

Basel, 30 January 2009

To the holders of American Depositary Receipts (ADRs) of Novartis AG

Notice of Annual General Meeting

JPMorgan Chase Bank, as the ADR depository (the "Depository"), has been notified that the Annual General Meeting of Novartis AG will be held on Tuesday, February 24, 2009, at 10:00 am CET.

If you wish to have the Depository vote the Novartis shares underlying your ADRs on the agenda items listed below, please so direct the Depository by timely executing the attached proxy materials.

Agenda and Proposals of the Board of Directors

1. Approval of the Annual Report, the Financial Statements of Novartis AG and the Group Consolidated Financial Statements for the Business Year 2008

The Board of Directors proposes approval.

The resolution will be taken after the Remuneration Report has been commented on and questions from shareholders have been answered.

2. Discharge from Liability of the Members of the Board of Directors and the Executive Committee

The Board of Directors proposes discharge from liability of the Members of the Board of Directors and the Executive Committee for their activities during the business year 2008.

3. Appropriation of Available Earnings of Novartis AG as per Balance Sheet and Declaration of Dividend

Balance brought forward	CHF	—
Net income of 2008	CHF	14,282,215,571
Available earnings at the disposal of the AGM	CHF	14,282,215,571

The Board of Directors proposes appropriation of the available earnings as per balance sheet as follows

Dividend	CHF	-4,906,210,030
Transfer to free reserves	CHF	-9,376,005,541
Balance to be carried forward	CHF	—

The total dividend payment of CHF 4,906,210,030 is equivalent to a gross dividend of CHF 2.00 per registered share of CHF 0.50 nominal value entitled to dividends. Assuming that this proposal by the Board of Directors for the earnings appropriation is approved, payment will be made with effect from 27 February 2009.

4. Reduction of Share Capital

The Board of Directors proposes that 6,000,000 shares repurchased under the sixth share repurchase program be cancelled and the share capital be reduced accordingly by CHF 3,000,000, from CHF 1,321,811,500 to CHF 1,318,811,500.

Article 4 of the Articles of Incorporation shall thus be amended as follows:

- 1 The share capital of the Company is CHF 1,318,811,500, fully paid-in and divided into 2,637,623,000 registered shares. Each share has a nominal value of CHF 0.50.
- 2 (unchanged)

5. Amendments to the Articles of Incorporation

5.1 Introduction of a consultative vote on the Remuneration Report

The Board of Directors proposes the rejection of the following request from Ethos and eight other shareholders to amend the Articles of Incorporation:

Powers of the General Meeting

Article 18, paragraph 2 (new) to be added to the Articles of Incorporation:

The General Meeting holds an annual consultative vote on the remuneration report.

Powers of the Board of Directors

Article 25, paragraph 3 (new) to be added to the Articles of Incorporation:

The Board of Directors prepares a remuneration report for the General Meeting. The report contains the remuneration system and the amounts paid to the Board of Directors and the Executive Committee in the preceding business year.

5.2 Purpose

The Board of Directors proposes the approval of the following amendments to the Articles of Incorporation:

Article 2, paragraph 3 (new) to be added to the Articles of Incorporation:

In pursuing its purpose, the Company strives to create sustainable value.

5.3 Auditors

The Board of Directors proposes the approval of the following amendments to the Articles of Incorporation (deletion of references to the Group Auditors):

Article 18 of the Articles of Incorporation (powers of General Meeting)

The following powers shall be vested exclusively in the General Meeting:

- a) (unchanged)
- b) to elect the members of the Board of Directors and the Auditors
- c)-f) (unchanged)

Auditors

Article 28 of the Articles of Incorporation (Term, Powers and Duties):

The Auditors, who shall be elected by the General Meeting of Shareholders each year, shall have the powers and duties vested in them by law.

6. Elections to the Board of Directors

6.1 Retirement

At this Annual General Meeting, Prof. Peter Burckhardt M.D. is resigning from the Board of Directors, having reached the age limit. At his own wish, Prof. William W. George is also resigning from the Board of Directors.

