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June 5, 2018

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

Dear Senator Murray:

Set forth below are responses to the letter dated May 11, 2018 from Senator Patty Murray to Dr. Vasant Narasimhan, the Chief Executive Officer ("CEO") of Novartis AG, and Dr. Fabrice Chouraqui, the President of Novartis Pharmaceutical Corporation (together "Novartis" or the "Company").

I. Question 1.

Please provide a copy of the contract between Novartis and Essential Consultants.

Attached as Exhibit 1 is the contract, dated February 17, 2017, between Novartis International AG and Essential Consultants LLC ("Essential Consultants").

II. Questions 2 and 3.

Question 2: Please provide a detailed timeline of the relationship between Novartis and Michael Cohen/Essential Consultants since November 9, 2016. This timeline should include engagement on behalf of Novartis by any affiliated consultants or lobbyists and on behalf of Michael Cohen and Essential Consultants by any of their employees.

Question 3: Please provide a detailed list of meetings and calls that took place between Novartis and Michael Cohen/Essential Consultants since November 9, 2016. For each meeting or call, please include the date, time, and location at which such communications took place, as well as a list of individuals who participated.

Michael Cohen was introduced to Joe Jimenez, the then CEO of Novartis, on November 29, 2016 by Irwin Simon, a friend and business colleague of Mr. Jimenez. Messrs. Jimenez and Simon were having dinner, during which Mr. Jimenez expressed concern about finding a consultant who could advise the Company as to how the Trump Administration would approach U.S. healthcare policy matters such as the Affordable Care Act. Novartis historically has engaged consultants, both in the U.S. and around the world, to advise on important healthcare issues. In light of the rhetoric on healthcare during the 2016 election campaign, Novartis felt it was important to understand how the Trump Administration would evaluate these issues, as well as to gain insight into which



members of the Trump Administration Novartis should seek to meet with in connection with these issues.

The challenge in late 2016 and early 2017, and the issue Mr. Jimenez raised with Mr. Simon, was that the consultants Novartis had used historically were unfamiliar with the individuals likely to be appointed by President Trump. The individuals being considered (and the individuals ultimately appointed) were newcomers to government, and thus their stance on healthcare-related policy matters was unknown.

Mr. Simon suggested that Mr. Jimenez speak with Michael Cohen. Mr. Simon described Mr. Cohen as someone who previously had worked for President Trump but had decided he was not going to join the Trump Administration and planned to open a consulting firm. Mr. Simon called Mr. Cohen from the dinner, and Mr. Jimenez and Mr. Cohen spoke briefly. On that initial call, Mr. Cohen reiterated that he had worked on the Trump campaign but had decided not to take a position in the Trump Administration. Mr. Cohen said he planned to set up a consulting firm to provide advice and insight to corporations with respect to persons in the Trump Administration. Mr. Cohen was clear on the initial call that he was not a lobbyist. Mr. Jimenez told Mr. Cohen that they should schedule another call to discuss the scope and terms of a potential engagement in more detail.

Mr. Jimenez next spoke with Mr. Cohen, again by telephone, on February 10, 2017. During that call, Mr. Cohen represented that he had knowledge of persons likely to be appointed to the relevant positions in the White House and could provide the Company with information as to how these individuals would approach the healthcare-related issues Novartis was focused on. (Mr. Cohen also explained that he had been President Trump's lawyer prior to the election, but was no longer in that role.) Because this was precisely the type of information and guidance Novartis was seeking, and in light of the fact that the Company's other consultants were unable to provide such information and guidance, Mr. Jimenez determined retaining Mr. Cohen could be useful. He believed Mr. Cohen's knowledge of the personalities in the Administration, together with Novartis's knowledge of healthcare policy issues, could be a strong combination.

Mr. Jimenez and Mr. Cohen agreed to the broad business terms of the agreement on that call.

On February 13, 2017, Mr. Cohen sent Mr. Jimenez a draft form services contract for him to review. Mr. Jimenez sent the draft to Felix Ehrat, the then General Counsel of Novartis, and asked him to review and modify the draft to ensure it complied with Novartis policies.



Between February 14, 2017 and February 17, 2017, Mr. Ehrat (who is a Swiss lawyer based in Basel) together with a U.S.-based Novartis lawyer (Barry Rosenfeld) negotiated the contract with Mr. Cohen. Among other things, Messrs. Ehrat and Rosenfeld incorporated into the agreement the broad compliance-related provisions that are standard in Novartis's contracts with third parties such as consultants, including, among other things, a requirement that the consultant abide by all applicable laws, rules and regulations, Novartis's Code of Conduct, Novartis's Global Anti-Bribery Policy and Novartis's policies related to lobbying activities and political contributions and gifts. The final contract was executed on February 17, 2017. Mr. Rosenfeld sent Mr. Cohen the Novartis policies referenced for his review.

