



Alcon

Acquiring the world leader in eye care

TRANSACTION OVERVIEW

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DISCLAIMER

This document contains certain forward-looking statements relating to the proposed acquisition by Novartis of a majority stake in Alcon and to the Novartis Group's and Alcon's respective businesses. Such forward-looking statements are not historical facts and can generally be identified by the use of forward-looking terminology such as "expected", "will", "estimated", "would", "could", "potential", "opportunities", "pipeline", or similar expressions, or by express or implied discussions regarding potential future sales or earnings of Novartis or Alcon or pending regulatory approvals; or by discussions of strategy, plans, expectations or intentions or potential synergies, strategic benefits or opportunities that may result from the proposed acquisition.

Such forward-looking statements reflect the current plans, expectations, objectives, intentions or views of Novartis with respect to future events and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements.

In particular, there can be no guarantee that the proposed transaction will be completed in the expected form or within the expected time frame or at all. Nor can there be any guarantee that Novartis or Alcon, or any of their divisions or business units, will achieve any particular future financial results or future growth rates or that Novartis and Alcon will be able to realize any of the potential synergies, strategic benefits or opportunities as a result of the proposed transaction. Among other things, Novartis' expectations could be affected by unexpected regulatory actions or delays or government regulation generally as well as other risks and factors referred to in Novartis AG's and Alcon Inc.'s current Forms 20-F on file with the US Securities and Exchange Commission. Novartis is providing the information in this document as of this date and does not undertake any obligation to update any forward-looking statements as a result of new information, future events or otherwise.

TRANSACTION SUMMARY

Company	<ul style="list-style-type: none"> Alcon Inc., the world leader in eye care Incorporated in Switzerland, US operations based in Texas Listed on the New York Stock Exchange: (NYSE: ACL) Nestlé currently holds 77%, remaining 23% publicly traded
Transaction structure	<ul style="list-style-type: none"> Two-step private party transaction between Novartis and Nestlé First step: Novartis to acquire 25% stake (approx. 74 million shares) in Alcon from Nestlé for approximately USD 11 billion Novartis to have one seat on Alcon's Board of Directors Optional second step: Novartis has exclusive right to acquire remaining 52% majority stake from Nestlé between January 2010 and July 2011; Nestlé has right to require Novartis to buy its stake Novartis has "Material Adverse Change" clause for Alcon businesses
Transaction price	<ul style="list-style-type: none"> First step: USD 143.18 per share, or approximately USD 11 billion, to acquire 25% stake from Nestlé. To be financed through USD 5.5 billion in cash and USD 5.5 billion of external borrowing Optional second step: Price fixed at USD 181.00 per share, or approximately USD 28 billion, to acquire remaining 52% majority stake held by Nestlé (approx. 156 million shares) <ul style="list-style-type: none"> Optional second step includes approximately four million Alcon shares to be sold by Nestlé at USD 143.18 per share Exercise price for optional second step increases at 1.45% p.a. starting on January 1, 2010 Optional second step financed through cash flow and external borrowing – actual amounts and terms to be determined later
Estimated dates for completion	<ul style="list-style-type: none"> First step: Expected in second half of 2008 Optional second step: Option notification period from January 1, 2010, to July 31, 2011, with closing dependent upon exercise
Estimated synergies	<ul style="list-style-type: none"> First step: None Optional second step: Opportunity to realize strategic benefits and cost synergies following closing
Estimated Novartis earnings impact	<ul style="list-style-type: none"> First step: 2-3% dilutive impact on reported EPS in 2009, but 2-3% accretive to adjusted EPS* in 2009 Optional second step: Approximately 10-12% dilutive impact on reported EPS in first year, but approximately 1-3% accretive impact on adjusted EPS* in first year <p style="margin-top: 10px;"><i>* Adjusted for Alcon transaction-related amortization of intangible assets and related one-time costs</i></p>