6.2 Re-elections

The Board of Directors proposes the re-elections of Prof. Srikant M. Datar Ph.D., Andreas von Planta Ph.D., Dr.-Ing. Wendelin Wiedeking and Prof. Rolf M. Zinkernagel M.D. for a three-year term each.

6.3 Election of new member

The Board of Directors proposes the election of Prof. William Brody, M.D., Ph.D. for a three-year term.

7. Appointment of the Auditor

The Board of Directors proposes the retention of the current auditor of Novartis AG, PricewaterhouseCoopers AG, for a further year.

Notes to the Proposals of the Board of Directors

Item 1: Approval of the Annual Report, the Financial Statements of Novartis AG and the Group Consolidated Financial Statements for the Business Year 2008

In accordance with the Swiss Code of Best Practice for Corporate Governance of economiesuisse, the Remuneration Report will be discussed under the agenda item "Approval of the Annual Report". The Lead Director will give additional information on the Remuneration Report and answer questions on it.

Item 4: Reduction of Share Capital

The Annual General Meeting held on 26 February 2008 authorized the Board of Directors to repurchase a maximum of CHF 10 billion worth of Novartis shares under a sixth repurchase program. Under this program so far, 6,000,000 shares have been repurchased via a second trading line on SWX Europe.

The Board of Directors now proposes that the Annual General Meeting approve the cancellation of a total of 6,000,000 shares, representing a nominal value of CHF 3,000,000, repurchased under the sixth share repurchase program and that the share capital in Article 4 of the Articles of Incorporation be reduced accordingly.

PricewaterhouseCoopers AG, the statutory auditors of Novartis, have confirmed in a special report prepared for the Annual General Meeting that, from today's perspective, the claims of creditors remain covered even with the proposed reduction in share capital.

Item 5: Amendments to the Articles of Incorporation

Item 5.1: Introduction of a consultative vote on the Remuneration Report

For the following reasons, the Board of Directors proposes the rejection of the request from Ethos and eight other shareholders to amend the Articles of Incorporation:

The shareholders already receive the information called for by the request on the remuneration system and the remuneration paid to the Board of Directors and the Executive Committee. Indeed, the Remuneration Report published by Novartis already contains more information than requested by the supporters of this request. In addition, shareholders can already speak on the Remuneration Report during the debate on the approval of the Annual Report and ask the Board of Directors questions on it. Furthermore, as shareholders have the option not to approve the Annual Report, they can use their votes to express their opinion on the Remuneration Report ("say on pay").

Any vote by the shareholders (binding or consultative) on the remuneration of the Executive Committee would be a severe intrusion on a central area of responsibility for the Board of Directors. Swiss law provides for inalienable duties of the Board of Directors that may not be revoked by the General Meeting. These duties of the Board of Directors include, in particular, the appointment of the members of the Executive Committee and thus also the determination of their remuneration.

A vote by the shareholders on the remuneration of the Executive Committee is also not appropriate, because shareholders do not have the essential basis to make an assessment. To determine remuneration, confidential information – such as detailed market share, margins or strategic objectives – is needed, and this information cannot be made available to shareholders.

As a general matter, consultative, i.e. non-binding, votes make no sense because the results of such votes may not influence the decision-making process of the Board of Directors due to their non-binding nature, and the Board of Directors has to decide on the subject-matter of the vote irrespective of the result of that vote.

A vote on the Remuneration Report has little meaning because the vote combines highly differing viewpoints of the shareholders without the possibility to determine which elements of the remuneration system, or the remuneration itself, are being criticized or faulted. It cannot be determined whether the shareholders, through their votes, wish to say that they disagree with the remuneration system as a whole, with all or only some of the remuneration paid to members of the Executive Committee or the Board of Directors, or that they are dissatisfied with the Board of Directors, the Executive Committee or the performance of Novartis.

Item 5.2: Purpose

The addition to this Article underscores the efforts of Novartis to create sustainable value when pursuing the Company's purpose.

Item 5.3: Auditors

Amendments made in 2008 to the Swiss Code of Obligations nullified the distinction between Auditors and Group Auditors. Since these amendments, the Financial Statements and the Group Consolidated Financial Statements are audited by a single auditing organization. The proposed amendment to the Articles of Incorporation reflects this change in the law and is of a purely formal nature.

