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bob.lavery@novartis.com**MEDIA RELEASE • COMMUNIQUE AUX MEDIAS • MEDIENMITTEILUNG****Novartis accelerates production of life-saving malaria treatment
Coartem[®]*****Novartis produced 30 million treatments in 2005 and is on target to more than triple this number of treatments in 2006***

Basel, January 18, 2006 – Novartis announced today that it is on track to produce 100 million treatment courses of its anti-malarial *Coartem* (artemether/lumefantrine) in 2006 (up from 30 million in 2005) – if orders are placed by malaria-endemic developing countries in a timely manner. *Coartem* is the only pre-qualified, fixed-dose artemisinin-based combination therapy (ACT) and achieves cure rates of up to 95%.

Reflecting its commitment to helping patients who are suffering from malaria, Novartis continues to provide *Coartem* at cost for public sector use in developing countries where the disease is endemic. Novartis received orders for 14 million *Coartem* treatments for delivery in 2005.

“Our production people worked 24 hours per day, seven days a week, in order to get this medicine to as many patients as possible in 2005. Malaria-endemic countries can place orders for *Coartem* confident that Novartis has taken all the necessary steps to sustain supply of this life-saving drug,” said Dr. Daniel Vasella, Chairman and CEO of Novartis.

To achieve the unprecedented scale-up in production, the company invested heavily in expanding production capacity at state-of-the-art manufacturing facilities in Beijing, China and Suffern, New York, as well as extending the supply agreements to procure raw materials and active ingredients in Africa and China. The two Chinese firms that manufacture the active ingredients – Kunming Pharmaceutical Corporation (KPC) which provides artemether, and Zhejiang Medicine Company (ZMC) which provides lumefantrine – recently completed major capacity-expansion programs to help insure continued supply of *Coartem*.

“Having adequate supply of ACTs like *Coartem* and getting this life-saving medicine to those in need is central to our fight against malaria,” said Dr. Fred Binka, Associate Professor of Epidemiology at the School of Public Health, University of Ghana, and Executive Director of the INDEPTH Network, based in Accra, Ghana. “We applaud efforts by Novartis to dramatically increase the supply so that more patients can benefit from this important therapy.”

With a cure rate of above 95% and very few side effects, *Coartem* clears parasites from the blood faster than other non-artemisinin anti-malaria drugs, also helping to reduce the transmission of the disease. In some regions of Africa, the number of malaria cases has dropped by more than 90% when ACTs were used in combination with other malaria control measures.

“We have seen much success from our malaria control efforts in Zambia, including the nationwide usage of *Coartem* in the public sector,” said Dr. Naawa Sipilanyambe, Coordinator of the country’s National Malaria Control Program. “We have witnessed a 10.5% drop in malaria incidences in 2004 as compared to 2003, and a decline in malaria deaths from 50,000 to 33,000 over the same time

period,” added Dr. Sipilanyambe.

At Macha Mission Hospital in rural Zambia, pediatric malaria cases were reduced by 90% over the past three years. “Data from the children’s ward at the hospital show that in the malaria season of 2001-2002, there were 1,517 children discharged with malaria, compared to only 159 children in the 2004-2005 malaria season,” said Dr. Philip Thuma, Senior Associate, Johns Hopkins Bloomberg School of Public Health and Director, Malaria Institute at Macha (MIAM) based in Zambia. “In addition, the malaria case fatalities recorded for the same two periods went from 52 to only 7 – which is an 87% reduction.”

About malaria

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

In addition to the devastating toll malaria takes on human life in terms of morbidity and mortality, the disease also has substantial negative impacts 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) and 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. The company provides a three-day treatment regimen of *Coartem* for adults and children at cost through the public market for a price of USD 2.40 and USD 0.90, respectively.

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.

Coartem was co-developed by Novartis in collaboration with Chinese partners who also supply the active ingredients (artemether and lumefantrine) and is produced in China and the U.S. by Novartis. *Coartem* is currently registered in 75 countries worldwide and more than 17 million treatment courses have been supplied to the public sector of malaria-endemic developing countries since 2001. *Coartem* has been extensively studied in multi-center clinical trials involving more than 3,000 patients.

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.

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 pharmaceuticals and consumer health. In 2004, the Group's businesses achieved net sales of USD 28.2 billion and pro forma net income of USD 5.6 billion. The Group invested approximately USD 4.1 billion in R&D. Headquartered in Basel, Switzerland, Novartis Group companies employ about 91,700 people and operate in over 140 countries around the world.

For further information please consult <http://www.novartis.com>.

Novartis was recently honored with the 2005 Excellence in Corporate Philanthropy Award from the Committee to Encourage Corporate Philanthropy. In 2004, over 4.25 million patients around the world benefited from Novartis programs valued at USD 570 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>.

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