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Novartis Animal Health expands presence in Japan with acquisition

- *Novartis to acquire animal health business of Sankyo Lifetech Co., Ltd.*
- *Acquisition follows long-term partnership started in the early 1990s*

Basel, October 19, 2006 – Novartis has agreed to acquire the animal health business of Sankyo Lifetech Company, Limited, expanding the presence of its Novartis Animal Health business in Japan.

Under the agreement, the terms of which were not disclosed, Sankyo Lifetech, a subsidiary of Sankyo Company, Limited, will transfer its animal health business to a new company that Novartis Animal Health K.K. has agreed to acquire. The transaction is expected to close at the end of March 2007. The transaction includes the transfer of consenting staff and all marketing authorizations and intellectual property related to the commercialized brands and R&D portfolio of Sankyo Lifetech's animal health business, which generated USD 48 million (JPY 5.7 billion) in product sales in the fiscal year ending in March 2006.

Novartis and Sankyo started this collaboration in the early 1990s, which was particularly successful in the development and commercialization of milbemycin oxime. This broad-spectrum parasiticide is marketed by Sankyo under the trade names Milbemycin A (heartworm control) and Systec[®] (combination product to control heartworm and fleas), which correspond to the Novartis brands Interceptor[®] and Sentinel[®]. Sankyo has a long tradition in the Japanese animal health market and is highly respected for its superior products and customer service.

“Japan is important to Novartis Animal Health, and I am very pleased that we have the opportunity to strengthen our presence and position in one of the biggest animal health markets globally,” said George Gunn, Global Head of Novartis Animal Health. “The combination of product ranges will significantly broaden our offering to veterinarians in both the companion animal and farm animal segments, making the combined pro-forma business rank among the top ten animal health companies in Japan.”

Novartis Animal Health K.K. is a fully owned subsidiary of Novartis Holding Japan KK., which was established in July 2000. Novartis Animal Health and its predecessor companies have been present in the Japanese animal health market for more than 25 years.

About Novartis

Novartis Animal Health Inc. researches, develops and commercializes leading animal health treatments that meet the needs of pet owners, farmers and veterinarians. Headquartered in Basel, Switzerland, and present in almost 40 countries, Novartis Animal Health employs about 2,300 people worldwide. For more information, please consult www.ah.novartis.com.

Novartis AG (NYSE: NVS) is a world leader in pharmaceuticals and consumer health. 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 99,000 people and operate in 140 countries worldwide. For more information, please visit : www.novartis.com

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