Item 6: Elections to the Board of Directors

Item 6.2: Re-elections

Elections will be carried out individually.

For further information, please see biographies in the Annual Report, Section Corporate Governance – Board of Directors – Biographical Information (<http://www.novartis.com/newsroom/corporate-publications/index.shtml>).

Item 6.3: Election of new member

Prof. William Brody, M.D., Ph.D. was President of the Johns Hopkins University in Baltimore, USA until the end of 2008 and is President-designate of the Salk Institute in La Jolla, USA. Before that, he was active in various academic positions such as Professor for Radiology and Electrical Engineering at Stanford University and Professor and Director of the Department of Radiology at the Johns Hopkins University.

He is a member of the Boards of Directors of IBM, AEGON USA and Mercantile Bankshares Corporation. Prof. Dr. Brody is also a member of numerous professional associations and also serves on the advisory boards of various government and non-profit organizations.

Prof. Dr. Brody earned his B.S and M.S. degrees in electrical engineering from the Massachusetts Institute of Technology (MIT) before completing his M.D. and Ph.D. at Stanford University. He is married and has two children.

Prof. Dr. Brody meets the independence criteria of Novartis for Members of the Board of Directors as set forth in the Appendix to the Regulations of the Board of Directors (*Organisationsreglement*).

ADR Voting

Article 5 of Novartis's Articles of Incorporation states that no person (legal or natural) shall be registered with the right to vote more than 2% of the registered share capital (held in the form of shares, ADRs or a combination of both). Furthermore, Article 5 of Novartis's Articles of Incorporation limits the registration of nominees with the right to vote to 0.5% of the registered share capital. Shareholders holding more than 0.5% (up to 2%) of the registered share capital (held in the form of shares, ADRs or a combination of both) through a nominee may only vote if the nominee discloses the name, address and the number of shares held by such shareholder.

As of January 2009, Novartis had a total of 2'643'623'000 shares registered in the commercial registry. Each ADR represents one Novartis Share. If your total holding exceeds 2% of the registered share capital (52'872'460 Novartis shares, ADRs or a combination of both), your information and voting instructions will be registered without the right to vote those Novartis Shares in excess of 2% of Novartis's registered share capital. If you would like to vote these Novartis Shares in excess of 2% of Novartis's registered share capital, you will need to request an individual exemption from the Board of Directors of Novartis.

Beneficial Holders

If you hold your ADRs with a broker, bank or other nominee whose total holding exceeds 0.5% of the registered share capital (13'218'115 Novartis shares, ADRs or a combination of both), by submitting voting instructions for your Novartis ADRs, you will be authorizing your broker, bank or other nominee to disclose your name, address and the number of shares you hold to JPMorgan and Novartis.

Registered Holders

If you are a registered holder of ADRs and properly sign, date and submit voting instructions for your Novartis ADRs, JPMorgan Chase Bank ("JPMorgan"), as the ADR depository, will provide your name, address and ADR holdings to Novartis.

Voting Instructions for ADR Holders

JPMorgan reminds all eligible ADR holders that the deadline to submit voting instructions is included on the Voting Instruction Card you have received. ADR holders on the Record Date (January 23, 2009) have the choice of either providing specific voting instructions for each agenda item, or doing nothing, in which case, to the extent instructions are not so received from such holders, such holders will be deemed to have instructed JPMorgan to give a discretionary proxy to an independent proxy (*unabhängiger Stimmrechtsvertreter*) designated by Novartis pursuant to paragraph 13 of the Deposit Agreement governing ADRs.

For further information, please see the Questions and Answers section of this document.

Disclosure

By voting through the Internet or by telephone or by signing and returning the Voting Instruction Card, you are:

- Certifying that you were a record holder of ADRs as of the close of business on January 23, 2009;
- Certifying that you, as a single person (legal or natural) do not own in excess of 2% of Novartis AG's registered share capital;
- Instructing JPMorgan to vote the Novartis registered shares underlying your ADRs in the manner indicated in the Internet or telephone voting instructions or Voting Instruction Card; and
- Authorizing and directing the disclosure of your name, address and number of ADRs held as a registered ADR holder, or as a beneficial ADR holder whose broker, bank or other nominee's total holdings exceed 0.5% of Novartis's registered share capital, to JPMorgan and Novartis for the purpose of enabling Novartis to ensure compliance with its Articles of Incorporation.