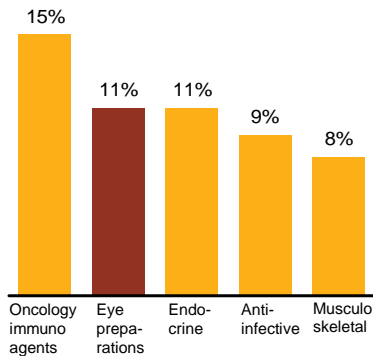
EYE CARE INDUSTRY OVERVIEW

- Eye care one of the most dynamically growing specialty therapeutic areas
- Growth driven by (1) increase in age-related eye diseases (2) global expansion and (3) novel therapies

Eye care industry one of the fastest growing specialty therapeutic segments

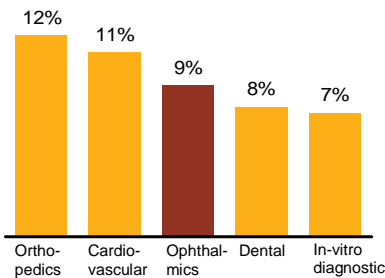
Top 5 pharmaceutical therapeutic areas

CAGR 2004-10 (%)



Top 5 surgical / medical device areas

CAGR 2004-10 (%)

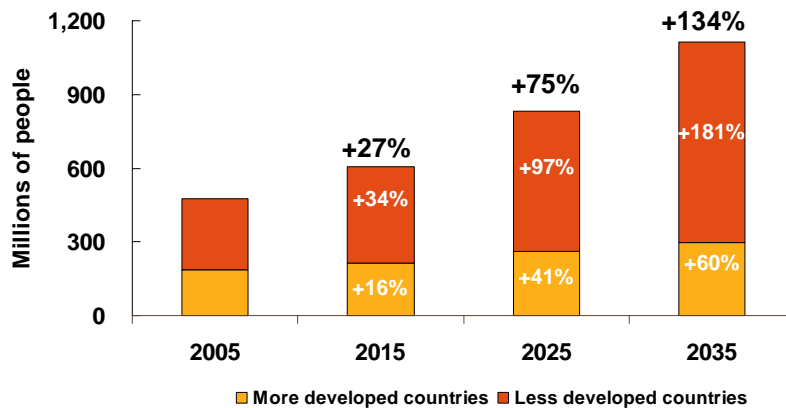


Source: EvaluatePharma, World Pharmaceutical Frontiers and Health Research International



