



Press Announcement

FOR IMMEDIATE RELEASE

NOVARTIS AND PALADIN ENTER INTO AGREEMENT FOR THE CANADIAN RIGHTS TO DERMATOLOGY PRODUCTS

Montreal, Canada, December 19, 2001 – Paladin Labs Inc. (TSE:PLB) has acquired the Canadian rights to the Locacorten[®] Vioform[®] family of dermatological products from Novartis Pharmaceuticals Canada Inc. (NYSE:NVS). Terms of the purchase agreement were not disclosed.

The products consist of Locacorten[®] Vioform[®] cream, Locacorten[®] Vioform[®] eardrops, and Vioform[®] Hydrocortisone cream. These products are topical corticosteroids that are mainstays in the treatment of skin conditions such as seborrheic dermatitis, atopic dermatitis and contact dermatitis. They act by combining the anti-inflammatory and anti-microbial effects of their active ingredients.

Locacorten[®] Vioform[®] cream (flumethasone pivalate – clioquinol) is indicated for the initial treatment of corticoid-responsive inflammatory skin disorders complicated by bacterial and/or fungal infections. Locacorten[®] Vioform[®] eardrops (flumethasone pivalate – clioquinol) are indicated for otitis externa, or “swimmer’s ear”. Vioform[®]-HC cream (clioquinol – hydrocortisone) is also indicated for the treatment of corticoid-responsive inflammatory skin disorders complicated by bacterial and/or fungal infections, but is a more potent formulation than Locacorten[®] Vioform[®] cream. According to IMS Canada, sales of these brands totalled \$1.42 million during the most recent twelve-month period.

“This is our third transaction this year with Novartis, further validating the role that a specialty pharmaceutical company such as Paladin can play in the Canadian market. These proven products will be immediately accretive to our earnings in 2002 and add to our base of dermatology products,” said Jonathan Goodman, President and Chief Executive Officer at Paladin Labs Inc.

About Paladin Labs Inc.

Paladin Labs, headquartered in Montreal, Quebec, is a rapidly growing pharmaceutical company focused on acquiring or in-licensing innovative pharmaceutical products for the Canadian market. With this strategy, a focused national sales team and proven marketing expertise, Paladin has evolved into one of Canada’s most profitable publicly-traded pharmaceutical companies. Paladin’s shares trade on the Toronto Stock Exchange under the symbol *PLB*. For more information about Paladin, please visit the Paladin Web Site at www.paladin-labs.com.

About Novartis

Novartis (NYSE: NVS) is a world leader in healthcare with core businesses in pharmaceuticals, consumer health, generics, eye-care, and animal health. In 2000, the Group's ongoing businesses achieved sales of \$25.5 billion and a net income of \$5.7 billion. The Group invested approximately \$3.5 billion in R&D. Headquartered in Basel, Switzerland, Novartis employs about 70,000 people and operates in over 140 countries around the world. For further information, please consult www.novartis.ca.

This news release may contain forward-looking statements or predictions. These statements represent our judgement as of this date and are subject to risks and uncertainties that could cause actual results or events to differ materially from those expressed in such forward-looking statements. Potential risks and uncertainties include, without limitation, those associated with product development, clinical trials, future revenues and profitability, and obtaining marketing approval.

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