

Novartis Venture Fund reports substantial increase in its venture capital to around CHF 300 million

Important contribution to the support of new companies in a difficult environment

Basel, 16 January 2003 – Last year, the Novartis Venture Fund boosted its capital endowment by CHF 50 million, thus providing the Fund now with around CHF 300 million. This emerges from the Activity Report published today. In the six years since its foundation, the Novartis Venture Fund has already provided support for 117 company start-ups with loans and equity participation plans. There are currently 68 start-up companies in its portfolio of stocks.

“The activities of the Novartis Venture Fund are becoming increasingly important and making a significant contribution in their support of fledgling companies with innovative, pioneering technologies which meet the needs of patients”, said Daniel Vasella, Chairman and CEO of Novartis AG. “I am pleased that about a quarter of companies in the portfolio of the Novartis Venture Fund are active in cancer research, where there is such a high and urgent patient need.”

The Novartis Venture Fund is a composite of three separate funds: The Spin-off Fund supports associates of Novartis who want to set up in business with an innovative idea. The Start-up Fund principally supports young companies which are formed from university departments. Over the last six years, the Novartis Venture Fund has supported 96 start-ups through these two funds and helped to create about 1500 jobs in the process. The third fund is the BioVenture Fund, which is focused on companies in the area of biotechnology; this fund is endowed with USD 100 million and has so far provided support for 21 companies.

The year 2002 was a difficult period for many start-up companies. Even those able to boast a good initial performance had difficulty obtaining additional capital to take their technologies further down the road of development. The additional CHF 50 million which the Novartis Venture Fund has received from Novartis will play an important part in providing support in the form of venture capital for young companies wanting to take their development forward. In addition to capital, the Management of the Fund also provides young companies with practical support and advice, for example when they have to draw up financial plans or modify their business plans.

The Novartis Venture Fund is built on the belief that economic growth and the creation of new jobs can be achieved in the long run if new entrepreneurial initiatives develop and promising ideas become a business reality. With a capital endowment of around CHF 300 million, the Novartis Venture Fund supports new and innovative business projects in forward-looking areas, especially in the field of Health Sciences. Further information can be found on the internet at <http://www.venturefund.novartis.com>.

Novartis AG (NYSE: NVS) is a world leader in pharmaceuticals and consumer health. In 2001, the Group's businesses achieved sales of CHF 32.0 billion (USD 19.1 billion) and a

net income of CHF 7.0 billion (USD 4.2 billion). The Group invested approximately CHF 4.2 billion (USD 2.5 billion) in R&D. Headquartered in Basel, Switzerland, Novartis Group companies employ about 74 000 people and operate in over 140 countries around the world. For further information please consult <http://www.novartis.com>.

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The Activity Report of the Novartis Venture Fund, which summarizes the activities of the Fund, can be ordered from the following address.

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