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Plaintiffs and Novartis Pharmaceuticals Corporation, a US subsidiary of Novartis AG, agree to resolve all gender discrimination claims associated with class action

- *Agreement reached between Novartis Pharmaceuticals Corporation (NPC) and Class Plaintiffs – company to make monetary payment of up to USD 152.5 million to eligible class members*
- *As part of its commitment to fostering a diverse and inclusive workforce, NPC is implementing comprehensive programs designed to ensure that all members of its sales force are treated fairly*

Basel, July 14, 2010 –Novartis Pharmaceuticals Corporation (NPC), a US subsidiary of Novartis AG, and Sanford Wittels & Heisler, LLP, Counsel to the Plaintiffs and the Class, have announced an amicable end to their litigation. Today the parties filed papers in the Southern District of New York memorializing a settlement agreement including up to USD 152.5 million in payments to eligible class members and NPC's funding, over three years, of improvements to policies and programs valued at an estimated USD 22.5 million.

While the company maintains that the alleged behavior described during the trial is not systemic, NPC has agreed with the Plaintiffs to end the ongoing proceedings and make monetary payments to eligible class members for back-pay and compensatory damages in the amount of up to USD152.5 million. "While we believe that there was not systemic discrimination at NPC, the trial revealed that some of our associates had experiences influenced by managerial behavior inconsistent with our values" said Joe Jimenez, CEO of Novartis AG. "As a company we are now even more strongly resolved to ensure that all our employees act and behave in accordance with our corporate values. We aspire to be a leader in diversity and inclusion, and I am committed to implementing decisive measures to ensure that we act in accordance with our values."

"Novartis has agreed to a momentous settlement," explained David Sanford, lead counsel for the Plaintiffs. "The terms of this agreement allow for full compensation of both former *and* current female field force employees, ensuring that every woman who worked at Novartis over the past eight years has been compensated fairly."

As part of the agreement and consistent with its philosophy to foster a diverse and inclusive workforce, NPC is implementing comprehensive programs designed to ensure

fair treatment of all members of the NPC sales force. The measures agreed to by the parties set high standards, and the company is committed to occupy a leadership position for gender equity in the industry.

“In this settlement, Novartis establishes itself as a leader on issues for women in the workplace,” said Katherine Kimpel, co-lead counsel for the Plaintiffs. “In particular, NPC is committed to substantially revising its human resources policies, revamping its personnel management systems, and strengthening its commitment to ensuring gender equality in the workplace.”

As part of the measures, NPC will enhance many of its ongoing commitments to all employees and will add additional programs and initiatives to further strengthen its commitment to a diverse and inclusive environment. For example:

- NPC will revise its sexual harassment policy and training, making it even clearer that the company will not tolerate inappropriate behavior or comments from employees, customers or healthcare providers.
- NPC will also further strengthen its complaint process to ensure employees can safely raise concerns and that those concerns will be addressed in a timely and thorough fashion;
- NPC will retain an external specialist to conduct adverse impact analyses aimed at identifying and remedying, with recommendations from Class Counsel, unjustified gender disparities;
- NPC will revise its performance management process to ensure it is fair to all employees.

The full range of changes and improvements that NPC will be making are detailed in the settlement agreement filed with the Court. The agreement remains subject to final court approval.

About Novartis

Novartis provides healthcare solutions that address the evolving needs of patients and societies. Focused solely on healthcare, Novartis offers a diversified portfolio to best meet these needs: innovative medicines, cost-saving generic pharmaceuticals, preventive vaccines, diagnostic tools and consumer health products. Novartis is the only company with leading positions in these areas. In 2009, the Group’s continuing operations achieved net sales of USD 44.3 billion, while approximately USD 7.5 billion was invested in R&D activities throughout the Group. Headquartered in Basel, Switzerland, Novartis Group companies employ approximately 100,000 full-time-equivalent associates and operate in more than 140 countries around the world. For more information, please visit <http://www.novartis.com>.

About Class Counsel

The Plaintiffs and the Class are represented by Sanford Wittels & Heisler, LLP. Sanford Wittels & Heisler is a law firm with offices in Washington, D.C., New York, and San Francisco that specializes in employment discrimination, wage and hour, consumer and complex corporate class action litigation and has represented thousands of individuals in some of the major class action cases in the United

States. The firm also represents individual clients in employment, employment discrimination, sexual harassment, whistleblower, public accommodations, commercial, medical malpractice, and personal injury matters. For more information, please visit <http://www.swhlegal.com>.

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