

Essential Consultants – Updates

Jul 13, 2018

On May 8, 2018, information was released regarding the relationship between Novartis and Essential Consultants. Please see below for the Novartis official statement and related updates.

Novartis statement on report from U.S. Senators

July 13, 2018 - 14:00 CET

Following the revelations concerning Novartis' former consulting contract with Michael Cohen and Essential Consultants, we received inquiries from several U.S. Senators. We cooperated with those inquiries and today the Senators issued a report detailing their findings.

We disagree with the report's conclusion that we issued a misleading public statement regarding the extent of our engagement with Mr. Cohen. As the documents we produced show, Novartis had one and only meeting with Mr. Cohen on March 1, 2017 and then concluded he was not able to provide the substantive consulting advice and insight for which he was hired. We never asked Mr. Cohen to perform any services on our behalf after March 1, nor did he perform any.

The only additional communication we had beyond the March 1 meeting was when Mr. Cohen initiated contact with our former CEO, Mr. Jimenez, on a handful of occasions. On one of these occasions, Mr. Cohen asked Mr. Jimenez for ideas on how to lower drug prices. In response, Mr. Jimenez provided him with a list of well-known ideas for lowering the cost of pharmaceuticals that had been discussed publicly in the industry.

As we have already acknowledged, Novartis made a mistake in entering into the contract with Michael Cohen. And in hindsight – and certainly knowing everything we know now – we should have tried to terminate the contract with Mr. Cohen regardless of our views at the time of its legal enforceability.

Novartis' response to inquiries from U.S. Senators:

- [Letter to Senator Murray \(PDF 1.4 MB\)](#)
- [Letter to Senators Blumenthal and Warren \(PDF 1.5 MB\)](#)
- [Letter to Senator Wyden \(PDF 1.2 MB\)](#)
- [Letter to Senators Blumenthal, Murray, Warren & Wyden \(PDF 1 MB\)](#)

[Report](#) and [other related information](#) from U.S. Senators

Novartis announces changes to the Executive Committee

May 16, 2018 - 07:00 CET

[Read the Media Release](#)

Vas Narasimhan sends message to Novartis employees

May 10, 2018

[Download the Message \(PDF 0.7 MB\)](#)

Novartis statement on Essential Consultants

Update: May 11, 2018 – 22:30 CET

May 9, 2018 - 17:15 CET

In February 2017, shortly after the election of President Trump, we entered into a one-year agreement with Essential Consultants. With the recent change in administration, Novartis believed that Michael Cohen could advise the company as to how the Trump administration might approach certain US healthcare policy matters, including the Affordable Care Act. The agreement was for a fixed term of one year and paid Essential Consultants USD 100,000 per month. In March 2017, we met with Michael Cohen under this agreement. Following this initial meeting, we determined that he would be unable to provide the services that Novartis had anticipated related to US healthcare policy matters and decided not to engage with him further. As the contract unfortunately could not be terminated at will, payments continued to be made until the contract expired by its own terms in February 2018.

The engagement of Essential Consultants predated Vas Narasimhan becoming Novartis CEO and he was in no way involved with this agreement. Contrary to recent media reports, this agreement was also in no way related to the group dinner Dr. Narasimhan attended at the World Economic Forum in Davos with President Trump and 15 Europe based industry leaders. Suggestions to the contrary clearly misrepresent the facts and can only be intended to further personal or political agendas as to which Novartis should not be a part.

In terms of the Special Counsel's office, we were contacted in November 2017 regarding the company's agreement with Essential Consultants. We cooperated fully with the Special Counsel's office and provided all the information requested. We consider this matter closed as to Novartis and are not aware of any outstanding questions of the Special Counsel's office regarding the agreement.

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