.12.1965	20,510		59,510		Against Cash	Promoters	
1.7.1966	3,125		62,635		Against Cash	Promoters	
26.8.1966	365		63,000		Against Cash	Promoters	
25.1.1967	37,800		100,800		Bonus Shares (3:5)	Promoters	
27.6.1967	16,759		117,559		Against Cash	Promoters	
21.8.1967	241		117,800		Against Cash	Promoters	
20.12.1969	57,722		175,522		Bonus Shares (4.9:10)	Promoters	
1.7.1974	164,990		340,512		Bonus Shares (9.4:10)	Promoters	

13.6.1979	170,256		510,768		Bonus Shares (1:2) Promoters	
1.12.1982	255,384		766,152		Bonus Shares(1:2) Promoters	
15.9.1984	191,538		957,690		Initial Public Issue Indian Public	
	957,690		957,690	NIL		
	Equity (FV Rs. 10)		Equity (FV Rs. 10)			
16.9.1991	9,576,900		9,576,900		Sub-Division : Face value from Rs. 100 to Rs. 10	
2.2.1994	1,938,411		11,515,311		Preferential Issue to Hoechst AG	Approval obtained from FIPB/RBI
7.11.1994	11,515,311		23,030,622		Bonus Shares (1:1)	In compliance with SEBI Guideline
	23,030,622		23,030,622			

h) There was no suspension of trading of the share of APLI in any Stock Exchange(s) as applicable. APLI had not complied with the reporting requirement under Regulation 8(3) of SEBI (SAST) Regulations for some reporting periods or had filed the requisite declarations late with the Stock Exchange. HG and APHG had not complied with the reporting requirement required under Regulation 8(2) of SEBI (SAST) Regulations for some reporting periods. However, the necessary declarations have been filed for the same by APLI, HG and APHG in March 2003 under the SEBI Regularisation Scheme, 2002.

i) All the shares of APLI are listed on BSE and NSE.

j) There are neither any partly paid-up equity shares nor outstanding convertible instruments (warrants/FCDs/PCDs, etc.) as on date of the Public Announcement.

k) APLI has complied with the applicable provisions of Chapter II of SEBI (SAST) Regulations.

There were no proceedings initiated or penalty imposed by SEBI on the Target Company.

The Target Company has complied with the Regulations under SEBI.

l) APLI is in compliance with the listing agreement as on the date of the Public Announcement and no punitive action has been initiated against APLI by the stock exchanges where its shares are listed.

m) The Board of Directors of APLI as on May 31, 2006 was as follows:

Directors, Address and Date of Appointment	Designation, Qualifications & Employment History
Dr. Vijay Mallya 6, Bulkley Avenue, Sausalito, California 94965, U.S.A. (Dec 1973 as Director and Dec 1983 as Chairman)	Chairman. Dr. Mallya, a well known industrialist, took over the reins of the United Breweries Group in 1983 at the young age of 28. The focal business areas of the Group encompass Beverage Alcohol, Life Sciences, Engineering, Agrochemicals, Information Technology, Fertilizers, Print Media , Civil Aviation and Infrastructure development. Dr. Mallya is the Chairman of public Companies both in India as well as in the U.S.A. Dr. Mallya has received several awards both in India and overseas. He was conferred a Doctorate of Philosophy in Business Administration (honoris causa) by the Southern California University, Irvine, U.S.A. He has also been nominated as a Global Leader for Tomorrow by the World Economic Forum. Ph.D in Business Administration
Dr. Shailesh Ayyangar Beachwood House,Flat Nos. 401 & 402 Jussawalla Wadi, JuhuTara Road, Juhu, Mumbai - 400 049 (October 2005)	Managing Director. (Non-Retiring Director). Dr. Ayyangar held senior sales and marketing positions in Smithkline Beecham Pharmaceuticals and Glaxosmithkline in India and Great Britain. He was also a Wholetime Director of Smithkline Beecham Pharmaceuticals before its merger with Glaxo. He was Head of a business unit in Smithkline Beecham UK for over 4 years. Doctor of Veterinary Medicine and an MBA from the Indian Institute of Management, Ahmedabad

Mr.Christophe Germain Steesha, 17th Floor, Mount Mary Road, Bandra West Mumbai - 400 050 (October 2005)	Wholetime Director. (Non-Retiring Director). Mr. Christophe Germain was Senior Financial Auditor of Pricewaterhouse Coopers from September 1991 to March 1996. He joined Rhone-Poulenc Agro in Lyon, France as Corporate Finance Senior Analyst in 1996. Subsequently, Mr. Germain held positions as Europe Controlling Manager of Aventis CropScience GmbH, Head of R&D Controlling of Aventis CropScience GmbH and Head of Corporate Consolidation Planning, Forecasting & Sales of Aventis. He was appointed Chief Financial Officer of the Company from May 1, 2005. Graduate Engineer in Agricultural School, Graduate in Management School and Graduate in Accounting and Finance
Mr. J. M. Gandhi 1-A, Utkarsha Society, Madhavdas Amersey Road, Andheri West, Mumbai 400 058 (March 2001)	Director. Mr. Gandhi is a practising Chartered Accountant and is a partner of M/s. N. M. Raiji & Co., Chartered Accountants since last 16 years. He specialises in the fields of Audit and Managements Consultancy. He is a Member of the Accounting, Audit and Information Technology Committee of Bombay Chartered Accountants Society. B.Com., FCA
Mr. S. R. Gupte "Sarojini", 4, Golf Links, Pali Hill Road, Khar, Mumbai 400 052 (March 1993)	Director. Mr. Gupte worked with Caltex India Limited from 1964 for 5 1/2 years in various capacities. He joined Air India in 1969 and worked in various positions in India and abroad. He was promoted as Director of Finance in May 1988 and also took charge as Director-Human Resources Development in August 1988. He was also entrusted with the functions of Deputy Managing Director at the same time. He took over in the acting capacity as Chairman and Managing Director of Air India from 17th July 1990 and was also Chairman of Hotel Corporation of India till November 1991. During his tenure with Air India, he was on the Boards of Air Mauritius and India Airlines and was Deputy Chairman and Vice President of Airline Mutual Insurance based in Bermuda. He was a Member of International Air Transport Association (IATA) Executive and Financial Committees and Fuel Trade Group. He was also a Director on the Board of Pacific Asia Travel Association. Mr. Gupte joined the United Breweries Group in March 1992 as Executive Vice Chairman. He is on the Board of a number of Public Limited Companies. B.Com., FCA
Mr. M. Lienard 491A, River Valley Road, No. 20-02, Fraser Suites, Singapore 248372 (July 2000)	Director. Mr. Lienard held operational positions in Abbott Laboratories from 1971 to 1991 in Belgium, France, Nigeria and Switzerland. From 1991 to 2000 he held various positions in Rhone-Poulenc Rorer. He is presently Associate Vice President, Head of Industrial Affairs (Pharma), Asia Pacific Zone, Sanofi. Degree in Nuclear Sciences and Electronics from ISSNA and Arts & Metiers (Belgium)
Mr. A. K. R. Nedungadi Flat 103, Delphi III, PrestigeAcropolis,20 Hosur Road, Bangalore 560030 (January 2000)	Director. After qualifying as a Chartered Accountant in 1978, Mr. Nedungadi started his career in McNeill & Magor Limited as Regional Accounts Manager. After working for six years he joined Pentagon Fasteners Limited as Financial Controller. He joined the UB Group in January 1990 as Corporate Treasurer. In 1992 he became Group Finance Director of UB International Limited in the United Kingdom which position he held for 5 years. He returned to India in April 1997 to head Finance at McDowell & Co. He was elevated to the position of President and Chief Financial Officer of the UB Group in October 1999. B.Com., ACA, AICWA
Mr. A. Peychaud 3 rue Jeanne D' Arc-78100, Saint Germain En Laye, France (March 2004)	Director. Mr. Peychaud joined Roussel Uclaf in France in 1984. From 1986 to 1999 he held positions in its affiliates in Morocco, Argentina, Spain and Mexico. He was Vice President for Drug Production for Aventis, France from 2000 to 2003. From January 01, 2004, he was Vice President for Drug Production for Inter Continental region of Aventis. He is presently Head of Mature Products and OTC of Sanofi. PhD in Pharmacy and a degree in Management from University of Bordeaux

