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**COMMON DRUG REVIEW REFUSES TO RECOMMEND PUBLIC ACCESS OF UNIQUE
ONCE-YEARLY OSTEOPOROSIS TREATMENT**

Now up to each province to make things right for patients.

Dorval, Quebec, July 2, 2008 – A recent decision by the Common Drug Review (CDR) marks a major setback in terms of access to a new and effective treatment for osteoporosis, a debilitating and potentially deadly disease affecting 1.4 million Canadians. On June 25, the Common Drug Review, Canada’s national process for making formulary listing recommendations on prescription drugs, counseled provincial drug plans not to reimburse Aclasta*.

Aclasta* is the first and only treatment for women with postmenopausal osteoporosis (PMO) that is administered once-yearly. Aclasta* is given as a 15-minute intravenous (IV) infusion that can be done at a doctor’s office or at home. Following this simple procedure, most patients benefit from a year’s protection against the effects of osteoporosis. Osteoporosis, which strikes one in four women over the age of 50, is a disease that causes bones to break easily.

As well, compliance is a real issue when it comes to osteoporosis drugs, as half of patients stop taking their treatment within a year or have difficulty taking them, meaning that they are still at risk from fractures. Aclasta* offers a convenient, safe and effective alternative to oral bisphosphonates that are taken daily or weekly.

“The CDR’s recommendation on Aclasta* is certainly very disappointing. This is an effective treatment for postmenopausal osteoporosis that is given once yearly, representing a major milestone in the treatment of the disease,” said Alain Boisvert, Vice President, Health Policy and Market Access, Novartis Pharmaceuticals Canada Inc.

Novartis Pharmaceuticals Canada Inc., the maker of Aclasta*, had proposed that the drug be listed for the treatment of postmenopausal women with evidence of intolerance, inability to take, or inadequate response to oral bisphosphonates.

There is significant data to show that Aclasta* provides therapeutic and economic advantages over raloxifene, a selected estrogen receptor modulator (SERM) that is the therapeutic option currently reimbursed for PMO patients who are unable to take or do not respond to an oral bisphosphonate. Novartis Pharmaceuticals Canada Inc. maintains that not only is raloxifene listed at a higher price than Aclasta*, but it has shown poor compliance among PMO patients, as demonstrated by a one-year probability of discontinuation of 52 per cent in one study, and persistence rates reported at only 16.2 per cent in another study.

Efficacy and safety data from a three-year fracture trial published in *The New England Journal of Medicine*, showed that an annual infusion of Aclasta* increases bone strength and reduces fracture risk in areas of the body typically affected by osteoporosis, including the hip, spine and non-spine (i.e. hip, wrist, arm, leg, rib). Aclasta* is the only treatment proven to prevent fractures across all of these key sites. It was also shown to reduce spine fractures by 70 per cent and hip fractures by 41 per cent compared to placebo. Another important trial also published in *The New England Journal of Medicine*, showed that an annual infusion of Aclasta* administered within 90 days after repair of a low-trauma hip fracture was associated with a reduction in the rate of new clinical fractures and improved survival compared to placebo. This is the first of its kind and only randomized controlled trial with a bisphosphonate in a post hip fracture population.

Nevertheless, the committee reviewing the file felt there was insufficient evidence to recommend listing in this group of patients.

While the CDR is mandated to provide objective, rigorous reviews, and evidence-based recommendations to help support and inform drug plan decisions, each provincial authority has the right to make final benefit-listing and coverage decisions based on its own priorities and resources.

Quebec's *Conseil du médicament*, which carries out a separate review process from the CDR, is expected to make its recommendation on the listing of Aclasta* in the fall. Ontario will be reviewing the file later this year, with a decision also expected later this year.

“Novartis is committed to working in close collaboration with the individual participating provincial drug plans to ensure that all Canadians have appropriate access to this important drug,” said Alain Boisvert. “We have developed a comprehensive patient treatment and support program covering all of Canada and are convinced that Aclasta* represents good value to provincial drug plans.”

