Consolidated Income Statements
(for the years ended December 31, 2001 and 2000)

<table>
<thead>
<tr>
<th>Notes</th>
<th>2001 CHF millions</th>
<th>2000 CHF millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>3/4</td>
<td>32 038</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td></td>
<td>-7 886</td>
</tr>
<tr>
<td>Gross profit</td>
<td>24 152</td>
<td>25 563</td>
</tr>
<tr>
<td>Marketing &amp; distribution</td>
<td>-11 098</td>
<td>-10 945</td>
</tr>
<tr>
<td>Research &amp; development</td>
<td>3</td>
<td>-4 189</td>
</tr>
<tr>
<td>Administration &amp; general overheads</td>
<td>-1 588</td>
<td>-2 078</td>
</tr>
<tr>
<td>Operating income</td>
<td>3/4</td>
<td>7 277</td>
</tr>
<tr>
<td>Income from associated companies</td>
<td>11</td>
<td>139</td>
</tr>
<tr>
<td>Financial income, net</td>
<td>5</td>
<td>1 067</td>
</tr>
<tr>
<td>Income before taxes and minority interests</td>
<td>8 483</td>
<td>9 072</td>
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<tr>
<td>Taxes</td>
<td>6</td>
<td>-1 440</td>
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<tr>
<td>Income before minority interests</td>
<td>7 043</td>
<td>7 252</td>
</tr>
<tr>
<td>Minority interests</td>
<td>-19</td>
<td>-42</td>
</tr>
<tr>
<td>NET INCOME</td>
<td>7 024</td>
<td>7 210</td>
</tr>
</tbody>
</table>

Earnings per share (CHF) | 7 | 2.73 | 2.75 |
Diluted earnings per share (CHF) | 7 | 2.72 | 2.75 |

The accompanying notes form an integral part of the consolidated financial statements.
## Consolidated Balance Sheets
(at December 31, 2001 and 2000)

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF millions</td>
<td>CHF millions</td>
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<tr>
<td><strong>ASSETS</strong></td>
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<tr>
<td>Long-term assets</td>
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<tr>
<td>Tangible fixed assets</td>
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<td>9 060</td>
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<tr>
<td>Intangible assets</td>
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<td>6 548</td>
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<td>6 715</td>
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<td>Deferred taxes</td>
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<td>Other financial assets</td>
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<td><strong>Total long-term assets</strong></td>
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<td>Inventories</td>
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<td>Trade accounts receivable</td>
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<td>Other current assets</td>
<td>16</td>
<td>2 895</td>
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<td>10 697</td>
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<td>Cash and cash equivalents</td>
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<td>11 147</td>
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<td><strong>Total current assets</strong></td>
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<td><strong>TOTAL ASSETS</strong></td>
<td>66 785</td>
<td>58 196</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
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<td></td>
</tr>
<tr>
<td>Equity</td>
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<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>17</td>
<td>1 443</td>
</tr>
<tr>
<td>Treasury shares</td>
<td></td>
<td>-169</td>
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<tr>
<td>Reserves</td>
<td></td>
<td>40 971</td>
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<tr>
<td><strong>Total equity</strong></td>
<td></td>
<td>42 245</td>
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<tr>
<td>Minority interests</td>
<td></td>
<td>104</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td></td>
<td>66 785</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of the consolidated financial statements.
**Novartis Group Consolidated Financial Statements**

**Consolidated Cash Flow Statements**
(for the years ended December 31, 2001 and 2000)

<table>
<thead>
<tr>
<th>Notes</th>
<th>2001 CHF millions</th>
<th>2000 CHF millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>7 024</td>
<td>7 210</td>
</tr>
<tr>
<td>Reversal of non-cash items</td>
<td></td>
<td></td>
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<tr>
<td>Minority interests</td>
<td>19</td>
<td>42</td>
</tr>
<tr>
<td>Taxes</td>
<td>1 440</td>
<td>1 620</td>
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<tr>
<td>Depreciation, amortization and impairments on</td>
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<td></td>
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<tr>
<td>Tangible fixed assets</td>
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<td>780</td>
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<tr>
<td>Income from associated companies</td>
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<td>-98</td>
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<tr>
<td>Gains on disposal of tangible and intangible assets</td>
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<td>Net financial income</td>
<td>-1 067</td>
<td>-1 091</td>
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<tr>
<td>Interest and other financial receipts</td>
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<td>1 944</td>
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<tr>
<td>Interest and other financial payments</td>
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<td>-1 211</td>
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<tr>
<td>Taxes paid</td>
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<td>-2 176</td>
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<tr>
<td><strong>Cash flow before working capital and provision changes</strong></td>
<td>7 558</td>
<td>7 944</td>
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<tr>
<td>Restructuring payments and other cash payments out of provisions</td>
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<td>-439</td>
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<td>Change in net current assets and other operating cash flow items</td>
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<td><strong>Cash flow from operating activities</strong></td>
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<td>Investment in tangible fixed assets</td>
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<td>Proceeds from disposals of tangible fixed assets</td>
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<td>Purchase of intangible and financial assets</td>
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<td>Proceeds from disposals of intangible and financial assets</td>
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<td>471</td>
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<td>Acquisition/divestment of subsidiaries</td>
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<td>Acquisition of minorities</td>
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<td>Proceeds from disposals of marketable securities</td>
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<td>4 839</td>
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<td><strong>Cash flow used for investing activities</strong></td>
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<td>Acquisition of treasury shares</td>
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<td>-1 165</td>
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<td>Proceeds from issue of options on Novartis shares</td>
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<td>Change in long-term financial debts</td>
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<td>Change in short-term financial debts</td>
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<td>-2 064</td>
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<td><strong>Cash flow used for financing activities</strong></td>
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<td>Net effect of currency translation on cash and cash equivalents</td>
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</table>

The accompanying notes form an integral part of the consolidated financial statements.
## Consolidated Statement of Changes in Equity
(for the years ended December 31, 2001 and 2000)

<table>
<thead>
<tr>
<th>Date</th>
<th>(CHF millions)</th>
<th>Notes</th>
<th>Share premium</th>
<th>Retained earnings</th>
<th>Cumulative translation differences</th>
<th>Fair value of变形/现金流量对冲</th>
<th>Total reserves</th>
<th>Share capital</th>
<th>Treasury shares</th>
<th>Total equity</th>
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<tr>
<td><strong>January 1, 2000</strong></td>
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<td>2 475</td>
<td>33 455</td>
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<tr>
<td>Acquisition of treasury shares</td>
<td>25c</td>
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<td>-1 156</td>
<td></td>
<td></td>
<td>-1 156</td>
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<td>Effect of Agribusiness spin-off</td>
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<td><strong>December 31, 2000</strong></td>
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<td>35 976</td>
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<td>Fair value adjustments on financial instruments</td>
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<td>Dividends to third parties</td>
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<td>-2 194</td>
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<tr>
<td>Issue of call options on Novartis shares</td>
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<td>3 102</td>
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<td>Issue of put options on Novartis shares</td>
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<td>Translation effects</td>
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<td><strong>December 31, 2001</strong></td>
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<td>38 035</td>
<td>-1 344</td>
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<td>40 971</td>
<td>1 443</td>
<td>-169</td>
<td>42 245</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of the consolidated financial statements.