Mr. J. Silvestre 3982, Chemin de la Cote des Neiges, App. A-54, Montreal, Quebec, Canada, H 3H 1 W2 (March 2004)	Director. Mr. Silvestre has had wide ranging experience and has held senior positions in Companies like Rhone-Poulenc Agro, France, Pasteur Merieux, France and Rhone-Poulenc Rorer, France. He is presently President, Canada Pharmaceutical Operations, Sanofi. Ph.D. in Theoretical Chemistry, University of Houston, U.S.A.
Dr. S. Bhattacharya Suraj Apartments, 4th Floor, 251, Walkeshwar Road, Mumbai 400 006 (July 2003)	Wholetime Director (Alternate to Mr. J. Silvestre). Dr. Bhattacharya was Sales Promotion Manager between 1980 and 1985 in PCI Pharmaceuticals Private Limited. He joined the Company in 1985 as Manager, Product Promotion. Between 1991 and 1996 he was International Product Manager, Anti-Infectives in HG, Germany. On his return to India he held senior positions in Marketing in the Company. He is presently designated as Senior Director- Diabetes, Business Strategy and Development. Ph.D. (Pharmacology)
Mr. M. G. Rao 502, Upahar - 2, Plot No. 5, J. P. Road, Versova, Andheri West, Mumbai 400 061 (July 2003)	Wholetime Director (Alternate to Mr. A. Peychaud). Mr. Rao joined the Company in 1973 in the Research Centre. He has held senior positions in Manufacturing operations. He is presently designated Head- Industrial Affairs. M.Sc. in Organic Chemistry, Diploma in Management Studies
Mr. O.Charmeil 174 avenue de France, 75013 Paris, France (March 2006)	Alternate Director to Mr. M.Lienard. Senior Vice President of Sanofi for Pharmaceutical Operations, Asia / Pacific. Mr. Charmeil is a graduate of HEC *(Ecole des Hautes Etudes Commerciales)* and of the Institut d'Etudes Politiques in Paris.

None of the above directors represented Sanofi as on the date of PA.

n) Key financials of APLI on stand-alone basis - Audited results (Rs in lacs) :

Profit & Loss Statement for the year ended December 31,	**2001**	**2002**	**2003**	**2004**	**2005**	**3 months ended March 31, 2006#**
Net Sales	54,610.44	61,565.41	65,164.65	73,499.39	80,783.68	20,050.00
Other Income	1,268.62	979.20	1,599.12	2,182.30	2,953.37	860.00
Total Income	**55,879.06**	**62,544.61**	**66,763.77**	**75,681.69**	**83,737.05**	**20,910.00**
Total Expenses	44,749.37	51,848.79	51,186.47	52,048.86	58,375.40	15,030.00
PBDIT	**11,129.69**	**10,695.82**	**15,577.30**	**23,632.83**	**25,361.65**	**5,880.00**
Depreciation	1,514.70	1,700.09	1,743.41	1,683.91	1,718.13	430.00
Interest	148.48	40.68	23.69	9.94	4.59	-
PBT and Exceptional Items	**9,466.51**	**8,955.05**	**13,810.20**	**21,938.98**	**23,638.93**	**5,450.00**
Exceptional Items	(79.25)	113.10	696.77	680.76	-	-
Tax						
Current	2,540.00	2,840.00	4,780.00	7,720.00	9,370.00	1,800.00
Deferred	186.24	118.83	(130.32)	50.17	(519.41)	(120.00)
Fringe Benefit Tax	-	-	-	-	280.00	80.00
Total Tax	2,726.24	2,958.83	4,649.68	7,770.17	9,130.59	1,760.00
PAT	**6,661.02**	**6,109.32**	**9,857.29**	**14,849.57**	**14,508.34**	**3,690.00**

Balance Sheet as on December 31,	2001	2002	2003	2004	2005	
Sources of Funds						
Equity share capital	2,303.06	2,303.06	2,303.06	2,303.06	2,303.06	
Reserves & Surplus (excluding Revaluation Reserve)	20,303.61	22,664.13	27,966.03	39,879.82	50,075.31	
Net Worth	**22,606.67**	**24,967.19**	**30,269.09**	**42,182.88**	**52,378.37**	
Deferred tax liability	-	1,802.35	1,753.40	-	-	
Deferred Payment Liability Secured Loans	2,903.06	2,000.31	1,290.72	1,960.41	-	
Unsecured Loans	484.70	-	-	-	-	
Total Liabilities	**3,387.76**	**3,802.66**	**3,044.12**	**1,960.41**	**-**	
Total	**25,994.43**	**28,769.85**	**33,313.21**	**44,143.29**	**52,378.37**	
Application of funds						
Fixed Assets (including CWIP)	16,134.21	16,249.17	16,484.43	15,444.70	14,184.31	
Less: Revaluation Reserve	2,031.53	1,947.94	1,864.35	-	-	
Net Fixed Assets	14,102.68	14,301.23	14,620.08	15,444.70	14,184.31	
Investments	518.02	520.36	529.43	529.43	530.88	
Deferred Tax Assets	91.43	1,774.95	1,856.32	52.75	572.16	
Net Current Assets	9,899.96	12,173.31	16,307.38	28,116.41	37,091.02	
Less: Misc expenses and loss for the year	1,382.34	-	-	-	-	
Total Assets	**25,994.43**	**28,769.85**	**33,313.21**	**44,143.29**	**52,378.37**	

Other Financial Data year ended December 31,	2001	2002	2003	2004	2005	3 months ended March 31, 2006#
Dividend (%)	60%	160%*	160%	160%	160%	-
Earning per Share (Rs)	29	27	43	64	63	16
Return on Net Worth	29%	24%	33%	35%	28%	
Book Value per Share (including revaluation) (Rs)	107	117	140	183	227	
Book Value per Share (excluding revaluation reserve) (Rs)	98	108.41	131.43	183	227	

Based on Limited Review Report by Auditors. Figures available as per this report is Rs. in mm. The disclosure above converts the Rs. in mm into Rs. in lacs. EPS is not annualised.

* includes special dividend of 80%

o) S.R.Batliboi & Co, the auditors of APLI, have undertaken a Limited Review of financials for the three months ended March 31, 2006 and have certified the same.

p) Change in Total income and Profit After Tax (PAT):

2005 : During the year ended December 31, 2005, the Company had net sales (excluding excise duty) of Rs. 8078 million as against Rs. 7350 million during the previous year. This represents a growth of 9.9%. Domestic sales were Rs. 5791 million in 2005 versus Rs. 5309 million in 2004, a growth of 9.1%. Although sales declined by 3% in Q1 2005 due to VAT related issues, the substantial increase in sales in the remaining three quarters (much higher than the market growth) reflects the capabilities of APLI's field force and the strong brand equity of its products with the patients. The domestic product portfolio continues to be focused on core and local strategic brands. 35% of APLI's portfolio fall under the purview of the current DPCO with lower margins. The top 10 brands accounted for 76% of domestic sales in 2005. Highly focused Core brands grew as a group by nearly 20% and made up 32% of domestic sales in 2005. Base business which was declining in earlier years, turned around in 2005 and recorded growth and contributed to 31% of domestic sales. Export turnover in 2005 was Rs. 2287 million - represents a growth of 12%.

Profit before exceptional items and taxation grew by nearly 8% to reach Rs. 2,364 million as compared to Rs. 2,194 million in 2004. This represents approximately 29% of sales as against 30% sales in 2004. PAT decreased by 2% in 2005. During the year 2005, APLI invested considerably in expanding its sales force and improving operational efficiency. The marginal decline in profit margins was due to restructuring costs and higher marketing and field force expenses. Provision for taxation in 2005 included fringe benefit tax for the first time and also charges for prior years. Hence the decrease in PAT for the year 2005.

