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MEDIA RELEASE • COMMUNIQUE AUX MEDIAS • MEDIENMITTEILUNG

Novartis deepens its industry leading pipeline with acquisition of Spinifex Pharmaceuticals, Inc.

- *Acquisition adds novel angiotensin II Type 2 receptor antagonist for the treatment of neuropathic pain to Novartis' industry-leading development pipeline*
- *Neuropathic pain is a chronic condition with high unmet medical need – approximately 40% of patients do not respond to current first line treatments*
- *Phase II compound EMA401 is a differentiated treatment for neuropathic pain acting outside the blood-brain barrier, which is expected to avoid significant central nervous system side effects*

Basel, June 29, 2015 – Novartis announced today that it has entered into an agreement to acquire Spinifex Pharmaceuticals, Inc. Spinifex Pharmaceuticals, Inc. is a US and Australian-based, privately held development stage company, focused on developing a peripheral approach to treat neuropathic pain such as EMA401, a novel angiotensin II Type 2 receptor (AT2R) antagonist.

It is estimated that up to 7 to 8% of the adult population suffer from chronic pain with neuropathic characteristics. Neuropathic pain is a chronic condition with high unmet medical need as approximately 40% of patients do not respond to current first-line treatment and a further 25% do not respond to second-line treatment options. Leveraging peripheral targets, such as an AT2R antagonist, is an emerging and promising approach to neuropathic pain treatment because peripheral targets act outside the blood-brain barrier and therefore are expected to be devoid of common side effects in the central nervous system, such as dizziness or confusion.

"Neuropathic pain is a chronic and debilitating condition with high unmet need. EMA401 could provide a novel, differentiated treatment approach to provide relief for patients and healthcare providers worldwide," said David Epstein, Head of Novartis Pharmaceuticals.

Positive results from Spinifex's Phase II clinical trial of EMA401 in post-herpetic neuralgia, a painful condition that develops in some people following herpes zoster (shingles), have been published in *The Lancet*[1], showing its efficacy. No central nervous system side effects or any serious adverse events have been observed in the study.

Financial terms were not disclosed.

Disclaimer

The foregoing release contains forward-looking statements that can be identified by words such as "pipeline," "expected," "emerging," "promising," "could," or similar terms, or by express or implied discussions regarding the potential development and commercialization of EMA401 or other AT2R antagonists, or regarding potential future revenues from EMA401 or such other AT2R antagonists. 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 EMA401 or any other AT2R antagonist will ever be developed and commercialized, or commercialized at any particular time. Nor can there be any guarantee that EMA401 or any other AT2R antagonist will ever be commercially successful. In particular, management's expectations regarding EMA401 and such other AT2R antagonists could be affected by, among other things, the uncertainties inherent in research and development, including unexpected pre-clinical and clinical trial results and additional analysis of existing data; unexpected regulatory actions or delays or government regulation generally; disruptions from the integration of Spinifex Pharmaceuticals making it more difficult to maintain business and operational relationships, and relationships with key employees; 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.

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.

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References

1. *Rice, A.S.C. et al. (2014), The Lancet, 383(9929):1637–1647*# # #

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