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Plaintiff Sales Representatives and Novartis Pharmaceuticals Corporation resolve class action wage and hour claims

- *Company to resolve wage and hour claims with one-time payment of up to 99 million dollars for eligible class members*
- *Novartis Pharmaceuticals Corporation remains committed to compensate all employees in accordance with US Fair Labor Standards Act (FLSA) and applicable state laws*

East Hanover, NJ, January 25, 2012 – Novartis Pharmaceuticals Corporation (NPC) and Sanford Wittels & Heisler, LLP, Counsel to the Plaintiffs and the Class, today announced an agreement to resolve the nationwide Wage and Hour class action against NPC currently pending in the US District Court for the Southern District of New York.

NPC has agreed to end the ongoing proceedings and provide a payment of up to 99 million dollars for eligible class members. This settlement resolves the wage and hour claims brought in 2006, as well as additional wage and hour claims covering a more recent time period.

“We believe this settlement is in the best interest of our employees and the company,” said André Wyss, President of Novartis Pharmaceuticals Corporation. “We have been litigating this case for nearly six years and the Company has determined that it is time to resolve these wage and hour claims. We consistently compensate all employees fairly in accordance with the US Fair Labor Standards Act (FLSA) and applicable state laws. We remain confident that sales representatives should continue to be classified as exempt from overtime because their autonomy and incentive compensation are typical of exempt employees as defined by US law.”

“We are pleased to have secured a 99 million dollar settlement wherein Novartis compensates its sales representatives for years of overtime pay,” explained David Sanford, lead counsel for the Plaintiffs. “While we remain confident that the United States Supreme Court later this year will uphold the Department of Labor’s interpretation of wage and hour law, the risks of further litigation are great. We are proud that over seven thousand current and former Novartis sales representatives will be able to participate in this settlement. It is a fair and equitable result and can serve as an exemplar for companies around the United States that face wage and hour litigation.”

The agreement remains subject to final court approval, which may take several months.

About Novartis

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 2010, the Group's continuing operations achieved net sales of USD 50.6 billion, while approximately USD 9.1 billion (USD 8.1 billion excluding impairment and amortization charges) was invested in R&D throughout the Group. Novartis Group companies employ approximately 121,000 full-time-equivalent associates and operate in more than 140 countries around the world. For more information, please visit <http://www.novartis.com>.

About Sanford Wittels & Heisler LLP, 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>.

Disclaimer

The foregoing release contains forward-looking statements that can be identified by terminology such as "committed", "continues to", or similar expressions, or by express or implied discussions regarding the potential outcome of any appeal which may be filed in the litigation which is the subject of this press release. 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 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 NPC would be successful in any appeal which may be filed in the litigation which is the subject of this release. In particular, management's expectations could be affected by, among other things, the inherent unpredictability of the litigation process, 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 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.

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