2004 : During the year ended December 31, 2004, the Company had net sales (excluding excise duty) of Rs. 7,350 million as against Rs. 6,516 million during the previous year. This represents a growth of 12.8%. Domestic sales were Rs. 5309 million in 2004 versus Rs. 4,955 million in 2003, a growth of 7%. The domestic product portfolio continues to be focused with 29 brands at the end of 2004. 12 of these brands fall under the purview of the current DPCO, representing 36% of 2004 domestic sales. The top 10 brands accounted for 76% of domestic sales in 2004 and grew as a group by 7% over 2003. Strategic brands grew as a group by 21% and made up 36% of domestic sales in 2004. Export turnover in 2004 was Rs. 2,041 million and represents a growth of 31% over 2003.

Profit before exceptional items and taxation grew by more than 58% to reach Rs. 2,194 million against Rs. 1,381 million in 2003. This represents 30% of sales as against 21% sales in 2003. The increase in margins was due to a combination of higher share of export sales and better logistics management, leading to cost reduction, decrease in input costs for domestic sales and higher Other Income received (on account of Interest income received on income tax refunds, interest on term deposits with banks, dividend income received from the Company's joint venture, Chiron Behring Vaccines Private Limited and write back of provision for doubtful debts).

2003 : During the year ended December 31, 2003 APLI's net sales increased by 5.8% to Rs. 6516 million. The domestic sales grew by 7.5% to Rs 4,955 million. The product portfolio continued to be focused on 31 brands - 12 of these fall under the DPCO purview representing 38% of sales. The export turnover increased marginally to Rs 1,561 million from Rs. 1,546. The exports were partly impacted by exchange rate variance.

Profit before exceptional items and taxation grew by more than 50% to reach Rs. 1,381 million against Rs 896 million in 2002. This represents 21% of sales as against 15% sales in 2002. The increase in the margin was due to a combination of the factors viz. focus on strategic products resulting in a better product mix; efficiencies in manufacturing and procurement of materials; favourable exchange rate consequent on weakening of US Dollar; reduced promotional expenditure.

q) The shareholding pattern of APLI was as follows:

Shareholders' category	**Shareholding & Voting rights prior to the agreement/ acquisition and Offer (Aug 06, 2004) (AA)**	**Shareholding & Voting rights (prior to the Offer) (June 09, 2006) (A)**	**Shares/ Voting rights agreed to be acquired which triggered off the Regulations (B)**	**Shares/ Voting rights to be acquired in the open Offer (Assuming full acceptances) (C)**	**Shareholding/ Voting rights after the acquisition and Offer (A)+(B)+(C) = (D)**
1) Promoter Group					
a) Indian Promoters	2,366,460 (10.28%)	2,366,460 (10.28%)	Nil		
b) Foreign Promoters	11,538,342 (50.10%)	11,538,342 (50.10%)	##		
Total (1)	13,904,802 (60.38%)	13,904,802 (60.38%)			
2) Acquirer	Nil (0.00%)	Nil (0.00%)	11,538,342# (50.10%)	4,606,125 (20.00%)	16,144,467 (70.1%)
3) Public					
a) FIs/FIIs/MFs/UTI/ Banks	6,254,824 (27.16%)	6,637,268 (28.82%)	Nil		
b) NRIs/Pvt. Corp. Bodies/ OCBs/other	816,413 (3.54%)	659,084 (2.86%)	Nil		
c) Public	2,054,583 (8.92%)	1,829,468 (7.94%)	Nil		
Total (3) (a)+(b)+(c)	9,125,820 (39.62%)	9,125,820 (39.62%)	Nil		
Grand Total (1+2+3)	23,030,622 (100.00%)	23,030,622 (100.00%)	Nil	4,606,125 (20.00%)	23,030,622 (100.00%)

Subsequent to the April 26, 2004 offer to Aventis as described in para 2.1 (a) to 2.1 (d) and the recent developments described in 2.1 (b.1) to (b.4) , the Acquirer has indirectly acquired the control of APLI

Total number of public shareholders was 16,373 and 15,995 as on August 06, 2004 and as on June 9, 2006 respectively.

r) Details of the change in the shareholding of the promoters as and when it happened in the Target Company :

	HG (formerly Hoechst AG) / Aventis Pharma Holding GmbH*	**UB Group**	**Public**
1. Prior to first Public Issue in 1984	50%	48.4%	1.6%**
2. After Public Issue (15.09.84)	40%	38.6%	21.4%
3. EGM - March 1993	40%	38.6%	21.4%
4. AGM - 1993	40%	38.6%	21.4%
5. Prior to Preferential Issue to Hoechst AG in 1994	40%	38.6%	21.4%
6. After Preferential Issue in 1994 (2.2.94)	50.1%	32.10%	17.8%
7. AGM - July 1994	50.1%	27.06%	22.84%
8. EGM - September 1994	50.1%	27.05%	22.85%
9. AGM - August 1995	50.1%	26.02%	23.88%
10. EGM - December 1995	50.1%	26.02%	23.88%
11. AGM - August 1996	50.1%	20.02%	29.88%
12. AGM - August 1997	50.1%	19.5%	30.4%
13. EGM - January 1998	50.1%	17.44%	32.46%
14. AGM - December 1998	50.1%	15.05%	34.85%
15. AGM - July 1999	50.1%	15.05%	34.85%
16. AGM - June 2000	50.1%	10.28%	39.62%
17. AGM - June 2001	50.1%	10.28%	39.62%
18. AGM - June 2002	50.1%	10.28%	39.62%
19. AGM - June 2003	50.1%	10.28%	39.62%
20. AGM - June 2004	50.1%	10.28%	39.62%
21. AGM- June 2005	50.1%	10.28%	39.62%
22. AGM- June 2006	50.1%	10.28%	39.62%

*On 30th March 2001, HG transferred its entire shareholding in the Company to its 100% subsidiary, Aventis Pharma Holding GmbH after the Securities and Exchange Board of India granted exemption from making an open offer. Further for the recent developments please refer to para 2.1 (b.2) and (b.3)

** Held by original Promoters/ their relatives

Target Company has complied with the applicable provisions of the SEBI (SAST) Regulations/other applicable Regulations under SEBI Act 1992 and other statutory requirements as applicable.

s) APLI has not received any directions from SEBI u/s 11B of the SEBI Act, prohibiting them from dealing in securities or under any of the regulations made under the SEBI Act.

t) The details regarding the corporate governance norms for the Target Company as on March 31, 2006 are as follows:

PARTICULARS	**Clause of Listing agreement**	**Compliance Status Yes/No Remarks if applicable**
I Board of Directors	49 I	Yes
II. Audit Committee	49 (II)	Yes
III. Subsidiary Companies	49 (III)	Not Applicable as there is no subsidiary
IV. Disclosures	49 (IV)	
(A)Basis of related party transactions	49 (IV A)	Yes
(B)Board Disclosures	49 (IV B)	Yes
(C)Proceeds from public issues, rights issues, preferential issues etc.	49 (IV C)	Not Applicable
(D)Remuneration of Directors	49 (IV D)	Yes
(E)Management	49 (IV E)	Yes
(F)Shareholders	49 (IV F)	Yes
V.CEO/CFO Certification	49 (V)	Not Applicable for FY December 31, 2005
VI. Report on Corporate Governance	49 (VI)	Yes
VII. Compliance	49 (VII)	Yes

APLI had complied with all relevant clauses as on the date of PA to the extent applicable.

u) The details of the pending litigation for the Target Company as on April 30, 2006 are as follows:

Contingent Liabilities not provided:

No Contingent Liability has been shown in the Annual Accounts of APLI for the year ended December 31, 2005

Tax demands in respect of which Tax Authorities have appealed against orders in Company's favour for Rs. 6,046.5 lacs . Tax demands in respect of which the Company's appeals are pending before appropriate authorities for Rs. 5,303.8 lacs.

Outstanding Litigations

- Litigations involving Criminal Offences as listed out below : NIL
- Litigations involving Securities Related Offences : NIL
- Litigations involving Civil Offences as listed out below: Seven Civil Suits/Consumer complaints with amount involved: Rs. 52.83 lacs. A total amount of Rs.28.39 lacs has been provided in the books of the Company.
- Litigations involving Statutory and other offences as listed out below :

	Amount (Rs lacs**)**	**Amount provided (Rs** lacs**)**
Litigations Against the Company		
5 Excise Cases	189.89	189.89
1 Customs Case	4.53	4.53
13 Income-Tax Matters in Appeal	6,046.45	Nil
Cases Filed by the Company		
8 Excise cases	1068.99	1068.99
1 Customs Case	1.38	1.38
16 Income- Tax Matters in Appeal	5,303.82	Nil
5 Sales tax matters in Appeal	32.28	32.28

Note: Litigations against the Company include show cause notices received and appeals filed by Revenue authorities against orders passed in Company's favour. Cases filed by the Company include appeals filed by the Company against adverse orders.

