Novartis International AG
Novartis Global Communications
CH-4002 Basel
Switzerland
http://www.novartis.com

MEDIA RELEASE • COMMUNIQUE AUX MEDIAS • MEDIENMITTEILUNG

Novartis acquires all remaining rights to GSK's Ofatumumab to develop treatments for MS and other autoimmune indications

- *Novartis strengthens multiple sclerosis focus with the addition of Ofatumumab to leading MS portfolio which includes Gilenya and investigational treatments BAF312 and CJM112*

- *Ofatumumab is a fully human monoclonal antibody for relapsing remitting multiple sclerosis (RRMS) which targets CD20 and is administered by subcutaneous injection*

- *The novel treatment works by inducing depletion of B cells in the lymphatic tissues; B cells are known to play an important role in MS*

Basel, August 21, 2015 – Novartis announced today that it has entered into an agreement to acquire all remaining rights to Ofatumumab from GlaxoSmithKline plc (GSK). Ofatumumab, a fully human monoclonal antibody which targets CD20, is being developed for relapsing remitting multiple sclerosis (RRMS) and other autoimmune indications. Novartis previously acquired the rights to Ofatumumab for oncology indications and it is marketed under the brand name Arzerra®.

RRMS is thought to be associated with activation of B cells, a type of white blood cell in the immune system. Ofatumumab works by binding to the CD20 molecule on the surface of B cells and depleting them in lymphatic tissues. Positive phase IIa results for subcutaneous Ofatumumab demonstrated significant reduction of up to 90% in the cumulative number of new brain lesions in patients with MS between weeks 4-12 in the study. No unexpected safety findings were reported in the study. Since this was a dose finding trial, Ofatumumab is ready to begin phase III pivotal studies.

"Novartis is pleased to further reinforce our commitment to neuroscience and to add an exciting new treatment to our strong MS portfolio," said David Epstein, Head of Novartis Pharmaceuticals. "Our vision for patients with MS is to develop treatments that improve on current standards of care, meeting patients' needs at every stage of their disease with innovative and targeted drugs."

Multiple sclerosis (MS) is a chronic disorder of the central nervous system (CNS) that disrupts the normal functioning of the brain and spinal cord through inflammation and tissue loss. More than 2.3 million people worldwide are affected by MS, a disease that most often begins in early adulthood. The typical evolution of MS results in progressive loss of both physical and cognitive (e.g. memory) functions. People with MS can be diagnosed with relapsing forms of MS (RMS), which include relapsing remitting MS (RRMS) and secondary progressive MS (SPMS), or with primary progressive MS (PPMS).

Novartis will be responsible for the worldwide development, regulatory and commercialization activities for Ofatumumab. Under the terms of the agreement, Novartis will make an initial upfront payment of $300 million to GSK for the acquisition of the compound and a further payment of $200 million payable following the start of a phase III study in MS by Novartis. Upon completion of pre-determined milestones, contingent

payments of up to $534 million may be made. Novartis will also pay royalties of up to 12 per cent to GSK on any future net sales of Ofatumumab in auto-immune conditions.

About Novartis in Multiple Sclerosis
The Novartis multiple sclerosis portfolio includes Gilenya® (fingolimod), approved in the US for the first-line treatment of relapsing forms of MS in adults and in the EU for adult patients with highly active relapsing-remitting MS (RRMS) defined as either high disease activity despite treatment with at least one DMT, or rapidly evolving severe RRMS. Gilenya® is also being developed for pediatric MS and chronic inflammatory demyelinating polyneuropathy (CIDP). Extavia® (interferon beta-1b for subcutaneous injection) is approved in the US for the treatment of relapsing forms of MS. In Europe Extavia is approved to treat people with relapsing remitting MS, secondary progressive MS with active disease and people who have had a single clinical event suggestive of MS.

Investigational compounds include BAF312, currently in phase III clinical development and being investigated as an oral therapy for secondary progressive MS (SPMS). Novartis is also exploring the IL-17 pathway in MS with CJM112.

Additionally, the Sandoz Division of Novartis markets Glatopa™, the first generic version of Teva's Copaxone® 20mg.

Disclaimer
The foregoing release contains forward-looking statements that can be identified by words such as "focus," "investigational," "being developed," "commitment," "exciting," "vision," "will," "being investigated," "exploring," or similar terms, or by express or implied discussions regarding current and potential future development and commercialization of Ofatumumab and the other products and investigational compounds in the Novartis multiple sclerosis portfolio, potential future marketing submissions or approvals for Ofatumumab and the other products and investigational compounds in the Novartis multiple sclerosis portfolio, or regarding potential future revenues from the products and investigational compounds in the Novartis multiple sclerosis portfolio, including Ofatumumab, BAF312, CJM112, Gilenya and Glatopa, and from Arzerra in oncology indications. You should not place undue reliance on these statements. Such forward-looking statements are based on the current beliefs and expectations of management regarding future events, and are subject to significant known and unknown risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those set forth in the forward-looking statements. There can be no guarantee that Ofatumumab or any of the other investigational compounds in the Novartis multiple sclerosis portfolio will be submitted or approved for sale in any market, or at any particular time. Neither can there be any guarantee that Ofatumumab or any of the other products and investigational compounds in the Novartis multiple sclerosis portfolio will be submitted or approved for any additional indications or labeling in any market, or at any particular time. Nor can there be any guarantee that Ofatumumab or any of the other products and investigational compounds in the Novartis multiple sclerosis portfolio, or Arzerra in oncology indications, will be commercially successful in the future. In particular, management's expectations regarding these products could be affected by, among other things, the uncertainties inherent in research and development, including unexpected clinical trial results and additional analysis of existing clinical data; unexpected regulatory actions or delays or government regulation generally; the company's ability to obtain or maintain proprietary intellectual property protection; general economic and industry conditions; global trends toward health care cost containment, including ongoing pricing pressures; unexpected safety issues; unexpected manufacturing issues, and other risks and factors referred to in 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 any forward-looking statements contained in this press release as a result of new information, future events or otherwise.

Copaxone® is a registered trademark of Teva Pharmaceutical Industries Ltd.

About Novartis
Novartis 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 and cost-saving generic pharmaceuticals. Novartis is the only global company with leading positions in these areas. In 2014, the Group achieved net sales of USD 58.0 billion, while R&D throughout the Group amounted to approximately USD 9.9 billion (USD 9.6 billion excluding impairment and amortization charges). Novartis Group companies employ approximately 120,000 full-time-equivalent associates. Novartis products are available in more than 180 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.

Novartis Media Relations

Central media line : +41 61 324 2200

Eric Althoff
Novartis Global Media Relations
+41 61 324 7999 (direct)
+41 79 593 4202 (mobile)
eric.althoff@novartis.com

Katrina Lucking
Novartis Global Pharma Communications
+41 61 324 1218 (direct)
+41 79 171 8267 (mobile)
katrina.lucking@novartis.com

e-mail: media.relations@novartis.com

For Novartis multimedia content, please visit www.thenewsmarket.com/Novartis
For questions about the site or required registration, please contact:
journalisthelp@thenewsmarket.com.

Novartis Investor Relations

Central phone:	+41 61 324 7944		
Samir Shah	+41 61 324 7944	**North America:**	
Pierre-Michel Bringer	+41 61 324 1065	Richard Pulik	+1 212 830 2448
Thomas Hungerbuehler	+41 61 324 8425	Sloan Pavsner	+1 212 830 2417
Isabella Zinck	+41 61 324 7188		

e-mail: investor.relations@novartis.com

e-mail: investor.relations@novartis.com