

MEDIA RELEASE • COMMUNIQUE AUX MEDIAS • MEDIENMITTEILUNG**Novartis announces initiative to improve access to state-of-the-art anti-malarial treatment Coartem®**

- *Malaria strikes 300 million to 500 million people every year, the biggest killer of children in Africa – every 30 seconds a child in Africa dies of this disease*
- *Average cost per Coartem treatment reduced to USD 1.00 thanks to Novartis subsidy*
- *Novartis on track to deliver a record 50 million treatments by the end of October 2006 compared to four million in total in 2004*
- *Novartis has annual production capacity to provide up to 100 million Coartem treatments*
- *Coartem the only pre-qualified fixed-dose combination therapy for malaria, shown to have cure rates of up to 95%, even in areas of multi-drug resistance*

Basel, September 29, 2006 – Novartis announced today an immediate and significant reduction in the average price of its antimalarial medicine Coartem® for the public market by more than one-third to an average USD 1.00 per treatment in an effort to accelerate further access to this important malaria therapy in low-income regions, particularly Africa.

This devastating disease continues to be responsible for approximately one million deaths each year. Malaria disproportionately affects young children and adolescents in Africa, where a child is estimated to die of malaria every 30 seconds.

“The dramatic increase achieved in our production capacity, thanks to an improved supply situation for the natural ingredient artemisinin, provides us with an opportunity to further accelerate access to Coartem in combination with a price decrease,” said Dr. Daniel Vasella, Chairman and CEO of Novartis.

“The compelling need for an inexpensive and highly effective malaria treatment, especially in low-income countries, prompted our decision to provide Coartem below our costs. I am very pleased that the WHO and other organizations such as UNICEF and Médecins Sans Frontières can now become even more effective in rolling back malaria,” Dr. Vasella said.

The average price per treatment is now USD 1.00 compared to the prior level of USD 1.57. Novartis has been providing Coartem at no profit since 2001 in collaboration with the World Health Organization (WHO).

This price reduction is expected to have the greatest impact on children who are suffering

disproportionately from malaria since they make up the majority of malaria patients. About 75% of all malaria patients taking Coartem are children and adolescents. Countries will now be able to treat twice the number of children under age five with the same amount of funds.

Novartis has undertaken the pharmaceutical industry's most aggressive manufacturing scale-up of its kind to ensure that supplies of Coartem meet demand. Novartis has invested heavily in expanding production capacity at state-of-the-art sites in Suffern, New York, and China.

Commitments have also been made to stimulate and develop a diversified supply base for raw materials and active ingredients from Africa and China. A significant technology transfer from Novartis to its Chinese partners helped enable development and production of Coartem in line with good manufacturing practices.

Deliveries for Coartem have steadily climbed over the last two years – from four million treatments in 2004 to well over 40 million treatments to date in 2006. Based on orders at hand, deliveries are expected to reach a milestone of 50 million treatments by the end of October 2006.

About malaria

About 300 million to 500 million new cases of malaria are estimated by experts to occur each year, resulting in over one million deaths annually, of which 90% occur in children in Africa. Malaria morbidity and mortality rates are rising in developing countries, largely due to the emergence of drug-resistant parasites that have rendered traditional antimalarial drugs, such as chloroquine and sulfadoxine-pyrimethamine (SP), ineffective.

In addition to the devastating toll malaria takes on human life, the disease has a substantial negative impact on the economic development of nations in which the disease is endemic. The drain on African economies alone is estimated to be USD 12 billion each year (WHO, 2000). The threat of malaria can be a serious deterrent to tourism, further hampering economic development and growth.

About Coartem

Coartem is the only pre-qualified, fixed-dose ACT combining artemether, an artemisinin derivative, and lumefantrine. It is a highly effective and well-tolerated antimalarial that achieves cure rates of up to 95%, even in areas of multi-drug resistance. It is indicated for the treatment of acute uncomplicated falciparum malaria, the most dangerous form of malaria.

Artemisinin is a compound derived from the sweet wormwood plant and has been used for centuries in traditional Chinese medicine to treat fever. An artemisinin-based combination therapy is a combination of two or more drugs (one of which is an artemisinin derivative) that have different modes of action and different targets. Studies have shown that using two or more drugs in combination has the potential to delay the development of resistance in areas of low transmission. Artemisinin-based combination therapies in particular have been found to be highly effective in treating malaria and their potential to delay resistance in areas of intense transmission is under investigation.

The supply chain for manufacturing ACTs is particularly complex and time-consuming. Artemether, one of the active ingredients in Coartem, is derived from artemisinin, which is the starting material for all ACTs. Artemisinin is a plant derived raw material and crops of *Artemisia annua* must be

planted one growing season ahead of harvesting and extraction for use in production. The cultivation of *Artemisia annua* requires a minimum of seven months. The entire process of making Coartem takes approximately 14 months from planting of seeds to final production of the medicine.

Disclaimer

This release contains certain forward-looking statements that can be identified by the use of forward-looking terminology, such as “on target”, “on track”, or similar expressions, or by express or implied discussions regarding Novartis’ ability to satisfy Coartem production requirements in 2006 or the future. Such forward looking statements reflect the current views of the Company regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause the actual results with Coartem to be materially different from any future results, performance, or achievements expressed or implied by such statements. There can be no guarantee that Novartis will be able to achieve any particular level of Coartem production in the future. Any such results can be affected by, among other things, uncertainties regarding the timeliness of the orders to be placed for Coartem by the ordering countries, uncertainties regarding the ability to obtain the necessary raw materials, uncertainties relating to the performance of our suppliers KPC and ZMC, uncertainties relating to regulatory actions or government regulation generally, including Good Manufacturing Practices Regulations, as well as factors discussed in the Company's Form 20-F filed 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 described herein as 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 AG (NYSE: NVS) is a world leader in offering medicines to protect health, treat disease and improve well-being. Our goal is to discover, develop and successfully market innovative products to treat patients, ease suffering and enhance the quality of life. Novartis is the only company with leadership positions in both patented and generic pharmaceuticals. We are strengthening our medicine-based portfolio, which is focused on strategic growth platforms in innovation-driven pharmaceuticals, high-quality and low-cost generics, human vaccines and leading self-medication OTC brands. In 2005, the Group’s businesses achieved net sales of USD 32.2 billion and net income of USD 6.1 billion. Approximately USD 4.8 billion was invested in R&D. Headquartered in Basel, Switzerland, Novartis Group companies employ approximately 97,000 people and operate in over 140 countries around the world. For more information, please visit <http://www.novartis.com>.

Novartis was recently honored with the 2005 Excellence in Corporate Philanthropy Award from the Committee to Encourage Corporate Philanthropy. In 2005, 6.5 million patients around the world benefited from Novartis programs valued at USD 700 million. These initiatives range from drug donation and research programs to combat neglected diseases like malaria, tuberculosis and leprosy in developing nations to patient assistance programs that help cancer patients receive the most innovative and effective treatments available. For further information please consult <http://www.novartis.com>.

#

Media contacts

John Gilardi
Novartis Global Media Relations
+41 61 324 3018 (direct)

Bob Laverty
Novartis Corporation
+1 212 830 2423 (direct)

+41 79 596 1408 (mobile)
john.gilardi@novartis.com

+1 609 506 9693 (mobile)
bob.laverty@novartis.com