

June 18, 2018

The Honorable Richard Blumenthal
United States Senate
706 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Elizabeth Warren
United States Senate
317 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Patty Murray
United States Senate
154 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Ron Wyden
United States Senate
221 Dirksen Senate Office Building
Washington, D.C. 20510

RE: Your inquiry of June 8, 2018

Dear Senators Wyden, Murray, Warren and Blumenthal,

Set forth below are responses to the June 8, 2018 follow-up questions sent on behalf of Senators Wyden, Murray, Warren and Blumenthal to Novartis AG (“Novartis” or the “Company”).

I. Question 1.

Our requests asked for communications (a) between Novartis and Mr. Cohen, and for (b) internal communications regarding Mr. Cohen. The documents we received appear to only be those in category (a). Did Novartis identify any documents or communications in category (b)? If so, why were those documents withheld?

In addition to the communications between Novartis and Mr. Cohen, which the Company provided to you on June 5, 2018, Novartis has identified internal communications regarding Mr. Cohen. Novartis did not provide these internal materials because many contain business sensitive information, including advice, assessments, non-public information and other material necessary to the full consideration of matters within Novartis. The Company has significant confidentiality interests in these internal communications, which is, again, why it provided communications between Novartis and Mr. Cohen, but did not provide materials solely internal to the Company.

With respect to communications between Novartis and Mr. Cohen (and consistent with the Company’s June 5, 2018 responses), attached as Exhibit A are a small number of additional materials from the early 2018 time period that Novartis identified



after its responses were submitted. These communications reflect further examples of Mr. Cohen proactively reaching out to Mr. Jimenez; however, Mr. Jimenez had already retired from the Company by 2018 — something Mr. Cohen apparently was not aware of — and therefore Mr. Cohen asks to speak with the Company's new CEO, Vasant Narasimhan. Mr. Narasimhan has never communicated with Mr. Cohen, something that is demonstrated by the materials in which Mr. Narasimhan does not respond to Mr. Cohen; instead, Mr. Cohen is told by an individual in the Novartis procurement office that his services are not needed. (And, as explained further below, Mr. Cohen's claims in the emails that he had been "working with" Mr. Jimenez "for the past months" are not accurate.)

II. Questions 2, 3 and 4.

Question 2: In the June 5, 2017 email from Michael Cohen to Joe Jimenez, Cohen states "I will forward to you their suggestions." To whom is he referring? Does Novartis have any documents that could contain any such forwarded suggestions? Were these documents withheld from the response to our request? If so, why?

Question 3: In the June 12, 2017 email from Michael Cohen to Joe Jimenez, Cohen refers to sending "their version, and will scan to you under privileged and confidential communication." Has Novartis identified the document he is referring to? Has Novartis identified who "they" were? Was this document withheld from the response to our request? If so, why?

Question 4: In the June 28, 2017 email from Michael Cohen to Joe Jimenez, Cohen states "I am getting the report on Friday and will send to you by Monday." Has Novartis identified the report Cohen is referring to? Was this document withheld from the response to our request? If so, why?

As described in our June 5, 2018 responses, Mr. Cohen was never asked to perform any services for Novartis under the contract, and the only additional communication with Mr. Cohen following the March 1, 2017 meeting occurred when Mr. Cohen contacted Mr. Jimenez by telephone on a few occasions to ask about matters of interest to Mr. Cohen (and when Mr. Cohen attempted to email Mr. Jimenez in 2018 as reflected in Exhibit A). The June 2017 correspondence referenced in Questions 2, 3 and 4 is an example of one of these occasions when Mr. Cohen contacted Mr. Jimenez.

Specifically, in late May/early June 2017, Mr. Cohen called Mr. Jimenez and told him that a friend with experience in the pharmaceutical industry was putting together ideas on how to lower drug prices for discussion with persons in the Trump



Administration. Mr. Cohen asked Mr. Jimenez if he had any thoughts on ways to lower drug prices in the U.S. that Mr. Cohen could share with his friend.

As a courtesy, and because finding ways to lower drug prices without undermining innovation was, and continues to be, a critical issue for Novartis and the pharmaceutical industry generally, Mr. Jimenez on June 5, 2017 sent Mr. Cohen a list of ideas that Novartis and other pharmaceutical companies had been discussing, including publicly. (That list was provided to the Senators as part of the production the Company made in its initial responses and includes six potential cost lowering initiatives, such as requiring insurance companies to pass along a greater share of the discount savings they receive from drug manufacturers to patients.)