Eye care segment benefits from demographic changes

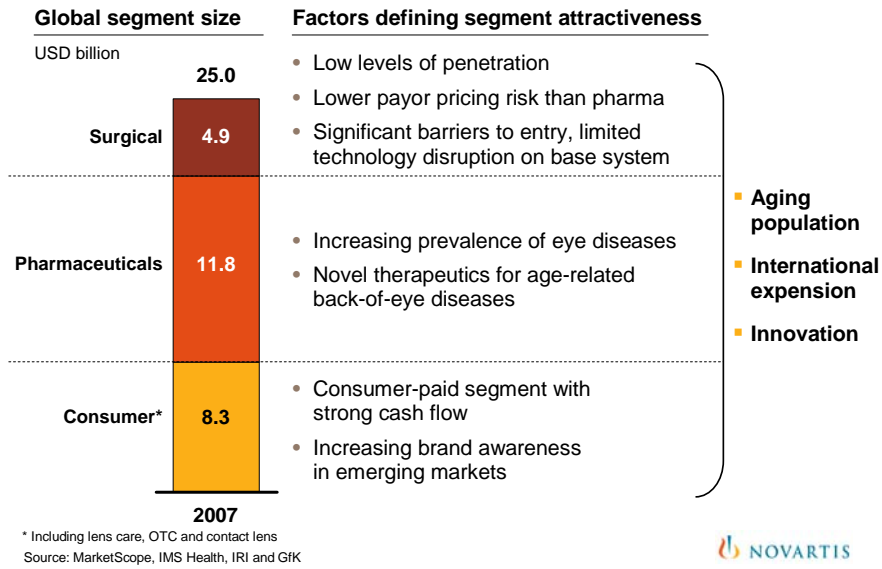
Population age 65+



Source: United Nations



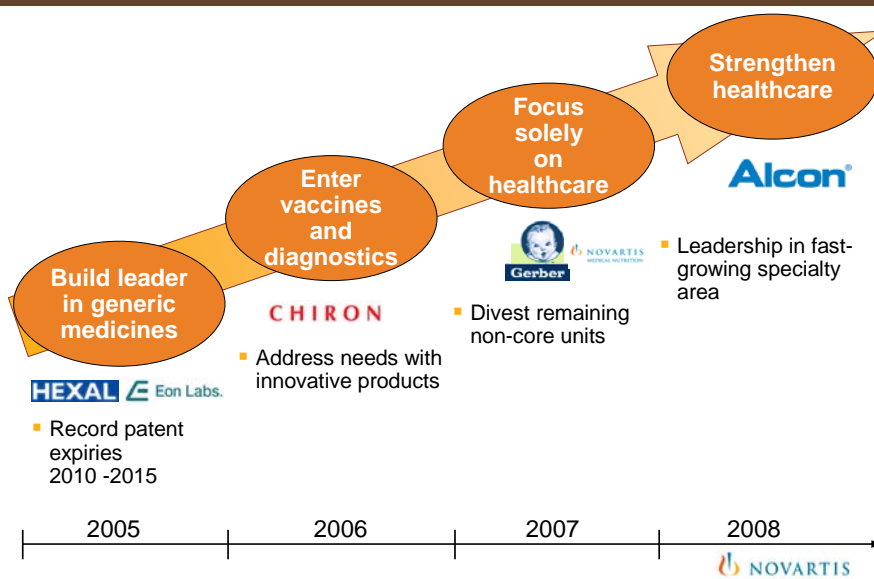
Alcon active in highly attractive eye care segments



STRATEGIC RATIONALE

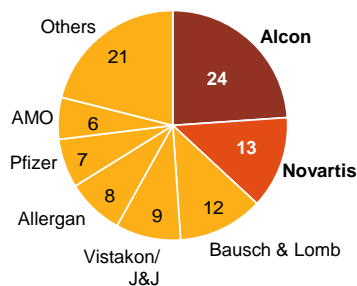
- Acquisition underpins Novartis strategy to focus on growth segments in healthcare while mitigating risks
- Excellent complementarity of Novartis and Alcon eye care businesses
- Need for innovative eye care products to continue rising due to demographic changes and increasing demand in emerging markets

Alcon strengthens Novartis healthcare portfolio

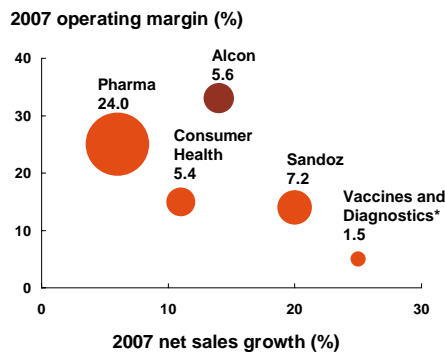


No. 1 eye care company with attractive margins

Global leader in eye care
2006 sales (%)



Alcon adds high quality business
Bubble size: 2007 sales in USD bn



* Full-year performance on a comparable basis
Source: Citigroup, Novartis

ALCON OVERVIEW

- Alcon the world leader in eye care with three businesses: surgical, pharmaceuticals and consumer eye care
- USD 5.6 billion of sales, USD 1.9 billion of operating income in 2007
- 14,500 associates in more than 75 countries

Alcon at a glance

- Incorporated in Switzerland, US operations based in Texas
- Leader in surgical, pharmaceutical and consumer eye care products
 - Consistent double-digit sales and earnings growth
- Broad geographic presence
 - 14,500 employees in 75 countries – approx. 3,300 sales representatives
 - Expanding in emerging markets (2007 sales: +21% to USD 865 million)
- Increasing R&D investments
 - Track record of successful innovation with key focus on age-related diseases
 - More than 15 projects in late-stage development
- Manufacturing and distribution excellence
- Strong sales force and excellent relationships with key opinion leaders

