

MEDIA RELEASE • COMMUNIQUE AUX MEDIAS • MEDIENMITTEILUNG**Novartis to further focus on healthcare, reaching agreement to sell its Medical Nutrition business**

- *Agreement to divest Medical Nutrition for USD 2.5 billion to Nestlé*

Basel, December 14, 2006 – Novartis announced today a definitive agreement to divest its Medical Nutrition business unit to Nestlé for USD 2,525 million. This transaction, which requires customary regulatory approvals, is expected to be completed in the second half of 2007.

“Following our long-term strategy, this divestment continues to enhance our focus on healthcare, further strengthens our financial position and provides strategic flexibility,” said Dr. Daniel Vasella, Chairman and CEO of Novartis. “We also believe that this transaction offers the ideal fit for the Medical Nutrition business and the best opportunities for Medical Nutrition associates and management.”

Medical Nutrition, a business unit of the Novartis Consumer Health Division, is the No. 2 global supplier of enteral nutrition, oral nutrition and medical devices used to provide essential nutrients to patients with special medical conditions. These products are often required when illness or disabilities limit the ability of patients to eat a balanced diet.

Based in Gland, Switzerland, Medical Nutrition is active in over 40 countries and has about 2,000 employees. This business is expected in 2006 to generate approximately USD 950 million in net sales and approximately USD 90 million of operating income on a reported basis.

Proceeds from this transaction will further strengthen the financial position as well as provide additional strategic flexibility. Novartis is one of the few non-financial companies worldwide to have the highest rating from credit agencies.

Disclaimer

This document contains “forward-looking statements” within the meaning of the US Private Securities Litigation Reform Act. Forward-looking statements are statements that are not historical facts and are generally identified by words such as “expected”, “will”, or similar expressions, or by express or implied discussions regarding pending regulatory approvals, or other express or implied discussions of strategies, plans and expectations. Such statements reflect the current plans, expectations, objectives, intentions or views of management with respect to future events, are based on the current beliefs and expectations of management and are subject to certain risks, uncertainties and assumptions. In particular, there can be no guarantee that the transaction will be completed in the expected form or within the expected time frame or at all. All forward-looking statements speak only as of the date of this press release and no undertaking has been made to update or revise them if there are changes in expectations or if any events, conditions or circumstances on which any such forward looking statement is based.

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 99,000 people and operate in over 140 countries around the world. For more information, please visit <http://www.novartis.com>.

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