About Osteoporosis

Osteoporosis is a debilitating and potentially deadly disease, affecting one in four women and more than one in eight men over the age of 50. In Canada, almost 30,000 hip fractures occur each year and 70 to 90 percent of these are caused by osteoporosis. These fractures result in death in up to 20 percent of cases, and disability in 50 percent of those who survive. Currently, the cost of treatment of osteoporosis and related fractures is estimated to be \$1.9 billion each year in Canada alone.

About Aclasta*

Aclasta* was approved in Canada for the treatment of postmenopausal osteoporosis (PMO) in October 2007 and was recently approved in the US and in the EU for this condition. Aclasta* is also approved in more than 60 countries, including Canada, the US and the EU for the treatment of Paget's disease, the second most common metabolic bone disorder. The product is known as Reclast™ in the US.

The active ingredient in Aclasta* is zoledronic acid, which is also available in a different dosage under the brand name Zometa™ (zoledronic acid 4 mg) for certain oncology indications. As with other bisphosphonates, Aclasta* works by attaching to bone, stopping excessive bone breakdown and rebalancing the body's natural bone remodeling process. For more information about Aclasta*, visit www.aclasta.ca.

Forward-Looking Statement

The foregoing press release may contain forward-looking statements that can be identified by the use of forward-looking terminology such as “highly effective”, “significant”, “provides potential”, “major milestone”, “benefits”, similar expressions or express or implied discussions regarding potential future regulatory submissions or approvals with respect to future sales of Aclasta*. Such forward-looking statements reflect the current views of Novartis Pharmaceuticals Canada Inc. 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 Aclasta* will be approved for any additional indications in Canada, the EU, US or any additional markets or that Aclasta will reach any particular level of sales. In particular, management's expectations regarding Aclasta* could be affected by, among other things, unexpected regulatory actions or delays or government regulation generally; unexpected clinical trial results, including additional analysis of existing clinical data, and new clinical data; competition in general; government, industry, and general public pricing pressures; the company's ability to obtain or maintain patent or other proprietary intellectual property protection; as well as the additional factors discussed in Novartis AG'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 this information as of this date and does not undertake any obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

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About Novartis Canada

Novartis Pharmaceuticals Canada Inc., a leader in the healthcare field, is committed to the discovery, development and marketing of innovative products to improve the well-being of all Canadians. Novartis Pharmaceuticals Canada Inc. conducts hundreds of clinical trials across the country seeking new treatments for cardiovascular disease, diabetes, cancer, ophthalmology and organ transplantation. In 2007, the Company invested over \$86 million in research and development. Novartis Pharmaceuticals Canada Inc. employs more than 800 people in Canada and its headquarters are located in Dorval, Quebec. In addition to Novartis Pharmaceuticals Canada Inc., the Novartis Group in Canada consists of Novartis Animal Health Canada Inc., Novartis Consumer Health Canada Inc., (including Novartis Nutrition Corporation) CIBA Vision Canada Inc. and Sandoz Canada Inc. For further information about Novartis Canada, please consult <http://www.novartis.ca>.

About Novartis

Novartis AG (NYSE: NVS) is a world leader in offering medicines to protect health, cure disease and improve well-being. Our goal is to discover, develop and successfully market innovative products to treat patients, ease suffering and enhance the quality of life. We are strengthening our medicine-based portfolio, which is focused on strategic growth platforms in innovation-driven pharmaceuticals, high-quality and low-cost generics, human vaccines and leading self-medication OTC brands. Novartis is the only company with leadership positions in these areas. In 2007, the Group's businesses achieved net sales of USD 38 billion. Approximately USD 6.4 billion was invested in R&D. Headquartered in Basel, Switzerland, Novartis Group companies employ approximately 98,000 associates and operate in over 140 countries around the world. For more information, please visit <http://www.novartis.com>.

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*Aclasta is a registered trademark

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