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Alcon financial information

USD m	2002	2003	2004	2005	2006	2007	CAGR
Sales	3,009	3,407	3,914	4,369	4,897	5,600	13%
Gross profit	2,116	2,401	2,832	3,290	3,682	4,201	
	70.3%	70.5%	72.4%	75.3%	75.2%	75.0%	
SG&A	1,015	1,113	1,237	1,595	1,399	1,694	
	33.7%	32.7%	31.6%	36.5%	28.6%	30.3%	
R&D	323	350	390	422	512	564	
	10.7%	10.3%	10.0%	9.7%	10.5%	10.1%	
Operating income	704	879	1,132	1,188	1,572	1,883	22%
	23.4%	25.8%	28.9%	27.2%	32.1%	33.6%	
Net Income	467	595	872	931	1,348	1,586	28%
<i>As reported</i>	15.5%	17.5%	22.3%	21.3%	27.5%	28.3%	

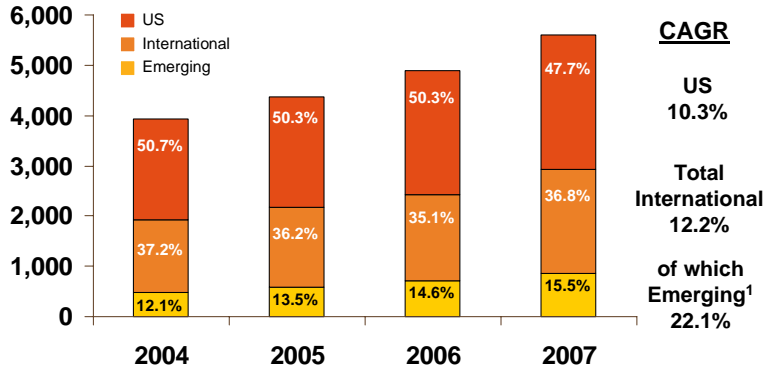
Source: Alcon



Alcon capitalizing on global organization

USD m

Geographic sales growth

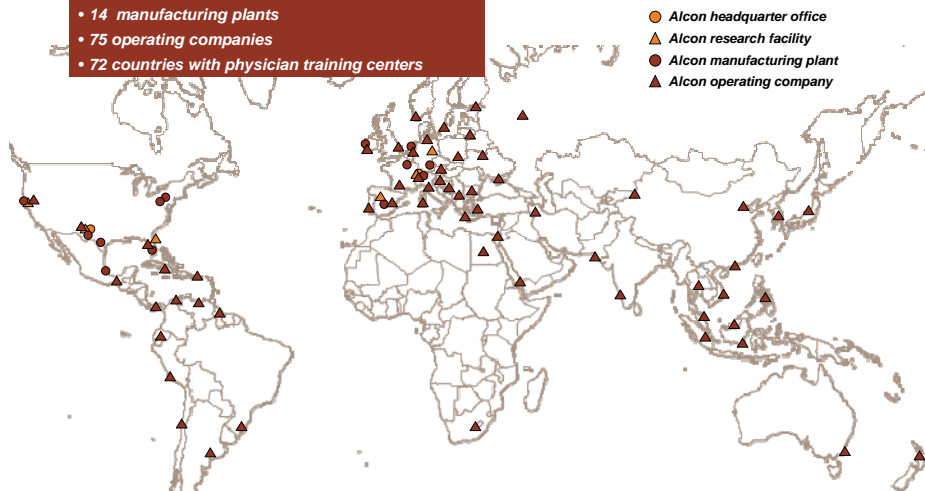


¹ Emerging markets defined by Eagle as: Brazil, Mexico, Russia, China, Turkey, Korea, Taiwan, South Africa, Thailand and India