- Pre-Litigation : DPEA Claim of Govt. of India

  Consequent upon the decision of the Supreme Court in the matter of prices of certain bulk drugs fixed by the Government of India under the Drug (Prices Control) Order, 1979, the company paid an amount of Rs. 312 lacs in 1988 being the liability determined by the Special Team appointed by the Government. However, during 1990, fresh demands aggregating to Rs. 7,810 lacs alleged to be payable into the Drug Prices Equalisation Account (DPEA) were made by the Government on account of alleged unintended benefit enjoyed by the company.

  The Government has also made certain claims for applicable interest. On a Writ Petition filed by the company in 1991, the Bombay High Court passed an order whereby the demands were to be treated as show cause notices. The High Court directed the company and the Government to furnish relevant data to each other based on which the Government was to rework the figures. The Government did not furnish the requisite data to the company. In 1995, a further demand of Rs. 795 lacs was made by the Government.

  In the meantime, a Committee was constituted by the Government to determine the liabilities of the Drug Companies. The company filed Written Submissions with the Committee and contended during the personal hearing that in the absence of the Government furnishing the requisite data as directed by the Bombay High Court, the company was not in a position to make an effectual presentation before the Committee.

  In January 1999, the company filed an Application before the Bombay High Court seeking directions to the Government to furnish the requisite data. The Application is pending. In the meantime, the Committee has deferred further hearing of the company's case, until the Application is heard and decided by the Bombay High Court.

  In any event, the company is contesting the above demand.

- Overdue interest/principal as on date : NIL
- Other litigations : Twelve labour matters before various authorities, involving disputes raised by former workmen under the Industrial Disputes Act,1947. Two matters against former workmen for eviction of Company's Staff Quarters wrongfully withheld by them
- Roll over / Re-scheduling of loans or any other liability : NIL
- Labour problems / closure as listed below : NIL
- Guarantees given : NIL
- Export commitment to be fulfilled under EPCG and Advance Licence scheme - Rs. 2,830 lacs.
- No penalty has been levied by SEBI or any other regulatory body or any other authority in India or abroad.
- No disciplinary action/ investigation has been taken by the Securities and Exchange Board of India/ Stock Exchange against the Company, its Directors, Promoters and their other business ventures. (irrespective of the fact whether they fall under the purview of Sec 370 (1B) of the Companies Act, 1956).

v) The shares of APLI are listed on BSE and NSE. The closing price of the shares of APLI as on August 10, 2004 was Rs. 790.00 on BSE and Rs. 788.55 on NSE.

The closing price of the shares of APLI as on June 20, 2006 was Rs. 1,500.00 on BSE and Rs.1,503.15 on NSE.

w) The compliance officer of the Target Company is Mr. K. Subramani, Company Secretary and can be contacted at Aventis Pharma Limited, Aventis House, 54/A, Sir Mathuradas Vasanji Road, Andheri (East), Mumbai - 400 093, India, Tel: +91 22 2827 8530, Fax: +91 22 2836 0862, E-mail : K.Subramani@sanofi-aventis.com

6 OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1 Justification of Offer Price

a) The shares of APLI are listed on The Stock Exchange, Mumbai ("BSE") and National Stock Exchange ("NSE"). Based on the information available, the shares of APLI are frequently traded on BSE *(Source: www.bseindia.com)* and NSE *(Source: www.nseindia.com)* within the meaning of explanation (i) to Regulation 20 (5) of SEBI (SAST) Regulations.

b) The annualised trading turnover during the preceding six months in each of the Stock Exchanges is detailed below:

Date	Name of Stock Exchange	Total number of shares traded during the preceding six calendar months	Total number of listed shares	Annualised trading turnover (in terms of % of total listed shares)	Trading Status in terms of SEBI (SAST) Regulations
26th April '04	NSE	1,818,588	23,030,622	15.8%	Frequently Traded
26th April '04	BSE	1,222,758	23,030,622	10.6%	Frequently Traded
11th Aug '04	NSE	1,026,639	23,030,622	8.9%	Frequently Traded
11th Aug '04	BSE	760,493	23,030,622	6.6%	Frequently Traded

(Source: www.bseindia.com and www.nseindia.com)

c) Regulations 20 (12) read with Regulation (4) of the SEBI (SAST) Regulations specifies that the Offer price for indirect acquisition or control shall be determined with reference to the date of the public announcement for the parent company & the date of the public announcement for acquisition of shares of the target company whichever is higher as shown below:

Particulars	Date of the public announcement for	
	Aventis which is the holding company of APLI April 26, 2004 (Monday)	This Offer to shareholders of APLI August 11, 2004 (Wednesday)
i. Negotiated price : If the Acquirer has entered into any agreement for acquisition of shares or voting rights or deciding to acquire shares or voting rights exceeding the prescribed percentage	Sanofi has not carried out financial due diligence with respect to APLI and no specific value has been ascribed to APLI in the global recommended offer announced on April 26, 2004	
ii. Price paid by Acquirer for any acquisition including by way of allotment in a public or rights or preferential issue during the 26-week period prior to the date of this Public Announcement	Nil	Nil
iii. Higher of (A) or (B) below Share price data of APLI on NSE, where it is most frequently traded, is as under:	725.72	792.14
A. The average of the weekly high and low of the closing prices of the shares of APLI during the 26-weeks preceding the announcement	650.04	733.25
B. The average of the daily high and low of the shares of APLI during the 2-weeks preceding the announcement	725.72	792.14
The Offer is required to be made at the higher of the above (i), (ii) and (iii)	725.72	792.14

d) 26 weeks weekly high/low data on NSE (most frequently traded Stock Exchange) for August 11, 2004 cut off date :

Week No.	Week Ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	Tue/17/02/2004	725.20	641.60	683.40	62,114
2	Tue/24/02/2004	730.30	714.95	722.63	48,592
3	Tue/02/03/2004	723.10	684.45	703.78	35,034
4	Tue/09/03/2004	700.00	670.15	685.08	20,319
5	Tue/16/03/2004	694.80	644.95	669.88	35,508
6	Tue/23/03/2004	691.25	647.50	669.38	81,332
7	Tue/30/03/2004	712.70	699.25	705.98	96,517
8	Tue/06/04/2004	717.65	704.30	710.98	22,800
9	Tue/13/04/2004	715.75	696.35	706.05	6,370
10	Tue/20/04/2004	726.30	708.40	717.35	20,671
11	Tue/27/04/2004	773.50	727.00	750.25	46,471
12	Tue/04/05/2004	807.10	726.95	767.03	69,007
13	Tue/11/05/2004	816.10	790.35	803.23	42,765
14	Tue/18/05/2004	807.70	677.40	742.55	41,618
15	Tue/25/05/2004	784.10	766.05	775.08	27,522
16	Tue/01/06/2004	794.95	722.45	758.70	42,400
17	Tue/08/06/2004	724.45	709.45	716.95	28,647
18	Tue/15/06/2004	714.90	708.75	711.83	31,039
19	Tue/22/06/2004	704.00	690.05	697.03	30,689
20	Tue/29/06/2004	730.20	698.30	714.25	21,687
21	Tue/06/07/2004	763.35	754.85	759.10	53,918
22	Tue/13/07/2004	760.90	742.60	751.75	15,833
23	Tue/20/07/2004	787.10	755.00	771.05	50,742
24	Tue/27/07/2004	790.00	785.45	787.73	34,865
25	Tue/03/08/2004	798.80	785.05	791.93	41,985
26	Tue/10/08/2004	797.15	785.80	791.48	27,128
			26 week average	**733.25**	

e) 2 weeks daily high/low data on NSE (most frequently traded Stock Exchange) for August 11, 2004 cut off date :