With respect to the reference in Mr. Cohen's June 5, 2017 email to "their" suggestions, Mr. Cohen never told Mr. Jimenez the name of his friend or any other person his friend was working with. Nor did Mr. Cohen ever send Mr. Jimenez any "suggestions", or any other response to the list of initiatives. Similarly, Novartis has not identified any documents containing forwarded suggestions. (Mr. Jimenez never followed up to ask for a response, because this was not an issue Novartis raised, or was pursuing, with Mr. Cohen.)

The same is true with respect to Mr. Cohen's June 12 and 28, 2017 emails. Mr. Cohen never forwarded any "report" or other document to Mr. Jimenez, nor did he and Mr. Cohen ever discuss the topic further. Mr. Cohen also never identified who he was speaking to, or who was supposedly creating a report.

No additional documents have been identified or withheld on this topic.

III. Question 5.

Did Novartis have any communications with administration officials on any subject they also discussed with Michael Cohen? For example, according to reports, Jimenez had a meeting with administration officials in May 2017, and shortly thereafter shared a document titled "Drug Pricing Initiatives" with Cohen. Was the same information discussed in the May meeting? Please describe any other relevant instances of communications with White House officials.

As stated in the Company's June 5, 2018 responses, Novartis never asked Mr. Cohen to perform any services under the contract, and therefore the Company did not engage in any substantive discussions with Mr. Cohen of issues it has raised with the Trump Administration.

With respect to lowering drug prices in the U.S., Mr. Jimenez did meet with Administration officials on this topic in May 2017. However, that meeting was unrelated



to the request from Mr. Cohen several weeks later for a list of drug pricing initiatives being discussed by pharmaceutical companies to share with his friend. And, as set forth above, Mr. Jimenez and Mr. Cohen never themselves discussed these pricing initiatives.

IV. Question 6.

In the February 14, 2017 email from Barry Rosenfeld to Michael Cohen and Felix Ehrat, Rosenfeld forwards a services agreement he describes as “our standard form agreement when we retain consultants.” Cohen was later able to make significant changes to the agreement that were accepted by Novartis. Please describe the process for approving these changes. Has Novartis allowed similar changes in other circumstances?

As described in the Company’s June 5 responses, Mr. Cohen sent an initial draft contract on February 13, 2017, which provided, among other things, that the contract “shall renew automatically [] for successive one (1) year periods, unless terminated by [Essential Consultants]”. On February 14, 2017, Mr. Rosenfeld responded with a draft that included substantial changes to the one sent by Mr. Cohen. For example, in revising the agreement, Mr. Rosenfeld replaced the automatic renewal with a provision stating that the contract “shall expire on February 28, 2018”. Mr. Rosenfeld also incorporated into the agreement the broad compliance-related provisions that are standard in Novartis’s contracts with third parties.

Mr. Cohen made very few changes to this February 14 draft from Mr. Rosenfeld. (See February 16, 2017 email from M. Cohen to B. Rosenfeld attaching revisions.) Notably, Mr. Cohen did not make changes to the removal of the automatic renewal provision or to any of the compliance requirements included by Mr. Rosenfeld. Both Mr. Rosenfeld and Mr. Ehrat, who had authority to enter contracts of this amount, reviewed the changes to the contract language Mr. Cohen requested and agreed to them.

As for other third party contracts, Novartis routinely negotiates such contracts and, where appropriate and approved by the relevant supervisors and lawyers, makes changes as a result of those negotiations.

V. Question 7.

Please describe any further action taken by Novartis with respect Yamo Pharmaceuticals following Michael Cohen’s August 2017 emails on the subject.

Novartis never took any action with respect to Yamo Pharmaceuticals following the August 2017 emails from Mr. Cohen. As noted in the communications, Yamo previously had reached out to persons at Novartis seeking an investment, which Novartis declined. Mr. Cohen’s subsequent communications on the subject did not change Novartis’s views in any way. Novartis never made an investment in Yamo.



VI. Question 8.

The documents provided indicate that Cohen and Jimenez had a number of meetings. Please confirm whether the two had any in person meetings, including the dates and locations, or if all meetings were conducted via telephone.