Alcon has broad geographic presence

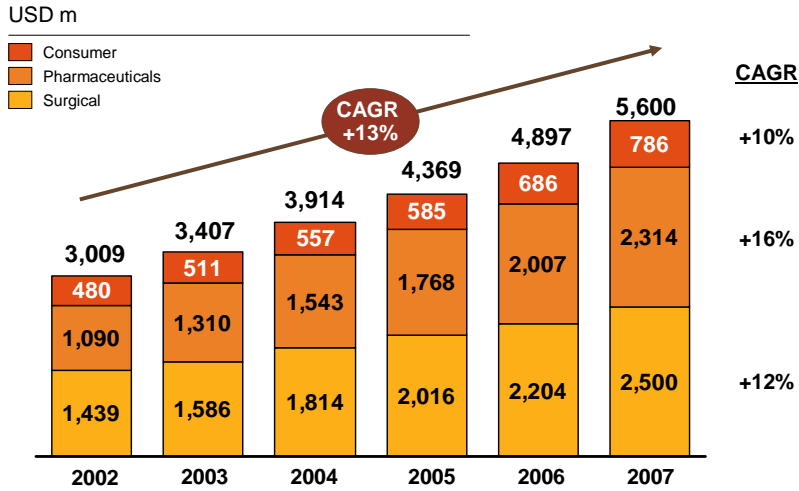
- 6 research centers
- 14 manufacturing plants
- 75 operating companies
- 72 countries with physician training centers



Source: Alcon



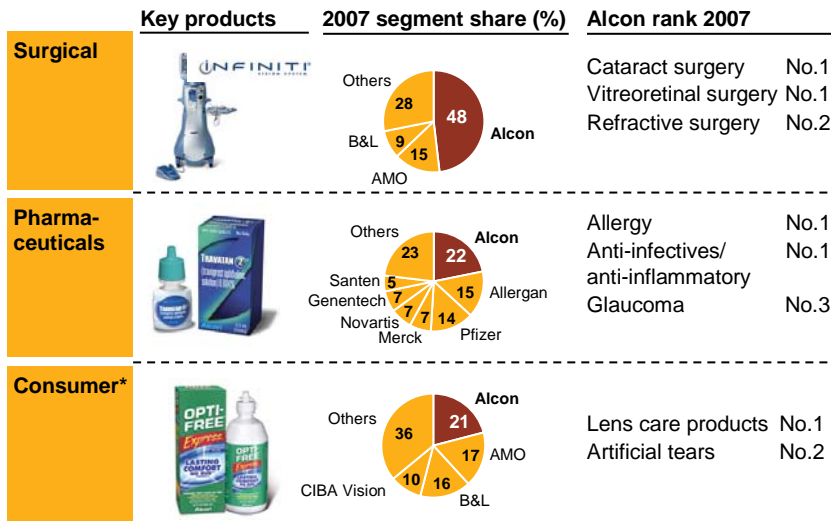
Alcon has consistent growth in all business



Source: Alcon







Alcon: Global leadership in its eye care businesses



Source: MarketScope, IMS Health, IRI and GfK * Consumer market segment data for lens care products (H1 2007)







Surgical: Key Alcon products and pipeline overview

	Description	Key products	Pipeline
Intra-ocular lenses	<ul style="list-style-type: none"> Implantation lenses for surgical cataract treatment 	 <ul style="list-style-type: none"> AcrySof® Standard to premium IOLs 	<ul style="list-style-type: none"> AcrySof® toric ReSTOR®
Cataract	<ul style="list-style-type: none"> Systems and supplies for surgical cataract treatment 	 <ul style="list-style-type: none"> Infiniti® Laureate™ 	<ul style="list-style-type: none"> New irrigating solution
Vitreo-retinal	<ul style="list-style-type: none"> Systems and supplies for surgical procedures on back of the eye 	 <ul style="list-style-type: none"> ACCURUS® 	<ul style="list-style-type: none"> CONSTELLATION®
Refractive	<ul style="list-style-type: none"> Surgical correction of vision impairments 	 Wavelight® <ul style="list-style-type: none"> ALLEGRETTO WAVE® Eye-Q 400Hz laser 	






