
Important corporate developments in 2010-2011

2010

January

Novartis announces its intention to gain full ownership of Alcon, Inc., by first completing the April 2008 agreement with Nestlé S.A. to acquire a 77% majority stake in Alcon and subsequently entering into an all-share direct merger with Alcon for the remaining 23% minority stake.

January

February

Novartis gains exclusive rights to DEB025, an antiviral agent in Phase IIb development as potential first-in-class hepatitis C therapy.

February

March

Novartis successfully completes a USD 5 billion bond market transaction in three tranches.

March

April

Sandoz announces the acquisition of Oriel Therapeutics. The sale closes in June, gaining rights to a portfolio of respiratory products targeting asthma and COPD.

April

June

The US Food and Drug Administration's (FDA) advisory committee unanimously recommends approval of Novartis investigational treatment *Gilenya* to treat relapsing-remitting multiple sclerosis.

June

July

Novartis Pharmaceuticals Corporation (NPC), a US subsidiary of Novartis AG, agrees to settle gender discrimination claims associated with class action brought on behalf of female members of its sales force for payment of USD 152.5 million to eligible class members, and commitment to implement comprehensive programs designed to ensure that all members

July

of its sales force are treated fairly. The court approves the settlement in November.

August

Novartis completes 77% majority ownership of Alcon, adding a new growth platform in eye care to its leading healthcare portfolio.

August

September

NPC agrees to settle civil and criminal investigations by the US Government regarding *Trileptal* and five other products. As part of the settlement, NPC agreed to plead guilty to one misdemeanor, and to pay criminal fines and civil penalties totaling USD 422.5 million. NPC also entered into a five-year Corporate Integrity Agreement, which will require it to implement additional compliance-related measures.

September

Novartis sells US rights to the overactive bladder treatment *Enablex* for USD 400 million in cash to Warner Chilcott.

October

Novartis discontinues development of two investigational compounds: albinterferon alfa-2b for hepatitis C and *Mycograb* for invasive candidiasis, resulting in impairment and other charges of approximately USD 584 million.

October

November

Novartis discontinues development of ASA404 for non-small cell lung cancer, resulting in an intangible asset impairment charge of approximately USD 120 million.

November

December

Novartis announces USD 500 million investment over the next five years in healthcare in Russia, including the construction of a new Novartis manufacturing plant in St. Petersburg, and the expansion of research and development collaborations and public health alliances.

December

Novartis announces that it has entered into a definitive agreement with Alcon to merge Alcon into Novartis, subject to certain approvals and conditions, which when completed would cause Alcon to be 100% owned by Novartis and enable Alcon to become a new division of Novartis focused on eye care. Novartis also announces the reactivation of its share buyback program.

2011

January

Novartis announces agreement to acquire Genoptix, Inc. in an all cash tender offer at USD 25.00 per share. This represents a total equity value of USD 470 million and an enterprise value of USD 330 million. Genoptix laboratory service offerings would provide a strategic fit with the portfolio of our Molecular Diagnostics unit and would complement our internal capabilities aimed at improving health outcomes by advancing individualized treatment programs.

January

Disclaimer

These materials contain forward-looking statements that can be identified by terminology such as “proposed,” “pipeline,” “momentum,” “should,” “will,” “opportunity,” “proposes,” “strategy,” “expected,” “would,” “promising,” “opportunities,” “commitment,” “committed,” “opportunities,” “potential,” “priority review,” “promise,” “suggested,” “intent,” “planned,” “expect,” “outlook,” “potentially,” “likely,” “plan,” “expects,” “seek,” “strategic,” “anticipate,” “expectations,” “launch,” “on track,” “pursuing,” “set,” “due,” “intend,” “to be,” or similar expressions, or by express or implied discussions regarding potential new products, potential new indications for existing products, or regarding potential future revenues from any such products; or regarding potential growth opportunities from the acquisition of a 77% majority ownership in Alcon, Inc. or regarding the expected merger with Alcon, or the potential impact on Alcon or Novartis of the expected merger; or regarding potential future sales or earnings of the Novartis Group or any of its divisions as a result of the expected merger or otherwise, or of Alcon, or any potential synergies, strategic benefits or opportunities as a result of the expected merger; or by discussions of strategy, plans, expectations or intentions. You should not place undue reliance on these statements. Such forward-looking statements reflect the current views of the Group 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 any new products will be approved for sale in any market, or that any new indications will be approved for existing products in any market, or that such products will achieve any particular revenue levels. Nor can there be any guarantee that the expected merger with Alcon will be completed in the expected form or within the expected time frame or at all. Nor can there be any guarantee that Novartis will be able to realize any of the potential synergies, strategic benefits or opportunities as a result of either Novartis' acquisition of a 77% majority ownership in Alcon, Inc., or as a result of the expected merger with Alcon. Nor can there be any guarantee that the Novartis Group, or any of its divisions, or Alcon will achieve any particular financial results, whether as a result of the merger or otherwise. In particular, management's expectations could be affected by, among other things, unexpected regulatory actions or delays or government regulation generally; unexpected clinical trial results, including additional analyses of existing clinical data or unexpected new clinical data; the Group's ability to obtain or maintain patent or other proprietary intellectual property protection; disruptions from the Alcon 77% implementation and the expected merger making it more difficult to maintain business and operational relationships, and relationships with key employees; unexpected product manufacturing issues; uncertainties regarding actual or potential legal proceedings, including, among others, litigation seeking to prevent the merger from taking place, product liability litigation, litigation regarding sales and marketing practices, government investigations and intellectual property disputes; competition in general; government, industry, and general public pricing and other political pressures; uncertainties regarding the after-effects of the recent global financial and economic crisis; uncertainties regarding future global exchange rates and uncertainties regarding future demand for our products; uncertainties involved in the development of new pharmaceutical products; the impact that the foregoing factors could have on the values attributed to the 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 described herein as anticipated, believed, estimated or expected. Novartis is providing the information in these materials as of this date and does not undertake any obligation to update any forward-looking statements as a result of new information, future events or otherwise.

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