

MEDIA RELEASE • COMMUNIQUE AUX MEDIAS • MEDIENMITTEILUNG**Three new Novartis medicines approved in Japan for patients with type 2 diabetes, high blood pressure and advanced kidney cancer**

- *Equa[®], Exforge[®] and Afinitor[®] provide new treatment options for unmet medical needs*
- *Three major approvals for innovative medicines to treat serious and life-threatening diseases affecting millions of Japanese patients*
- *Approvals follow six product launches in 2009, reinforcing the strong presence of Novartis in Japan, the company's second-largest pharmaceutical market*

Basel, January 20, 2010 — Patients in Japan will benefit from the approval of three new Novartis medicines – Equa[®] (vildagliptin), marketed as Galvus[®] in the European Union, for the treatment of type 2 diabetes, Exforge[®] (valsartan/amlodipine) for high blood pressure, and Afinitor[®] (everolimus) for advanced kidney cancer. These approvals reinforce the strong commitment of Novartis to helping patients in Japan, the company's second-largest pharmaceutical market.

“It is a significant achievement to secure the approval of three such important new medicines for the benefit of Japanese patients,” said Joe Jimenez, CEO of the Novartis Pharmaceuticals Division. “These approvals, which follow six launches last year, mean we continue to quickly introduce innovative medicines to treat serious and life-threatening diseases affecting millions of Japanese patients and their families.”

Equa has been approved in Japan for the treatment of type 2 diabetes, as monotherapy or in combination with a sulfonylurea. As a DPP-4 inhibitor, Equa works by targeting the dysfunction in the pancreatic islets that causes high blood sugar levels in people with type 2 diabetes.

Equa has been approved for doses of 50 mg twice daily, or 50 mg once daily, depending on the needs of the individual patient¹. Patients treated with Equa 50 mg twice daily demonstrated an average reduction in HbA_{1c} – a marker of blood glucose level – of 1.2% compared to placebo², which would bring half of them within the maximum HbA_{1c} value of 6.5% recommended by the Japan Diabetes Society². Equa was shown to be well-tolerated with a favorable profile in terms of hypoglycemia and bodyweight².

An estimated 7 million people in Japan have type 2 diabetes³ and approximately 70% of patients are still not meeting their HbA_{1c} goals on their current medications⁴. When left untreated or inadequately controlled, type 2 diabetes can lead to heart and kidney disease, blindness, and vascular or neurologic problems⁵.

Exforge has been approved in Japan as a single-pill combination of two treatments for high blood pressure: Diovan[®] (valsartan), the number one selling hypertension medication worldwide⁶, and amlodipine, the world's most prescribed calcium channel blocker⁶. Exforge has been shown to be effective across all grades of high blood pressure^{7,8}, with placebo-like tolerability⁹. As many as nine out of 10 Exforge patients

reach their blood pressure goal¹⁰, with drops of up to 43 mmHg reported in patients with particularly elevated blood pressure⁸.

High blood pressure affects an estimated 40 million people in Japan; nearly a third of the population¹¹. With approximately 70% of patients not reaching their blood pressure treatment goal¹², there is a growing need for effective and convenient single-pill combination therapies. High blood pressure is one of the most important treatable risk factors for cardiovascular disease – the number one cause of death worldwide¹³.

Afinitor (everolimus) in tablet form has been approved in Japan for the treatment of patients with non-resectable, metastatic renal cell carcinoma (advanced kidney cancer). Each year, more than 10,000 people in Japan are diagnosed with kidney cancer¹⁴.

A once-daily therapy, Afinitor provides continuous inhibition of the mTOR protein, a central regulator of tumor cell division and blood vessel growth in cancer cells. Afinitor is the first mTOR inhibitor approved to treat advanced kidney cancer patients in Japan.

Japan took part in the pivotal, international, Phase III trial for Afinitor on which the approval was based. The trial, RECORD-1 (REnal Cell cancer treatment with Oral RAD001 given Daily), included patients from 14 trial sites across Japan. RECORD-1 showed that Afinitor, when compared with placebo, more than doubled the median time without tumor growth or death in patients with advanced kidney cancer whose disease progressed following earlier VEGF-targeted therapy (4.9 vs. 1.9 months, $p < 0.0001$)¹⁵. Prior to Afinitor, no other therapy had been studied in a Phase III trial in this patient population where there is an important unmet medical need.

This regulatory decision marks the third major approval for Afinitor in less than a year, following approvals in the European Union and United States^{15,16}. Afinitor is also being studied worldwide in multiple tumor types, including in Japanese patients with pancreatic neuroendocrine tumors, gastric cancer, lymphoma and breast cancer.

As an investigational compound, the safety and efficacy profile of everolimus has not yet been established in these cancer and tumor types. Because of the uncertainty of clinical trials, there is no guarantee that everolimus will ever become commercially available for these cancer and tumor types anywhere in the world. In Japan, everolimus is available in different dosage strengths under the trade name Certican[®] for the prevention of organ rejection in heart transplant recipients.

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The foregoing release contains forward-looking statements that can be identified by terminology such as “commitment,” “can,” “will,” or similar expressions, or by express or implied discussions regarding potential new indications or labeling for Afinitor, potential future approvals of Novartis products in Japan, or regarding potential future revenues from the products referred to in this release or from Novartis products sold in Japan. You should not place undue reliance on these statements. Such forward-looking statements reflect the current views of management regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. There can be no guarantee that Afinitor will be approved for any additional indications or labeling in any market. Nor can there be any guarantee that these products, or any other Novartis products sold in Japan, will achieve any particular levels of revenue in the future. In particular, management’s expectations could be affected by, among other things, unexpected regulatory actions or delays or government regulation generally; unexpected clinical trial results, including unexpected new clinical data and unexpected additional analysis of existing clinical data; the company’s ability to

obtain or maintain patent or other proprietary intellectual property protection; competition in general; government, industry and general public pricing pressures; the impact that the foregoing factors could have on the values attributed to the Novartis Group's assets and liabilities as recorded in the Group's consolidated balance sheet, and other risks and factors referred to in Novartis AG's current Form 20-F on file with the US Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. Novartis is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release as a result of new information, future events or otherwise.

About Novartis

Novartis provides healthcare solutions that address the evolving needs of patients and societies. Focused solely on healthcare, Novartis offers a diversified portfolio to best meet these needs: innovative medicines, cost-saving generic pharmaceuticals, preventive vaccines, diagnostic tools and consumer health products. Novartis is the only company with leading positions in each of these areas. In 2008, the Group's continuing operations achieved net sales of USD 41.5 billion and net income of USD 8.2 billion. Approximately USD 7.2 billion was invested in R&D activities throughout the Group. Headquartered in Basel, Switzerland, Novartis Group companies employ approximately 99,000 full-time-equivalent associates and operate in more than 140 countries around the world. For more information, please visit <http://www.novartis.com>.

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