

October 5, 2009

Sandoz launches somatropin, the first-ever Japanese biosimilar, increasing access to key medicines in second largest global market

- *Human growth hormone somatropin launch follows precedent-setting approval in June*
- *Paves way for entry of biosimilars in Japan, increasing access to affordable, high-quality biopharmaceuticals in world's second largest pharmaceuticals market*
- *European data indicates that biosimilars can save payors billions of dollars*

Tokyo, October 5, 2009 – Sandoz today announced the launch of its recombinant human growth hormone somatropin in Japan, the first-ever biosimilar to be approved and launched on the world's second largest pharmaceutical market.

The launch follows the precedent-setting approval of somatropin – already marketed as Omnitrope® in the EU, the US, Australia and elsewhere – by Japan's Ministry of Health, Labor and Welfare (MHLW) in June of this year.

Somatropin is approved in Japan for treatment of growth hormone deficiency in children and growth disturbance associated with Turner's syndrome or chronic renal insufficiency, the same indications as the reference product, Genotropin®¹.

"Biopharmaceuticals offer real therapeutic hope to those suffering from the most complex diseases of modern society", said Sandoz CEO Jeff George. "Biosimilars, pioneered by Sandoz, increase access to these essential drugs, lowering treatment costs and saving money for the healthcare system."

According to Professor Bertram Häussler, director of Germany's IGES Institute, market data on use of biosimilars in the EU show how price competition has generated significant savings.

For example, he predicted that biosimilars could generate total savings for Germany's statutory health insurance (SHI) funds of more than EUR 8.1 billion by 2020. However, speaking at the somatropin launch press conference in Tokyo, he stated his view that these savings would only materialize if politicians and other key payors act to establish the right

framework conditions for biosimilar competition, and avoid barriers to entry such as the introduction of a reference price system for biosimilars.

“Japan can learn some valuable lessons from the market experience and data provided by the European example”, said Sandoz Japan country head Junichi Nakamichi. “We look forward to working with Japanese stakeholders to help ensure that our country benefits fully from the potential of these remarkable new medicines.”

Sandoz pioneered the field of biosimilars (also known as follow-on biologics) with the approval and subsequent launch of Omnitrope in the US and Europe and the launch of Binocrit across Europe. Biosimilars are approved on the basis that they have demonstrated comparable quality, safety and efficacy to the reference product. Omnitrope was the first such product to be made available to patients in both regions and the first ever medicine to be approved in the EU as a biosimilar. Sandoz today is the only company with three biosimilar medicines marketed in Europe.

Sandoz's leading position in the field leverages its extensive experience in biotechnology, including manufacturing activities for other Novartis divisions as well as for third parties. Sandoz specializes in the development, production and marketing of differentiated products, ranging from biosimilars to complex injectables and inhalables.

Disclaimer

The foregoing release contains forward-looking statements that can be identified by terminology such as “paves way for,” “can,” “hope,” “predicted,” “could,” “would,” “look forward to,” “potential,” or similar expressions, or by express or implied discussions regarding potential marketing approvals for other biosimilar products, or regarding potential future revenues from somatropin/Omnitrope or other biosimilar products. 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 other biosimilar products will be submitted for approval or approved for sale in any market. Nor can there be any guarantee that somatropin/Omnitrope, or other biosimilar products, will achieve any particular levels of revenue in the future. In particular, management’s expectations regarding these products could be affected by, among other things, unexpected developmental delays, including unexpected clinical or other laboratory data; unexpected regulatory actions or delays or government regulation generally; 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.

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About Sandoz

Sandoz, a Division of the Novartis group, is a global leader in the field of generic pharmaceuticals, offering a wide array of high-quality, affordable products that are no longer protected by patents. Sandoz has a portfolio of approximately 1000 compounds and sells its products in more than 130 countries. Key product groups include antibiotics, treatments for central nervous system disorders, gastrointestinal medicines, cardiovascular treatments and hormone therapies. Sandoz develops, produces and markets these medicines along with pharmaceutical and biotechnological active substances and anti-infectives. In addition to strong organic growth in recent years, Sandoz has made a series of acquisitions including Lek (Slovenia), Sabex (Canada), Hexal (Germany) and Eon Labs (US). In 2008, Sandoz employed around 23,000 people worldwide and posted sales of USD 7.6 billion.

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For further information

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¹ Genotropin[®] is a registered trademark of Pfizer