Pharmaceuticals: Key Alcon products overview

Product	Indication	Active ingredient
Travatan® / DuoTrav® 	Glaucoma / ocular hypertension	Travoprost (prostaglandin analogue)
Patan® / Pataday® 	Allergic conjunctivitis	Olopatadine
Tobradex® 	Bacterial infection	Dexamethasone tobramycin
Vigamox® 	Bacterial conjunctivitis	Moxifloxacin hydrochloride



Consumer eye care: Key Alcon products overview

	Description	Alcon brands	Key considerations
Contact lens care	<ul style="list-style-type: none"> Disinfection and reconditioning of contact lenses 		<ul style="list-style-type: none"> International expansion tracking increased contact lens use Partly decoupled from higher contact lens growth (shift to disposable lenses)
Artificial tears	<ul style="list-style-type: none"> Eye drops against dry eye 		<ul style="list-style-type: none"> Increasing dry eye conditions and irritations in modern environment Increased use of contact lenses
Other	<ul style="list-style-type: none"> Eye vitamins 		<ul style="list-style-type: none"> Consumer focus on eye health



Alcon has attractive pipeline

	Project	Condition	Expected US Submission	Status at December 31, 2007
Pharmaceuticals	Ophthalmology			
	Anecortave acetate	Glaucoma	2010 or later	Phase II/III
	AL-37807	Glaucoma	2010 or later	Phase II
	Retaane® anecortave acetate suspension	AMD risk reduction	2010 or later	Phase III
	Moxifloxacin, new formulation	Anti-infective	2008	Phase III
	TobraDex® ST	Anti-infective and anti-inflammatory	Filed	Filed
	Moxifloxacin/dexamethasone	Anti-infective and anti-inflammatory	2010 or later	Phase III
	Vismed	Dry eye		Phase III
	Azarga (EU)	Glaucoma		Regulatory review
	Nasal			
Patanase® nasal spray	Allergy	Filed	Filed	
Otic				
Moxifloxacin/dexamethasone	Anti-infective and anti-inflammatory	2010 or later	Phase III	
Surgical	AcrySof® ReSTOR® +3.0 Add	Cataract	2008	Advanced development
	AcrySof® Low Power ReSTOR® lens	Cataract	2008	Advanced development
	AcrySof® ReSTOR® Toric lens	Cataract	2010 or later	Advanced development
	New CONSTELLATION® vitreoretinal system	Vitreoretinal	2008	Advanced development
	New irrigating solution	Cataract/vitreoretinal	Filed	Filed
	AcrySof® angle-supported phakic lens	Refractive	2010 or later	Advanced development
Consumer Eye Care	Enhanced OTC tear substitute	Dry eye	2008	Advanced development
	ICAPS® enhancement	Ocular vitamin	2008	Advanced development

Source: Alcon



NEW NOVARTIS GROUP STRUCTURE

- Upon completion of second step, Alcon will further strengthen Novartis diversified portfolio focused on healthcare

Alcon would be a new growth platform for Novartis

Novartis
2007 pro forma net sales: USD 43.7 billion (+11.2% in USD)¹

Pharma	Sandoz	Vaccines & Diagnostics	Consumer Health	Alcon
USD 24.0 bn (+6% USD)	USD 7.2 bn (+20% USD)	USD 1.5 bn (+52% USD)	USD 5.4 bn (+11% USD)	USD 5.6 bn (+14% USD)
<ul style="list-style-type: none"> Strong brands Top-rated sales force New product launches Strong pipeline 	<ul style="list-style-type: none"> Top position in many key markets Leader in difficult-to-make generics 	<ul style="list-style-type: none"> No. 2 in flu vaccines Dynamic market growth Potential in meningitis 	<ul style="list-style-type: none"> Global strategic brands Steady cash flow 	<ul style="list-style-type: none"> World leader in eye care Specialty business: high growth, high margins

¹ Estimated pro forma 2007 net sales based on Novartis continuing operations and Alcon results
NOTE: Alcon would only be consolidated as a Novartis subsidiary following completion of second step