Day no.	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	Wed/28/07/2004	805.00	780.05	792.53	2,787
2	Thu/29/07/2004	795.00	782.10	788.55	11,289
3	Fri/30/07/2004	795.00	790.00	792.50	18,056
4	Mon/02/08/2004	800.00	785.45	792.73	7,977
5	Tue/03/08/2004	800.00	785.10	792.55	1,876
6	Wed/04/08/2004	800.00	791.00	795.50	13,424
7	Thu/05/08/2004	805.00	794.95	799.98	6,460
8	Fri/06/08/2004	800.00	781.15	790.58	649
9	Mon/09/08/2004	794.45	775.65	785.05	3,519
10	Tue/10/08/2004	797.85	785.10	791.48	3,076
			Average	**792.14**	

f) 26 weeks weekly high/low data on NSE (most frequently traded Stock Exchange) for Monday, April 26, 2004 cut off date :

Week No.	Week Ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	Sun/02/11/2003	505.60	482.40	494.00	46,492
2	Sun/09/11/2003	529.90	498.55	514.23	136,359
3	Sun/16/11/2003	536.95	505.55	521.25	106,350
4	Sun/23/11/2003	523.10	489.60	506.35	32,531
5	Sun/30/11/2003	526.00	504.50	515.25	40,119
6	Sun/07/12/2003	587.10	532.70	559.90	156,137
7	Sun/14/12/2003	627.50	608.05	617.78	105,252
8	Sun/21/12/2003	654.45	638.30	646.38	48,775
9	Sun/28/12/2003	684.95	666.80	675.88	34,006
10	Sun/04/01/2004	746.35	695.00	720.68	72,833
11	Sun/11/01/2004	750.50	725.55	738.03	62,029
12	Sun/18/01/2004	738.40	699.70	719.05	51,802
13	Sun/25/01/2004	686.25	649.00	667.63	45,105
14	Sun/01/02/2004	672.65	669.30	670.98	37,621
15	Sun/08/02/2004	646.35	632.00	639.18	24,536
16	Sun/15/02/2004	666.45	640.80	653.63	21,780
17	Sun/22/02/2004	730.30	700.35	715.33	72,071
18	Sun/29/02/2004	729.85	684.45	707.15	41,435
19	Sun/07/03/2004	700.00	682.45	691.23	27,245
20	Sun/14/03/2004	694.80	665.65	680.23	36,599
21	Sun/21/03/2004	684.95	644.95	664.95	66,876
22	Sun/28/03/2004	712.05	684.70	698.38	67,685
23	Sun/04/04/2004	717.65	712.50	715.08	68,058
24	Sun/11/04/2004	716.35	696.35	706.35	6,585
25	Sun/18/04/2004	726.30	707.95	717.13	13,072
26	Sun/25/04/2004	773.50	716.45	744.98	45,464
			26 week avg.	**650.04**	

g) 2 weeks daily high/low data on NSE (most frequently traded Stock Exchange) for April 26, 2004 cut off date :

Day no.	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	Mon/12/04/2004	718.95	706.00	712.48	1,653
2	Tue/13/04/2004	717.00	698.05	707.53	2,110
3	Thu/15/04/2004	735.00	681.25	708.13	4,365
4	Fri/16/04/2004	730.00	705.00	717.50	1,609
5	Sat/17/04/2004	725.00	713.00	719.00	3,335
6	Mon/19/04/2004	731.00	716.00	723.50	5,421
7	Tue/20/04/2004	718.00	700.00	709.00	5,941
8	Wed/21/04/2004	729.90	712.00	720.95	6,542
9	Thu/22/04/2004	784.00	730.00	757.00	17,826
10	Fri/23/04/2004	809.00	755.25	782.13	9,734
			Average	**725.72**	

h) In the opinion of the Manager to the Offer and the Acquirer, the Offer Price of Rs. 792.20 per fully paid-up Equity share is justified.

i) If the Acquirer acquires shares after the date of Public Announcement upto 7 (seven) working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid acceptances received under the Offer.

6.2 Financial Arrangements

a) The total fund requirement for the acquisition of up to 4,606,125 shares held by shareholders in APLI at Rs. 792.20 per share is Rs. 3,649 mm (Rupees three thousand six hundred and forty nine million only). In connection with the transaction mentioned in para 2.1(c) above, the Acquirer had entered into a credit facility agreement dated April 26, 2004 permitting borrowing of amount up to € 16,000mm (Rs. 926,720mm) [through € 5,000mm (Rs. 289,600mm) in Tranche A, € 5,500mm (Rs. 318,560 mm) in Tranche B and € 5,500mm (Rs. 318,560 mm) in Tranche C], mainly to finance the cash consideration to be paid to the holders of Aventis securities and refinance certain debt of Aventis and its subsidiaries. Further this facility could be used for various purposes including payment of fees, costs and expenses incurred in connection with the transaction mentioned at Para 2.1(c) above. This facility was entirely underwritten by BNP Paribas and an affiliate of Merrill Lynch & Co. € 16,000mm is equivalent to Rs. 926,720mm (Rupees nine lac twenty six thousand, seven hundred and twenty million only). The Acquirer vide letter dated August 10, 2004 has confirmed that it will contribute cash from the said facility to fulfil its obligations under Regulation 29 of SEBI (SAST) Regulations.

In 2005, Tranche A and Tranche B were repaid in full and €4,500mm (Rs.260,640mm) of the credit available under Tranche C has been cancelled and replaced with other credit lines. Hence the Acquirer has vide its letter dated June 8, 2006 confirmed that adequate amounts will be made available out of its financial resources, including internal accruals {based on its latest available audited accounts (Net Income of € 2,593mm (Rs. 150,187mm) for the year ended December 31, 2005) as well as its cash position (Cash and cash equivalents of € 1,249 mm (Rs. 72,342mm) as on December 31, 2005)} which is adequate to fulfil its financial obligation arising out of this Offer.

As firm financial arrangement is in place, the Manager to the Offer is satisfied about the ability of the Acquirer to fulfil its obligations in accordance with the SEBI (SAST) Regulations.

b) In accordance with Regulation 28 of the SEBI (SAST) Regulations, the Acquirer has an Escrow Account in the form of a cash deposit in a bank account with BNP Paribas Elysée Haussmann at 73, Boulevard Haussmann 75008 Paris, France for US $12mm (US$ twelve million only) in favor of DSPML - the Manager to the Offer, being in excess of the amount required under Regulation 28(2) of the SEBI (SAST) Regulations, i.e., 25% of the maximum consideration payable for the first Rs. 1,000 mm and 10% thereafter. US $12mm is equivalent to Rs. 551mm (Rupees five hundred and fifty one million only) calculated in accordance with the RBI reference rate as on the date of this Letter of Offer. *(source : www.rbi.org.in)*.

DSPML has been authorized to realize the value of the aforesaid bank account. This amount will be transferred from the aforesaid bank account to BNP Paribas, Mumbai after the requisite approval has been obtained from RBI for opening and operating the Escrow Account in India.

7 TERMS AND CONDITIONS OF OFFER

7.1 Statutory approvals required for the Offer

a) The Offer, along with any obligation to make payment for, or purchase the shares tendered and accepted, is subject to the receipt of approval the Reserve Bank of India ("RBI"), under the Foreign Exchange Management Act, 1999 ("FEMA"). The Acquirer has made an application to the RBI.

Besides this, as on the date this Letter of Offer, no other statutory approval is required to acquire the shares tendered pursuant to this Offer. In terms of Regulation 27 of SEBI (SAST) Regulations, the Acquirer will not proceed with the Offer in the event that the statutory approval indicated above is refused.

b) In case of delay in receipt of any statutory approval(s), SEBI has a power to grant extension of time to the Acquirer for payment of consideration to shareholders, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approval, Regulation 22(13) of SEBI (SAST) Regulations will also become applicable.

c) The Acquirer does not require any approvals from financial institutions or banks for the Offer.

