

Novartis signs collaboration agreement with Regeneron for rheumatoid arthritis compounds*Partnership with Regeneron for late stage IL-1 Cytokine Trap compound**IL-1 Cytokine Trap currently in phase II clinical development**Agreement provides Novartis worldwide co-promotion excluding Japan*

Basel, 28 March 2003 – Novartis Pharma AG has signed an agreement to license IL-1 Trap compound from Regeneron, a Tarrytown NY based, publicly quoted, biopharmaceutical company developing therapies for rheumatoid arthritis, cancer, allergy and asthma. Under the terms of the agreement, Novartis will purchase \$48 million of newly issued Regeneron common stock. In addition Novartis will pay Regeneron \$27 million upon closing for its development activities. Further payments are contingent on meeting approval and sales milestones.

Thomas Ebeling, Chief Executive Officer of Novartis Pharma AG, says: “Rheumatoid arthritis afflicts millions of people around the world. Although COX-2 inhibitors and classical non-steroidal anti-inflammatory drugs can successfully treat pain and inflammation for most people suffering from this debilitating condition, they have no effect on the underlying process of bone erosion. IL-1 cytokine Trap technology promises to significantly alter arthritis therapy in the future and represents the next step in a long Novartis commitment to patients with rheumatic conditions.”

Cytokines are a family of proteins which regulate various biological processes, and the IL-1 protein is particularly involved in triggering inflammatory responses in the body. In rheumatoid arthritis, an unregulated inflammatory process results in damage to joints. The IL-1 Trap protein is designed specifically to bind to IL-1 and prevent inflammation. The novelty of the Regeneron Trap is its combination of two receptor components in one soluble blocker. Once attached to the Trap, the cytokines cannot trigger inflammation and are eventually flushed from the body. IL-1 Trap is currently being tested in a dose-ranging placebo-controlled phase II clinical trial designed to study safety and efficacy in patients with rheumatoid arthritis. Results of the initial treatment period are expected in the third quarter of 2003.

“We are delighted to embark on this collaboration with Novartis,” noted Leonard S. Schleifer, M.D., Ph.D., Regeneron’s President and Chief Executive Officer. “With their exceptionally strong skills in development, manufacturing, and marketing, they are ideal collaborators with us. We believe that combining the capabilities of our two organizations gives us an opportunity to accelerate development of the IL-1 Trap and increase its commercial potential, dramatically enhancing our ability to create value for our shareholders.”

The agreement allows Novartis to co-develop the IL-1 Trap molecule and provides the company with world-wide marketing rights except for Japan. The partners will co-promote globally, and share profits equally in the EU and the US with Novartis manufacturing commercial supplies upon marketing approval. The deal also includes options to broaden the collaboration and develop other Novartis and/or Regeneron pre-clinical/ early development IL-1 antagonists.

About Rheumatoid Arthritis

RA is a debilitating chronic inflammatory disease affecting up to 1% of the population in certain regions of the world. RA most commonly manifests as pain, swelling, inflammation, and ultimately degeneration of the joints, especially in the hands, feet, wrists, and ankles. RA is a systemic disease which can affect the entire body - so inflammation may sometimes occur in the blood vessels, heart, eyes, and other organs. Women are afflicted more than twice as often as men. RA can be a disabling, crippling disease due to the joint destruction.

Disclaimer

This release contains certain implied "forward-looking statements," relating to the Company's business. Such statements include descriptions of the potential benefits of investigational therapies as evidenced by clinical trial results. Those statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performances or achievements that may be expressed or implied by such forward-looking statements.

There are no guarantees that the aforementioned trials will result in the commercialization of any of these compounds to treat rheumatoid arthritis in any market. Any such commercialization can be affected by, among other things, uncertainties relating to regulatory actions, delays in or government regulation generally, competition in general and other risks and factors referred to in the Company's current Form 20-F on file with the Securities and Exchange Commission of the United States.

About Novartis

Novartis AG (NYSE: NVS) is a world leader in pharmaceuticals and consumer health. In 2002, the Group's businesses achieved sales of CHF 32.4 billion (USD 20.9 billion) and a net income of CHF 7.3 billion (USD 4.7 billion). The Group invested approximately CHF 4.3 billion (USD 2.8 billion) in R&D. Headquartered in Basel, Switzerland, Novartis Group companies employ about 72 900 people and operate in over 140 countries around the world.

For further information about Novartis Pharmaceuticals Corporation please consult www.pharma.us.novartis.com. For further information about Novartis AG, please consult www.novartis.com.

About Regeneron

Regeneron is a biopharmaceutical company that discovers, develops, and intends to commercialize therapeutic medicines for the treatment of serious medical conditions. Regeneron has therapeutic candidates for the potential treatment of obesity, rheumatoid arthritis, cancer, and asthma and has preclinical programs in other diseases and disorders.

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