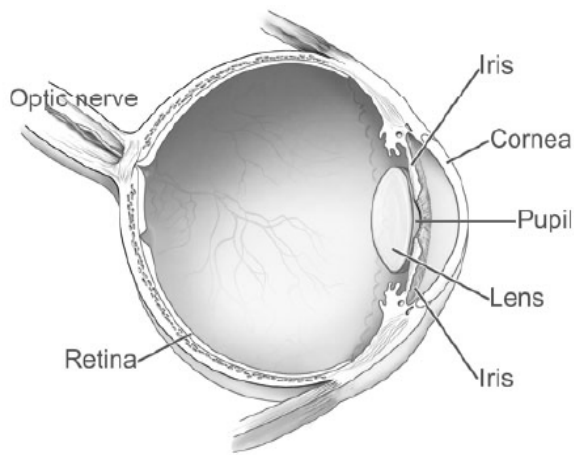
Eye care market segment highly attractive

	Segment growth CAGR 2007-2012	Industry EBIT %	2007 global segment size USD bn
Pharma	5 %	25-30 %	487
Vaccines & Diagnostics	13 %	15-25 %	15
Generics	9 %	15-25 %	79
Consumer Health	4 %	10-20 %	108
Eye Care*	7-8 %	20-30 %	25

CAGR – Compound Annual Growth Rate / EBIT - Earnings Before Interest and Taxes
* Eye care segment estimates composed of surgical business and related activities involving pharmaceutical and consumer health eye care products
Source: Novartis estimates



EYE CARE MEDICAL BACKGROUND INFORMATION



Optic nerve – The optic nerve is a bundle of more than one million nerve fibers that carries visual messages from the retina to the brain.

Retina – The retina is a light-sensitive tissue lining at the back of the eye. The retina converts light into electrical impulses that are sent to the brain through the optic nerve.

Cornea – The clear outer part of the eye's focusing system located at the front of the eye.

Iris – The colored part of the eye that regulates the amount of light entering the eye.

Pupil – The opening at the center of the iris. The iris adjusts the size of the pupil and controls the amount of light that can enter the eye.

Lens – The clear part of the eye behind the iris that helps to focus light, or an image, on the retina.

Macula – The yellowish central area of the retina, which is rich in cones that mediate clear, detailed vision.

* * * * *

Age-related macular degeneration (AMD): A leading cause of vision loss in people over age 50, AMD is a disease that blurs the central vision needed for activities like reading and driving. There are two types of AMD – dry and wet. The dry form occurs when light sensitive cells in the macula break down slowly. Central vision is gradually blurred and can be eventually lost. Wet AMD occurs when abnormal blood vessels behind the retina start to grow under the macula, leaking blood and fluid that cause the macula to move from its normal anatomical position. While it is less common, wet AMD is more severe than the dry form and central vision loss can occur very quickly. Over 1.6 million Americans age 50 and older have wet AMD.

Allergies: Millions of people suffer from eye allergies, although the condition is often unidentified and occasionally left untreated. The most common symptoms of eye allergies are itching, redness, watery eyes and lid swelling. Eye allergies can also lead to redness of the eyelids, blurred, hazy or unclear vision, swelling of the eyeball, and the sensation that something is in the eye. Eye allergies can be treated with prescription antihistamines, over the counter antihistamines or artificial tear drops.

Astigmatism: This condition occurs when the cornea is slightly irregular in shape, causing images to focus on more than one point in front of, or behind the retina. Images at all distances may be blurry, resulting in the overall inability to see clearly. Corrective options for astigmatism include corrective lenses (glasses), contact lenses, LASIK and photorefractive keratectomy.

Blepharitis: An infection of the eyelids, blepharitis is sometimes called granulated eyelids, and it can be associated with poor hygiene, dry eye or oily skin. The condition often begins as a type of eye inflammation but can rapidly proceed to infection. The condition can also become chronic. Sufferers can experience itching, burning, scratchiness, foreign body sensation, excessive tearing and a crusty debris around the eyelashes.

