

# **Novartis Pharmaceuticals Corporation disputes allegations in two US Government lawsuits and looks forward to a fair discussion of the facts**

Apr 27, 2013

- - Discounts and rebates by pharmaceutical companies are a customary, appropriate and legal practice as recognized by the Government
- - Physician speaker programs are also an accepted practice designed to inform physicians about appropriate use of medicines
- - Novartis Pharmaceuticals Corporation is committed to high standards of ethical business conduct and regulatory compliance in the sale and marketing of its products

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EAST HANOVER, N.J., April 26, 2013 /PRNewswire/ -- Novartis Pharmaceuticals Corporation (NPC) disputes the allegations made by the US Attorney's Office (USAO) for the Southern District of New York (SDNY) in two complaints filed this week and will defend itself in these litigations.

"We disagree with the way the government is characterizing our conduct in both of these matters and we stand behind our Compliance program," said Andre Wyss, President, Novartis Pharmaceuticals Corporation and President, Novartis Corporation. "NPC invests significant time and resources to help ensure we conduct our business in an ethical and responsible manner. We are committed to doing it right."

The first suit pertains to a previously disclosed investigation into discounts and rebates to specialty pharmacies for Myfortic<sup>®</sup>. Discounts and rebates by pharmaceutical companies are a customary, appropriate and legal practice as recognized by the Government itself. NPC believes this suit is a significant expansion of the Anti-Kickback Statute that is inconsistent with law and policy in this area, and threatens to undermine pharmaceutical company discounting practices that benefit both consumers and payers, including the Government.

The second suit is related to a previously disclosed investigation into speaker programs conducted by NPC for the products Lotrel<sup>®</sup>, Starlix<sup>®</sup> and Valtorna<sup>®</sup>. NPC believes the Government's wide-ranging allegations that its speaker programs lacked any legitimate business purpose are without merit. Physician speaker programs are promotional programs designed to inform physicians about the appropriate use of medicines and NPC has numerous controls in place to help ensure they are conducted in a compliant fashion. These programs are an accepted and customary practice in the industry.

As a leading healthcare company, NPC is committed to high standards of ethical business conduct and regulatory compliance in the sale and marketing of its products. The company's Code of Conduct and policies and procedures guide its associates in their activities and performance.

This press release contains expressed or implied forward-looking statements, including statements that can be identified by terminology such as "looks forward to," "will," or similar expressions. 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 expressed or implied by such statements. These expectations could be affected by, among other things, uncertainties inherent in legal proceedings, and other risks and factors referred to in the Risk Factors section of Novartis AG's current Form 20-F on file with the US Securities and Exchange Commission. Novartis is providing the information in this press release as of this date and does not undertake any obligation to update it in the future.

#### About Novartis

Novartis Pharmaceuticals Corporation researches, develops, manufactures and markets innovative prescription drugs used to treat a number of diseases and conditions, including cardiovascular, dermatological, central nervous system, bone disease, cancer, organ transplantation, psychiatry, infectious disease and respiratory. The company's mission is to improve people's lives by pioneering novel healthcare solutions.

Located in East Hanover, New Jersey, Novartis Pharmaceuticals Corporation is an affiliate of Novartis AG, which provides innovative healthcare solutions that address the evolving needs of patients and societies. Headquartered in Basel, Switzerland, Novartis offers a diversified portfolio to best meet these needs: innovative medicines, eye care, cost-saving generic pharmaceuticals, preventive vaccines and diagnostic tools, over-the-counter and animal health products. Novartis is the only global company with leading positions in these areas. In 2012, the Group achieved net sales of USD 56.7 billion, while R&D throughout the Group amounted to approximately USD 9.3 billion (USD 9.1 billion excluding impairment and amortization charges). Novartis Group companies employ approximately 129,000 full-time-equivalent associates and operate in more than 140 countries around the world. For more information, please visit <http://www.novartis.com>.

Novartis is on Twitter. Sign up to follow @Novartis at <http://twitter.com/novartis>.

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