

**MEDIA RELEASE · COMMUNIQUE AUX MEDIAS · MEDIENMITTEILUNG**

## **Novartis and GlaxoSmithKline reach settlement in Augmentin ITC lawsuit**

Basel, 10 July 2003 – Novartis (NYSE: NVS) announced that its affiliate companies have reached an agreement with GlaxoSmithKline (NYSE: GSK) over lawsuits related to GSK's claimed Augmentin trade secrets. The lawsuits were filed with the US International Trade Commission (ITC) and state courts in Colorado and North Carolina.

Under the terms of the agreement, GSK will receive single-digit percentage royalties on US sales of generic versions of Augmentin sold by Novartis or its affiliate companies for the four-year period from July 2002 through June 2006.

Further details of the settlement agreement remain confidential. The termination of the ITC proceeding is subject to approval by the Administrative Law Judge and the ITC.

Novartis remains committed to ensuring that its high quality generic alternative continues to be available to prescribers and their patients in the US.

The agreement does not affect GSK's appeal against Novartis' subsidiary Geneva Pharmaceuticals relating to Augmentin patents. The US Court of Appeals of the Federal Circuit heard the patent appeal case on 5 March 2003 and a decision is expected this year.

This release contains certain "forward-looking statements," relating to the Group's business, which can be identified by express or implied statements regarding the likelihood of the Novartis Group companies' final success in its patent litigation with GSK, and regarding its future ability to sell AmoxC in the US. Such forward looking statements 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. Such risks include market place risks that could adversely affect Novartis affiliates' ability to market AmoxC in the US, a loss of the patent cases - which could lead to substantial damages and even removal of the Novartis products from the marketplace - as well as the other factors discussed in Novartis AG's Form 20-F filed with the 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 described herein as anticipated, believed, estimated or expected.

Novartis AG (NYSE: NVS) is a world leader in pharmaceuticals and consumer health. In 2002, the Group's businesses achieved sales of USD 20.9 billion and a net income of USD 4.7 billion. The Group invested approximately USD 2.8 billion in R&D. Headquartered in Basel, Switzerland, Novartis Group companies employ about 77 200 people and operate in over 140 countries around the world. For further information please consult <http://www.novartis.com>.

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