Corneal ulcer: This condition is caused by the infection of the cornea by bacteria, virus, fungi or amoebae. It also can be caused by corneal abrasions and poor contact lens hygiene. Symptoms of corneal ulcer include eye pain, redness, itching and burning, white patch on the cornea, impaired vision, increased tearing and sensitivity to light.

Cataracts: A cataract occurs when the eye's lens, which works like the lens of a camera, becomes so clouded that it keeps light and images from reaching the retina. This can lead to image blurring, glare, double vision and decreased night vision. In most cases, this clouding is caused by the aging process, but it can also stem from eye injury and certain diseases. Cataract affects nearly 20.5 million Americans age 40 and older, or about one in every six people in this age range. By age 80, more than half of all Americans have cataracts. The best way to treat a cataract is through a surgical procedure where the old, clouded lens is removed and replaced by an artificial lens.

Conjunctivitis: Commonly known as pink eye, conjunctivitis is an infection of the inner eyelid membrane. It can be caused by a virus or bacteria and is characterized by red, itching, watery eyes with a burning and scratchy feeling. The infection may also cause blurred vision and sensitivity to light. Pink eye can usually be treated with an antibiotic. Avoid spreading pink eye by washing any clothes, towels or pillow cases touched by the infected eye

Diabetic retinopathy: Diabetic retinopathy is a complication that occurs in patients with type 1 and type 2 diabetes as a result of the condition damaging the blood vessels inside the retina. This condition affects 5.3 million Americans age 18 and older. If the damaged vessels leak blood, severe vision loss and even blindness can occur. Diabetic retinopathy often occurs without symptoms, and at-risk patients should have a dilated eye exam at least once a year. This condition has four stages; the first three are treated by controlling blood sugar, blood pressure and blood cholesterol. The final stage is treated with laser surgery which causes abnormal blood vessels to shrink.

Dry eye: This condition, characterized by burning, scratching and stinging, is caused by a lack of tears. Tears provide natural lubricant to cleanse the eye and wash particles away. Dry eye is often caused by aging, dry environment, sun exposure, allergies and smoking and can be treated with artificial tear drops or ointment.

Glaucoma: Glaucoma is a group of diseases that can damage the eye's optic nerve, resulting in vision loss or blindness. Glaucoma often develops with no symptoms and no pain, but left untreated, can lead to gradual loss of peripheral vision. The condition affects 2.2 million Americans age 40 and older. When diagnosed early, glaucoma can be treated with medicines, laser trabeculoplasty, conventional surgery, or a combination of these treatments. While remaining vision can be saved through treatment, there is currently no cure for glaucoma and lost vision can not be restored.

Hyperopia, or farsightedness: A condition of the eye in which the cornea has too little curvature or the eyeball is too short, causing light entering the eye to focus incorrectly. This leads to blurred near vision that can be treated with corrective lenses, contact lenses, LASIK surgery and photorefractive keratectomy.

Myopia: Better known as nearsightedness, myopia is a condition that results in blurred distance vision. This occurs when the eyeball is too long or the cornea has too much curvature, causing light entering the eye to focus incorrectly. Myopia can be corrected with glasses, contact lenses, LASIK surgery and photorefractive keratectomy.

Presbyopia: Presbyopia most often occurs in people over age 45 when the eye loses its ability to focus on nearby objects. The lens of the eye loses its elasticity and the individual is no longer able to read, drive or perform other tasks requiring nearsightedness without the aid of glasses.

Retinal detachment: Usually the retina is attached to the inner surface of the eye. If there is a tear or hole in the retina then fluid can get underneath it. This weakens the attachment so that the retina becomes detached – rather like wallpaper peeling off a damp wall. When this happens the retina cannot compose a clear picture from the incoming rays and vision becomes blurred and dim. The most common symptom of a detached retina is a shadow spreading across the vision of one eye, often accompanied by bright flashes of light or showers of dark spots called floaters. These symptoms are never painful. While never causing any pain in the patient, prompt treatment is necessary – as medical attention can often minimize the damage to your eye.