7.2 Others

a) The Letter of Offer together with the Form of Acceptance cum Acknowledgement is being mailed to the shareholders of APLI (except the Acquirer and parties to the agreement referred to in para 2.1 (a) above), whose names appear on the Register of Members of APLI and to the beneficial owners of the shares of APLI, whose names appear as beneficiaries on the records of the respective Depositories, at the close of business on June 21, 2006 ("Specified Date").

b) Shareholders having their beneficiary account in CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the special depository account with NSDL.

c) All owners (registered or unregistered) of Shares of APLI, (except the Acquirer, parties to the agreement referred in para 2.1 above and the PAC) anytime before the closure of the Offer are eligible to participate in the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating acceptance of the Offer with Name; Address; Number of shares held; Number of shares offered; Distinctive Numbers; Folio Number; together with the original Share Certificate(s); Valid Transfer Deed(s) and the Original Contract Note issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners.

d) The acceptance of the Offer is entirely at the discretion of the shareholders of APLI. The Acquirer will not be responsible in any manner for any loss of equity share certificate(s) and offer acceptance documents during transit and the shareholders of APLI are advised to adequately safeguard their interest in this regard.

e) Shares that are subject to any charge, lien or encumbrance are liable to be rejected.

8 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

a) Shareholders of APLI, who wish to avail of this Offer are free to offer their shareholding in whole or in part and should forward the under mentioned documents to the Registrar to the Offer at their office at ***Karvy Computershare Private Limited, 46, Avenue 4, Street 1, Banjara Hills, Hyderabad 500 034. Telephone No.: (040) 2331 2454, Fax no.: (040) 2331 1968*** either by hand delivery on weekdays or by Registered Post, on or before the Close of the Offer, i.e., no later than July 19, 2006 or at the Collection Centres, so as to reach the Registrar/ Collection Centres on or before the close of business hours, i.e., no later than 1600 hrs on July 19, 2006 in accordance with the instructions specified in this Letter of Offer and in the Form of Acceptance cum Acknowledgement.

Shareholders are advised to ensure that the Form of Acceptance cum Acknowledgement and other documents are complete in all respects, otherwise the same is liable to be rejected. In the case of demat shares, the shareholders are advised to ensure that their shares are credited in favour of the special depository account before the closure of the Offer. The Form of Acceptance cum Acknowledgement of such demat shares, not credited in favour of the special depository account before the closure of the Offer, will be rejected.

i. For Equity shares held in physical form:

Registered Shareholders should enclose:

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
- Original Share Certificate(s).
- Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with "APLI" and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with this Letter of Offer.

Unregistered owners should enclose:

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein.
- Original Share Certificate(s).
- Original broker contract note.

- Valid Share Transfer form(s) as received from the market.

The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of buyer will be filled upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

ii. For Equity shares held in demat form:

Beneficial owners should enclose:

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant (DP).
- Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.
- For each Delivery Instruction, the beneficial owner should submit separate Form of Acceptance.

b) The Registrar to the Offer, M/s Karvy Computershare Private Limited, have opened a special depository account at National Securities Depository Limited (NSDL) as detailed below :

DP Name	Karvy Stock Broking Ltd.
Special DP Account	Escrow Account - APLI Offer
DP ID	IN300394
Client ID	14391833

c) The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent only to the Registrar to the Offer and not to the Manager to the Offer, the Acquirer or APLI.

d) In case of non-receipt of the Letter of Offer, the eligible persons may send their consent to the Registrar to the Offer, on a plain paper stating acceptance of the Offer with Name; Address; Number of Shares held; Distinctive Number; Folio Number, Number of shares offered; along with documents as mentioned above, so as to reach the Registrar to the Offer on or before the close of the Offer, i.e., no later than July 19, 2006 or in case of beneficial owners they may send their application in writing to the Registrar to the Offer, on a plain paper stating acceptance of the Offer with Name; Address; Number of Shares held; Number of shares offered; DP name; DP ID; Beneficiary Account Number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the Special Depository Account, or the eligible persons can write to the Manager to the Offer requesting for the Letter of Offer and Form of Acceptance cum Acknowledgement and fill up the same in accordance with the instructions given therein, so as to reach the Registrar to the Offer, on or before the close of the Offer, i.e., no later than July 19, 2006. Unregistered owners should not sign the transfer deed and the transfer deed should be valid for transfer. Alternatively, the Letter of Offer and Form of Acceptance cum Acknowledgement will be available on SEBI's website (www.sebi.gov.in), from the date of Opening of the Offer. The eligible persons can download the Form of Acceptance cum Acknowledgement from the SEBI's website and apply using the same.

e) If the aggregate of the valid responses to the Offer exceeds the Offer size of 4,606,125 fully paid-up equity shares of APLI (representing 20% of the paid-up equity share capital of APLI), then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. The shares of APLI are compulsorily traded in dematerialised form, hence minimum acceptance will be one share.

f) Shareholders who have sent their shares for dematerialization need to ensure that the process of getting shares dematerialized is completed well in time so that the credit in the Special Depository Account is received on or before the date of Closure of the Offer, i.e., no later than July 19, 2006, else the application would be rejected.

g) While tendering shares under the Offer, NRIs/OCBs/Foreign Shareholders will be required to submit the previous RBI Approvals (specific or general) that they may have obtained for acquiring shares of APLI. ***In case of previous RBI Approvals not being submitted, the Acquirers reserve the right to reject such shares tendered.***

h) While tendering shares under the Offer, NRI/OCBs/Foreign Shareholders will be required to submit a Tax Clearance Certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirers under the Income Tax Act, 1961 before remitting the consideration. In case the aforesaid Tax Clearance Certificate is

not submitted, the Acquirers will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, 1961, on the entire consideration amount payable to such shareholder.

i) In addition to the above mentioned address, the equity shareholders of APLI, who wish to avail of and accept the Offer can also **hand deliver** the Acceptance Form along with all the relevant documents at any of the collection centres below. All the centres mentioned herein below would be open as follows:

(Monday to Friday: 10.00 a.m. to 4.00 p.m.; Saturday : 10 a.m. to 1p.m.)

Address	**Contact Person**	**Phone No.**	**Fax**
16/22, Bake House, Maharashtra Chamber of Commerce Lane, Opp. MSC Bank, Fort, Mumbai - 400 023	Ms. Lakshmi Nateshan	(022) 6638 2666	(022) 6633 1135
Karvy House, 21, Avenue 4, Street No:1, Banjara Hills, Hyderabad - 500 034.	Ms. A Anitha	(040) 2331 2454/ 5562 1472	(040) 2331 2946

j) Shareholders who cannot hand deliver their documents at the Collection Centers referred above, may send the same by **Registered Post**, at their own risk and cost, to the Registrar to the Offer at their address given below:

Karvy Computershare Private Limited, 46, Avenue 4, Street 1, Banjara Hills, Hyderabad 500 034. Telephone No.: (040) 2331 2454, Fax no.: (040) 2331 1968.

k) In terms of Regulation 22 (5A) of the SEBI (SAST) Regulations, shareholders desirous of withdrawing their acceptance tendered by them in the Offer, may do so up to three working days prior to the date of closure of the Offer. The withdrawal option can be exercised by submitting the documents only to the Registrar to the Offer as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centers mentioned above as per the mode of delivery indicated therein on or before July 14, 2006 :

i. For Equity Shares held in demat form:

Beneficial owners should enclose

- Duly signed and completed Form of Withdrawal (enclosed with the Letter of Offer).
- Acknowledgement slip in original / Copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by Registered A.D.
- Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.

ii. For Equity Shares held in physical form:

Registered Shareholders should enclose:

- Duly signed and completed Form of Withdrawal (enclosed with the Letter of Offer).
- Acknowledgement slip in original/ Copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by Registered A.D.
- In case of partial withdrawal, valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with APLI and duly witnessed at the appropriate place.

Unregistered owners should enclose:

- Duly signed and completed Form of Withdrawal (enclosed with the Letter of Offer).
- Acknowledgement slip in original/ Copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by Registered A.D.

  In case of non-receipt of Form of withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details
- In case of physical shares: Name; Address; Distinctive Numbers; Folio Number and Number of Shares tendered

- In case of dematerialised shares: Name; Address; Number of Shares offered; DP name; DP ID; Beneficiary Account Number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the special depository account.

    1) The withdrawal of Shares will be available only for the Share certificates/ Shares that have been received by the Registrar to the Offer/ Special Depository Escrow Account.

