ANALYSIS OF AGREEMENT CONTAINING CONSENT ORDERS TO AID PUBLIC COMMENT

In the Matter of Novartis AG, File No. 141-0141

I. Introduction

The Federal Trade Commission ("Commission") has accepted, subject to final approval, an Agreement Containing Consent Orders ("Consent Agreement") from Novartis AG ("Novartis"), which is designed to remedy the anticompetitive effects of Novartis' proposed acquisition of oncology assets from GlaxoSmithKline PLC ("GSK"). The Commission has placed the proposed Consent Agreement on the public record for thirty days for receipt of comments from interested persons. Comments received during this period will become part of the public record. After thirty days, the Commission will again evaluate the proposed Consent Agreement, along with any comments received, in order to make a final decision as to whether it should withdraw from the proposed Consent Agreement, modify it, or make final the Decision and Order ("Order").

Pursuant to an agreement dated April 22, 2014 (the "Agreement"), Novartis proposes to acquire GSK's marketed oncology products and two pipeline oncology compounds for approximately $16 billion (the "Transaction"). GSK currently has a BRAF inhibitor and an MEK inhibitor approved by the FDA, as well as the only BRAF/MEK combination therapy approved for sale in the United States. BRAF and MEK inhibitors are medicines that inhibit molecules associated with the development of cancer. Novartis has BRAF and MEK inhibitors in late-stage development, as well as a BRAF/MEK combination therapy that it expects to launch in the near future.

The Commission alleges in its Complaint that the Transaction, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, by substantially lessening competition in U.S. markets for BRAF inh]TJ 03n3(a)4(3(a)4 A)-8((de)sTc 0 1d)4 Asuonw 1.67 0 Td [(BR)-hKRAF inh]J 03n3(a)4(3(a)4 A)-8((de)sTc 0 109(.)Tj 0.76 0r)3(a)Fep((deopoa)4(m 15)om)

treatments for a range of cancers, including ovarian cancer, colorectal cancer, and non-small cell lung cancer.

The United States is the relevant geographic market in which to assess the competitive effects of the Transaction because the FDA must approve BRAF and MEK inhibitors, as well as the use of the two inhibitors in combination, for marketing and sale in the United States. Accordingly, products sold outside of the United States, but not approved by the FDA, are not

V. The Consent Agreement

The proposed Consent Agreement effectively remedies the Transaction's anticompetitive effects by requiring Novartis to divest to Array all of its rights and assets related to LGX818 and MEK162. The divestiture will preserve the competition that otherwise would have been lost in the markets for BRAF and MEK inhibitors.

Array is a biopharmaceutical company headquartered in Boulder, Colorado, that focuses