Mr. Jimenez has never met Mr. Cohen in person. Indeed, the only time anyone from Novartis ever met with Mr. Cohen in person was the March 1, 2017 meeting described in the Company's prior responses.

VII. Question 9.

In the September 22, 2017 email from Michael Cohen to Joe Jimenez, Cohen states "An example of what we spoke about," and included a link to a Lexington Herald Leader news article from that day about Kentucky AG Andy Beshear's announcement that he planned to investigate and potentially sue drug manufacturers, distributors and retailers that contributed to Kentucky's opioid abuse epidemic. One week prior to this email, the FDA approved a first-of-its-kind Prescription Digital Therapeutic, "reSET" by Pear Therapeutics, to help treat substance abuse disorder. In October, Pear Therapeutics announced it had received an Expedited Access Pathway Designation from the FDA for "reSET-O," designed for treating Opioid Use Disorder. In April of this year, Novartis announced that it was partnering with Pear Therapeutics to develop and commercialize these products. Did Novartis withhold any documents related to this email or to Michael Cohen and opioids?

In September 2017, Mr. Cohen contacted Mr. Jimenez and told him that he believed opioid abuse in the U.S. was going to be the next "big crisis", one that would envelop pharmaceutical companies and make them the target of investigations and product liability litigation. Mr. Cohen told Mr. Jimenez that he believed it was important for Novartis to "get out in front" of the issue. Mr. Jimenez explained to Mr. Cohen that Novartis was not a significant manufacturer of opioids — in fact, the Company no longer manufactures opioids at all — and therefore the Company was unlikely to become involved in this issue.

Despite Mr. Jimenez's explanation, Mr. Cohen forwarded the Lexington Herald Leader news article referenced in Question 9 on September 22, 2017. Mr. Jimenez did not respond to this email, nor did he ever speak to Mr. Cohen about this topic again. No documents related to this topic have been withheld.

In April 2018, Novartis's Sandoz division entered into an agreement with Pear Therapeutics to develop and commercialize reSET®, a digital therapeutic for the treatment of Substance Use Disorder. Pursuant to the agreement, if Pear Therapeutics receives clearance from the FDA for reset-O(TM), a digital therapeutic for the treatment of Opioid Use Disorder, Sandoz will help develop and commercialize that product as well.



The agreement between Sandoz and Pear Therapeutics has nothing to do with Mr. Cohen or any discussions with Mr. Cohen. No one from Novartis ever discussed Pear Therapeutics with Mr. Cohen at any time.

VIII. Question 10.

Ranking Member Wyden's letter requested information about any other advisory or consulting agreements regarding the how the Trump administration might approach U.S. health care policy matters. Your response states that there are "no contracts between Novartis and U.S.-based lobbyists with respect to the Trump administration." Do any such agreements exist with any other individuals?

No — Novartis does not have any contracts for lobbying services with respect to the Trump Administration. As set forth in the Company's June 5 responses, Novartis retained Mr. Cohen as a consultant to provide information and guidance with respect to healthcare issues important to Novartis. He was not retained to provide lobbying services, nor has Novartis retained anyone else to provide lobbying services in connection with the current Administration.

IX. Question 11.

Ranking Member Wyden's letter requested any documentation to memorialize the completion of the procurement SOP. Novartis provided a signature sheet with regard to the SOP. Were any other documents withheld from the response to this request?

The documents attached as Exhibit B further memorialize that the Company's contract with Essential Consultants complied with its internal procurement SOP. Specifically, Section 5.9 of the SOP guideline (which was included in the June 5, 2018 production) requires that all exceptions to the standard competitive bidding process be documented. Here, there was no competitive bidding process because the contract was authorized by the CEO (as well as the General Counsel), something that was noted in the attached documents, which were included in the procurement files, consistent with procedure.

X. Question 12.

Ranking Member Wyden's letter requested copies of any documents supplied by Novartis to the Department of Justice or any law enforcement agency related to this matter. Do any such documents exist that were withheld from the Novartis response?

As set forth above in response to Question 1, Novartis withheld from its production internal communications regarding Mr. Cohen. Although these internal materials were provided to certain law enforcement agencies which are conducting what Novartis understands to be confidential and non-public investigations, Novartis did not



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Sincerely,

A handwritten signature in black ink, appearing to read 'Thomas N. Kendris'.

Thomas N. Kendris
President, Novartis Corporation,
US Country Head

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