    2) The intimation of returned shares to the Shareholders will be at the address through Registered post as per the records of APLI/Depository as the case may be.

    3) In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from APLI.

    4) Partial withdrawal of tendered shares can be done only by the Registered shareholders / Beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance will stand revised to that effect.

    5) ***Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.***

l) In case of delay in receipt of statutory approvals beyond August 03, 2006, interest will be payable for the delayed period in terms of Regulation 22(12) of SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by Acquirers in obtaining the requisite approvals, Regulation 22(13) of SEBI (SAST) Regulations will also become applicable.

m) Payment of consideration will be made by crossed account payee cheque / demand draft and sent by registered post, to those shareholders/unregistered owners and at their own risk, whose shares/ share certificates and other documents are found in order and accepted by the Acquirers. In case of joint registered holders, cheques /demand drafts will be drawn in the name of the sole/first named holder/unregistered owner and will be sent to him. ***It is desirable that shareholders provide bank details in the Form of Acceptance cum Acknowledgment, so that same can be incorporated in the cheque / demand draft.***

n) Unaccepted or withdrawn Share Certificate(s), transfer form(s) and other documents, if any, will be returned by Registered Post at the shareholders'/unregistered owners' sole risk to the sole/first named shareholder/unregistered owner. Unaccepted or withdrawn shares held in demat form will be credited back to the beneficial owners' depositary account with the respective depositary participant as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.

o) The Registrar to the Offer will hold in trust the Share(s)/Share certificate(s), Shares lying in credit of the special depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders/unregistered owner(s) of APLI, who have accepted the Offer, till the cheques / drafts for the consideration and/or the unaccepted shares/ share certificates are despatched / returned.

9 DOCUMENTS FOR INSPECTION

The following material documents are available for inspection at the office of the Manager to the Offer, DSP Merrill Lynch Limited, from 10.30 a.m. to 1.00 p.m. on any day, except Saturdays, Sundays and Holidays, until the Offer closes:

a) Copy of the agreement between Sanofi and Aventis referred in para 2.1 (a) above

b) Constitution and Certificate of Incorporation for the Acquirer

c) Acquirer letter dated August 10, 2004 and June 8, 2006 confirming that it will contribute cash from the credit facility / internal accruals to fulfil its obligations under Regulation 29 of SEBI (SAST) Regulations

d) Audited results of Sanofi for years ended December 31, 2001, 2002, 2003, 2004 & 2005

e) Memorandum and Articles of Association of APLI

f) Audited results of APLI for years ended December 31, 2001, 2002, 2003, 2004 & 2005

g) Certified copy of limited review results of APLI for the period of three months ended March 31, 2006

h) Escrow agreement entered into amongst the Acquirer, BNP Paribas and DSPML confirming the deposit referred in para 6.2 (b) above and related correspondence for extension of validity period.

i) Published copy of Public Announcements dated August 11, 2004 and Revised PA dated June 21, 2006.

j) SEBI letters dated September 14, 2004 and May 18, 2006

k) Audited results of HG for years ended December 31, 2001, 2002, 2003, 2004 & 2005

10 DECLARATION BY THE ACQUIRER AND THE PAC

The Acquirer and the PAC accept responsibility for the information contained in this Letter of Offer. The Acquirer and the PAC are responsible for fulfilment of their respective obligations under the SEBI (SAST) Regulations.

Sanofi	**Hoechst GmbH**	**Hoechst GmbH**
Sd/-	Sd/-	Sd/-
Jean-François Dehecq Chairman and CEO	Dr. Heinz-Werner Meier Management Board Member	Dr. Dieter Kohl Management Board Member
Authorised Signatory	Authorised Signatory	Authorised Signatory
Date: June 20, 2006	Date: June 20, 2006	Date: June 20, 2006

Encl:

1. Form of Acceptance cum Acknowledgement
2. Form of Withdrawal
3. Transfer deed for shareholders holding shares in physical form

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form with enclosures to the Registrar to the Offer at their address given overleaf)

OFFER	
OFFER OPENS ON	: June 30, 2006
OFFER CLOSES ON	: July 19, 2006

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

FROM

To,
Sanofi-Aventis
C/o. Karvy Computershare Private Ltd.
46, Avenue 4, Street No.1, Banjara Hills, Hyderabad 500 034

Dear Sir,

Sub : Open offer to acquire upto 4,606,125 fully Paid-up Equity Shares of Rs. 10/- each representing 20% of paid-up equity share capital of Aventis Pharma Limited ("The Offer") at a price of Rs. 792.20/- per Share ("Offer Price").

I/We refer to the Letter of Offer dated June 20, 2006 for acquiring the equity shares held by me/us in **Aventis Pharma Limited.**

I/We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.

I/We, hold the following shares in physical form and accept the offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below:

Ledger Folio No._____No. of Share Certificate(s)_____No. of Shares_____

Sr.No.	Certificate No.	Distinctive No.		No. of Shares
		From	To	
			Total	

(In case of insufficient space, please use an additional sheet and authenticate the same)

I/We confirm that the equity shares of **Aventis Pharma Limited** which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We note and understand that the original share certificate(s) and the valid share transfer deed(s) will be held in trust for me/us by the Registrar to the Offer until the Acquirer makes payment of the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the consideration only after verification of the documents and signatures.

I/We hold the following shares in Demat Form and accept the Offer and enclose a photocopy of the Depository Delivery Instruction(s) duly acknowledged by DP in respect of my/our equity shares as detailed below

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares

I/We have done an off-market transaction for crediting the shares to the **"Escrow Account- APLI Offer"** whose particulars are, DP Name - **Karvy Stock Broking Ltd. DP ID / Client ID IN 300394/14391833**

I/We note and understand that the Shares would lie in the said A/c i.e.**"Escrow Account-APLI Offer"** until the Acquirer makes payment of the purchase consideration a mentioned in the Letter of Offer.

I/We authorise the Acquirer to accept the shares so offered, which they may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorise the Acquirer to return to me/us, the equity share certificate(s) in respect of which the offer is not found valid/not accepted, specifying the reasons thereof and in the case of dematerialised shares, to the extent not accepted will be released to my Depository Account at my sole risk.

I/We authorise the Acquirer or the Manager to the Offer or the Registrar to the Offer to send by registered post the draft/cheque, in settlement of the amount to the sole/firstholder at the address mentioned above.

The Permanent Account No. (PAN/GIR NO.) allotted under the Income Tax Act 1961 is as under

	1st Shareholder	2nd Shareholder	3rd Shareholder
PAN/GIR No.			

So as to avoid fraudulent encashment in transit, the shareholder(s) holding shares in physical form may provide details of bank account of the first/sole shareholder and the consideration payment will be drawn accordingly. For shares that are tendered in electronic form, the bank account details obtained from the beneficiary position download to be provided by the depositories will be considered and the consideration payment will be issued with the said bank particulars.

Name of Bank		Account No.		Savings/Current/NRE/NRO/Others(Please tick)
Address of the Branch				Pin

Yours faithfully,

Signed and delivered	FULL NAME(S)	SIGNATURE(S)
1st Shareholder		
2nd Shareholder		
3rd Shareholder		

Note : In case of joint holders all must sign. In case of body coporate, stamp of the company should be affixed and necessary Board resolution should be attached.

Place: Date :

(Tear Here)

Acknowledgement Slip

Sanofi- Aventis

C/o. Karvy Computershare Private Ltd., 46, Avenue 4, Street 1, Banjara Hills, Hyderabad 500 034

Stamp of collection centre

Received from Mr./Ms./M/s. ..... Form of Acceptance cum Acknowledgement

#..... Number of Share Certificates for.....shares/# Copy of the Delivery Instruction to (DP) for.....shares

Delete whichever is not applicable

INSTRUCTIONS

1. **In the case of demat shares, the shareholders are advised to ensure that their shares are credited in favour of the special depository account, before the closure of the Offer. The Form of Acceptance cum Acknowledgement of such demat shares not credited in favour of the special depository account, before the closure of the Offer will be rejected.**
2. Shareholders should enclose the following:-.

   i. For Equity shares held in demat form:-

   Beneficial owners should enclose

   - Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant (DP).
   - Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.
   - For each Delivery Instruction, the beneficial owner should submit separate Form of Acceptance.