PLEASE NOTE THAT YOUR VOTING INSTRUCTIONS WILL NOT BE PROCESSED IF YOU DO NOT SIGN (IF APPLICABLE) OR COMPLETE ALL REQUIRED INFORMATION, INCLUDING YOUR NAME, ADDRESS AND ADR HOLDINGS.

Frequently Asked Questions

Q: Which ADR holders are entitled to direct JPMorgan to vote?

A: Holders of Novartis ADRs on the ADR Record Date of January 23, 2009, will receive the proxy material and are entitled to direct JPMorgan, as the ADR depository, to vote.

Q: Can I attend the Annual General Meeting in person?

A: ADR holders may not attend the Annual General Meeting in person. ADR holders may give voting instructions to JPMorgan by mailing a Voting Instruction Card, through the Internet or on the telephone.

Q: What happens if I do nothing and do not provide any voting instructions?

A: If you do not provide voting instructions, you will be deemed to have instructed JPMorgan, as the ADR depository, to give a discretionary proxy to an independent proxy designated by Novartis pursuant to paragraph 13 of the Deposit Agreement governing ADRs. The independent proxy designated by Novartis will vote any unvoted shares underlying the ADRs.

Q: Why does Novartis need my personal information for me to give voting instructions?

A: Novartis needs the name, address and number of ADRs held from registered ADR holders and from beneficial ADR holders when your broker, bank or other nominee's total holdings exceed 0.5% of Novartis's registered share capital to ensure compliance with the requirements of Article 5 of Novartis's Articles of Incorporation.

Q: Will my vote be counted at the Annual General Meeting?

A: If you have mailed your properly completed and signed Voting Instruction Card so that it is received before the voting deadlines as noted on your Voting Instruction Card, or if you have properly submitted your vote by telephone or the Internet by such date, and, if required, you have authorized your financial institution (bank or broker) to disclose your name, address and the number of shares you hold, JPMorgan will exercise the voting rights of the registered Novartis shares underlying your ADRs in the manner you have instructed.

Q: Am I restricted in trading my ADRs if I register my ADRs?

A: Neither the registration of ADRs with JPMorgan (in case of registered ADRs) nor the disclosure of your name, address and ADR holding to Novartis affects the transferability of your ADRs. No trading restriction on ADRs is imposed by JPMorgan or Novartis. ADR holders may, therefore, purchase or sell their ADRs at any time, including prior to a general meeting, regardless of the Record Date. The Record Date serves only to determine the right to direct JPMorgan to vote at Novartis's Annual General Meeting.

Q: Can I vote on additional and/or counter-proposals presented by shareholder at the Annual General Meeting?

A: Resolution 8 of your Voting Instruction Card allows you to vote on additional and/or counter-proposals presented by shareholders at the Annual General Meeting as follows:

Mark the FOR Box to vote according to the proposal of the Board of Directors. Mark the AGAINST Box if you disagree with the proposal of the Board of Directors. Mark the ABSTAIN Box to abstain from voting on additional and/or counter-proposals presented at the Annual General Meeting.

JPMorgan will consider "AGAINST" votes as abstentions and will not use them to vote against the proposal of the Board of Directors, since ADR holders (as well as Novartis shareholders) not attending the Annual General Meeting are not aware of the contents of the additional proposals or counter-proposals.

If no instructions are provided on Resolution 8, JPMorgan will direct the Independent Proxy to cast the votes of the Novartis Registered Shares underlying your ADRs according to the proposals of the Board of Directors.

Q: How can I get additional information about the ADR voting process and the Annual General Meeting?

A: If you are a registered or a beneficial ADR holder and have any questions about the ADR voting process or Novartis's Annual General Meeting, please call JPMorgan at (877) 816-5333.