The parties to the contract are Novartis International AG and Essential Consultants, LLC (defined in the contract as the "Consultant"), Mr. Cohen's consulting firm. However, Novartis made clear in the contract that it was retaining the services of Mr. Cohen: "Except as expressly agreed . . . Consultant shall provide the personal services of Michael D. Cohen to perform the Services".

Immediately after the retainer agreement was executed, Mr. Jimenez asked Mr. Ehrat, Thomas Kendris (U.S. Country President and U.S. Head of Legal) and Daniel Casserly (U.S. Country Head Government Affairs) to meet with Mr. Cohen in person in order to discuss in more detail the services he would perform under the contract.

The meeting with Mr. Cohen took place on March 1, 2017 at Novartis's offices in New York City. Messrs. Ehrat, Kendris and Casserly were present for the approximately 90 minute session.

During the meeting, although Mr. Cohen demonstrated his knowledge of the people who were being named to key positions in the Administration, the Novartis executives began to realize that Mr. Cohen had made no effort to learn anything about Novartis, or the policy issues that were of concern to Novartis specifically, or the pharmaceutical industry generally. And while it was clear Mr. Cohen knew certain members of the Trump Administration, it was also clear that he was not able to provide guidance as to how those individuals would evaluate and respond to the relevant policy issues. Each of the executives felt by the end of the meeting that Mr. Cohen was not able to deliver the substantive consulting advice and insight that was the basis for Mr. Jimenez's decision to retain him.

Following the March 1 meeting, Mr. Ehrat reported the group's concerns and impressions to Mr. Jimenez, together with their collective conclusion that it was very unlikely Mr. Cohen could perform the services Novartis had contracted him to perform. Mr. Jimenez was disappointed that Mr. Cohen had presented himself inaccurately. He accepted the advice of his General Counsel and senior U.S. executives, and while Mr. Jimenez, in April and May 2017, raised internally on one or two occasions whether it



made sense to see if Mr. Cohen could set up meetings for Mr. Jimenez during an upcoming trip to Washington, D.C., the decision was made not to do so. Neither Mr. Jimenez, nor anyone else at Novartis, ever asked Mr. Cohen to set up any meetings on their behalf. Indeed, Mr. Cohen never performed any services for Novartis under the contract, and the only additional contact with Mr. Cohen occurred when Mr. Cohen contacted Mr. Jimenez on two or three occasions to ask about matters such as whether Novartis was interested in investing in a small pharma company (it was not), and for information about various proposals that were being considered as ways to reduce the cost of pharmaceuticals.

III. Question 4.

Please provide all documents and communications between (a) Novartis and any affiliated agents, consultants, or lobbyists and (b) Michael D. Cohen and any other agents or employees of Essential Consultants, since November 9, 2016. Such communications should include, but not be limited to, emails, letters, faxes and any other written materials.

Attached as Exhibit 2 to this submission are copies of all communications between Novartis and Michael Cohen/Essential Consultants.

IV. Question 5.

Please provide a detailed list of meetings and calls that took place between Novartis and Trump Administration officials since January 20, 2017. Trump Administration officials include federal employees within the White House and the Department of Health and Human Services and its sub-agencies. For each meeting or call, please include the date, time, and location at which such communications took place, as well as a list of individuals who participated.

Novartis has participated in communications and meetings with staff in the Department of Health and Human Services ("HHS") and its sub agencies over the course of the last year and half of the Trump Administration. Novartis has participated in these meetings and communications both on its own behalf and as part of broader multi-company industry meetings. The issues covered during these communications and meetings include the value of prescription drugs, outcomes based contracting and cost-saving biosimilars. This engagement is the same type and level of engagement Novartis has had with relevant agencies, as well as Congress, in both Democratic and Republican Administrations.



V. Question 6.

Please provide all documents and communications between (a) Novartis and any affiliated agents, consultants, or lobbyists and (b) Trump Administration officials, including federal employees within the White House and the Department of Health and Human Services and its sub-agencies, since January 20, 2017. Such communications should include, but not be limited to, emails, letters, faxes and any other written materials.

As described in the response to Question 5, Novartis staff from various internal divisions has engaged in communications with HHS and its sub-agencies during the course of this Administration. While we do not have detailed records of these communications, the issues discussed in these communications included the value of prescription drugs, outcomes based contracting and cost-saving biosimilars. Again, this engagement is the same type and level of engagement Novartis has had with relevant agencies, as well as Congress, in both Democratic and Republican Administrations.

VI. Question 7.

Did Novartis enter into any other contracts over \$1 million with consultants to gain access to and insight into the White House or the Department of Health and Human Services and its sub-agencies at any point between November 2006 and February 2017? If so, please provide a list of all entities or individuals with whom Novartis contracted for this purpose.

In connection with prior administrations, Novartis has entered into a contract with another strategic consultant in an amount greater than \$1 million for similar services.

Sincerely,

A handwritten signature in black ink that reads 'Thomas N. Kendris'.

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

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