   In case of non-receipt of the aforesaid documents, but receipt of the shares in the special depository account, the Offer shall be deemed to be accepted.

   ii. For Equity shares held in physical form:-

   Registered Shareholders should enclose:

   - Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
   - **Original Share Certificate(s).**
   - **Valid Share Transfer form(s)** duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Aventis Pharma Limited. and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with this Letter of Offer.

   In case of registered shareholder, non-receipt of the aforesaid documents, but receipt of the share certificates alongwith the duly completed transfer form, the Offer shall be deemed to be accepted.

   Unregistered owners should enclose:

   - **Form of Acceptance cum Acknowledgement** duly completed and signed in accordance with the instructions contained therein.
   - **Original Share Certificate(s).**
   - **Original broker contract note.**
   - **Valid Share Transfer form(s)** as received from the market.

   The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of the Acquirer as buyer will be filled by the Acquirer upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.
3. The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent **only** to the Registrar to the Offer and not to the Manager to the Offer or the Acquirer or **Aventis Pharma Limited.**
4. **Shareholders having their beneficiary account in CDSL have to use "INTER DEPOSITORY DELIVERY INSTRUCTION SLIP" for the purpose of crediting their shares in the favour of the special depository account with NSDL.**
5. **Non resident shareholders should enclose a copy of the permission received from RBI for the equity shares held by them in Aventis Pharma Limited. If, the shares are held under General Permission of RBI the non resident shareholder should state that the shares are held under General Permission and whether on repatriable basis or non repatriable basis.**
6. **Non resident shareholders should enclose No Objection certificate/ Tax Clearance certificate from the Income Tax Authorities under Income-Tax Act, 1961, indicating the tax to be deducted by the Acquirer before remittance of consideration otherwise tax will deducted at marginal rate as may be applicable to the category of the shareholder on the consideration payable by the Acquirer.**

(Tear Here)

Note : All future correspondence, if any, should be addressed to the Registrar to the Offer

Karvy Computershare Private Limited

(Unit: Aventis Pharma Limited-Open Offer)

46, Avenue 4, Street 1, Banjara Hills, Hyderabad 500 034

Tel.: 040 - 2331 2454 / 2332 0251 Fax : 040 - 2331 1968

FORM OF WITHDRAWAL

From:
Name:
Address:

OFFER	
OPENS ON	**June 30, 2006**
LAST DATE OF WITHDRAWAL	**July 14, 2006**
CLOSES ON	**July 19, 2006**

To,
Sanofi-Aventis
C/o. Karvy Computershare Private Ltd.
46, Avenue 4, Street 1
Banjara Hills, Hyderabad 500 034

Dear Sir,

Sub : Open offer to acquire upto 4,606,125 fully paid-up Equity Shares of Rs. 10/- each representing 20% of paid-up equity share capital of Aventis Pharma Limited ("The Offer") at a price of Rs. 792.20/- per Share ("Offer Price").

I/We refer to the Letter of Offer dated June 20, 2006 for acquiring the Shares held by me/us in **Aventis Pharma Limited.**

I/We hereby consent unconditionally and irrevocably to withdraw my/our Shares from the Offer and I/We further authorise the Acquirer to return to me/us, the tendered equity share certificate(s)/ share(s) at my/our sole risk.

I/We note that upon withdrawal of my/our Shares from the Offer, no claim or liability shall lie against the Acquirer/Manager to the Offer/Registrar to the Offer.

I/We note that this Form of Withdrawal should reach the Registrar to the Offer at any of the collection centers mentioned in the Letter of Offer or below as per the mode of delivery indicated therein on or before the last date of withdrawal i.e, no later than 1600 hours on July 14, 2006.

I/We note that the Acquirer/Manager to the Offer/Registrar to the Offer shall not be liable for any postal delay/loss in transit of the Shares held in physical form and also for the non receipt of Shares held in the dematerialised form in the Depository account due to inaccurate/incomplete particulars/instructions.

I/We also note and understand that the Acquirer will return the original share certificate(s), share transfer deed(s) and Shares only on completion of verification of the documents, signatures and beneficiary position as available from the Depository from time to time.

The particulars of the tendered Share(s) that I/We wish to withdraw are detailed below:

Ledger Folio No _____No. of Share Certificate(s) _____ No. of Shares_____

Sr.No.	Certificate No.		Distinctive No.		No. of Shares
			From	To	
				Total	

(In case of insufficient space, please use an additional sheet and authenticate the same)

I/We hold the following Shares in dematerialised Form and had done an off-market transaction for crediting the Shares to the **"Escrow Account-APLI Offer"** as per the following particulars:

DP Name : **KARVY STOCK BROKING LIMITED**	DP ID / Client ID : **IN 300394/14391833**

Please find enclosed a photocopy of the Depository Delivery Instruction(s) (TIFD) duly acknowledged by the Depository Participant. The particulars of the account from which my/our Shares have been tendered are as detailed below

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares

I/We note that the Shares will be credited back only to that Depository Account, from which the Shares have been tendered and necessary standing instructions have been issued in this regard.

I/We confirm that the particulars given above are true and correct.

In case of dematerialised Shares, I/We confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

Yours faithfully,

Signed and delivered

	FULL NAME(S)	SIGNATURE(S)
1st Shareholder		
2nd Shareholder		
3rd Shareholder		

Note: In case of joint holdings, all holders must sign. A Corporation must affix its rubber stamp.

Place: Date:

(Tear Here)

Acknowledgement Slip **Sanofi-Aventis**

C/o. Karvy Computershare Private Ltd. 46, Avenue 4, Street 1 Banjara Hills, Hyderabad 500 034

Folio No/DP ID/Client ID

Received from Mr./Ms. _____

Address _____

Number of Certificate(s) enclosed_____ Certificate Numbers_____

Total Number of share(s) enclosed_____

Signature of Official _____ Date of Receipt _____

Note: All future corrospondance, if any, in connection with this offer, should be addressed to the Registrar to the Offer

Stamp of collection centre

INSTRUCTIONS

1. **Shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at any of the Collection Centers mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal i.e no later than 1600 hours on July 14, 2006.**

2. **Shareholders should enclose the following:-**

   i. For Equity Shares held in demat form:-

   Beneficial owners should enclose

   - Duly signed and completed Form of Withdrawal.
   - Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.
   - Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction (TIFD) in "Off-market" mode, duly acknowledged by the DP.

   ii. For Equity Shares held in physical form:-

   Registered Shareholders should enclose:

   - Duly signed and completed Form of Withdrawal.
   - Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D. In case of partial withdrawal, Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with **Aventis Pharma Limited** and duly witnessed at the appropriate place.

   iii. Unregistered owners should enclose:

   - Duly signed and completed Form of Withdrawal.
   - Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.

3. The withdrawal of Shares will be available only for the Share certificates/the Shares that have been received by the Registrar to the Offer/ Special Depository Escrow Account.

4. The intimation of returned Shares to the Shareholders will be at the address as per the records of the Target Company/Depository as the case may be.

5. The Form of Withdrawal should be sent only to the Registrar to the Offer.

6. In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from the Target Company. The facility of partial withdrawal is available only to registered shareholders.

7. Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

8. The Form of Withdrawal and other related documents should be submitted at any of the Collection Centers of **Karvy Computershare Private Limited** stated in Paragraph 8(i) of the Letter of Offer.

9. Applicants who cannot hand deliver their documents at the Collection Centers, may send their documents only by Registered Post, at their own risk, to the Registrar to the Offer at **Karvy Computershare Private Limited, 46, Avenue 4, Street 1, Banjara Hills, Hyderabad 500 034** so as to reach the Registrars on or before the last date of withdrawal i.e. **no later than 1600 hours on July 14, 2006.**

— — — — — — — — — — — — — — — — (Tear Here) — — — — — — — — — — — — — — — —

Note : All future correspondence, if any, should be addressed to the Registrar to the Offer

Karvy Computershare Private Limited
(Unit: Aventis Pharma Limited-Open Offer)
46, Avenue 4, Street 1, Banjara Hills, Hyderabad 500 034
Tel. : 040 - 2331 2454 / 2332 0251 Fax : 040 - 2331 1968