

Basel, January 30, 2012

To the holders of American Depositary Shares (ADSs) of Novartis AG

Notice of Annual General Meeting

JPMorgan Chase Bank, N.A., the ADS depository (the “Depository” or “JP Morgan”), has been notified that the Annual General Meeting of Novartis AG will be held in Basel, Switzerland on Thursday, February 23, 2012, at 10:00 am CET.

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

Agenda

1. Approval of the Annual Report, the Financial Statements of Novartis AG and the Group Consolidated Financial Statements for the Business Year 2011

The Board of Directors proposes approval.

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 its members and those of the Executive Committee for the business year 2011.

3. Appropriation of Available Earnings of Novartis AG and Declaration of Dividend

| | | |
|---|-----|---------------|
| Balance brought forward | CHF | — |
| Net income of 2011 | CHF | 5,370,749,043 |
| Partial use of free reserves | CHF | 477,787,917 |
| Available earnings at the disposal of the AGM | CHF | 5,848,536,960 |

The Board of Directors proposes appropriation of the available earnings as follows:

| | | |
|--|-----|----------------|
| Gross dividend of CHF 2.25 per dividend bearing share* of CHF 0.50 nominal value | CHF | -5,848,536,960 |
| Balance to be carried forward | CHF | — |

* No dividend will be declared on repurchased shares which are intended for cancellation and on treasury shares held by Novartis AG.

Assuming that this proposal by the Board of Directors for the earnings appropriation is approved, payment will be made with effect from March 1, 2012.

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 share repurchase program. In 2009, the Annual General Meeting of Novartis AG approved the cancellation of 6,000,000 shares (representing a nominal value of CHF 3,000,000) which were previously repurchased under this program. In the business year 2011, a further 39,430,000 shares (representing a nominal value of CHF 19,715,000) were repurchased via the second trading line on SIX Swiss Exchange, leaving repurchases of up to CHF 7.6 billion still authorized under the program. The 39,430,000 shares repurchased in 2011 are also to be cancelled and the share capital reduced accordingly.

PricewaterhouseCoopers AG, the auditor of Novartis, has 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.

The Board of Directors proposes that 39,430,000 shares repurchased under the sixth share repurchase program be cancelled, the share capital reduced accordingly by CHF 19,715,000, from CHF 1,372,811,500 to CHF 1,353,096,500 and Article 4 paragraph 1 of the Articles of Incorporation amended as follows:

The share capital of the Company is CHF 1,353,096,500, fully paid-in and divided into 2,706,193,000 registered shares. Each share has a nominal value of CHF 0.50.

5. Elections to the Board of Directors

5.1 Re-elections

William Brody M.D. Ph.D., Srikant Datar Ph.D., Andreas von Planta Ph.D., Dr. Ing. Wendelin Wiedeking and Rolf M. Zinkernagel M.D. are standing for re-election. Elections will be carried out individually. You will find information on the Directors in the Annual Report, Corporate Governance Report – Our Board of Directors (<http://www.novartis.com/annualreport2011>).

The Board of Directors proposes the re-elections of Srikant Datar Ph.D., Andreas von Planta Ph.D. and Dr. Ing. Wendelin Wiedeking for a three-year term each, and William Brody M.D. Ph.D. and Rolf M. Zinkernagel M.D. for a two-year term each (due to their reaching the age limit).

5.2 Election of new member

The Board of Directors proposes the election of Dimitri Azar, M.D., for a three-year term.

Dr. Dimitri Azar is Dean of the College of Medicine and Professor of Ophthalmology, Bioengineering, and Pharmacology of the University of Illinois at Chicago, USA. He holds a medical degree from the American University of Beirut, Lebanon, an Honorary MA from Harvard University and an Executive MBA from the University of Chicago, Booth School of Business, USA.

From 1983 until 1986, Dr. Azar worked at the American University Medical Center, Beirut, Lebanon, and from 1986 until 1991, he completed his fellowship and residency training at the Massachusetts Eye and Ear Infirmary at Harvard Medical School and also received a research fellowship at the Schepens Eye Research Institute, Boston, USA. From 1991 until 1996, Dr. Azar practiced at the Wilmer Ophthalmologic Institute at Johns Hopkins Hospital School of Medicine. In 1996, he returned to the Massachusetts Eye and Ear Infirmary as the Director for Corneal and External Diseases. He became Professor of Ophthalmology with tenure at Harvard Medical School in 2003 and Professor and Head of the Department of Ophthalmology and Visual Sciences at the University of Illinois at Chicago, USA in 2006.

Dr. Azar is an internationally recognized ophthalmic surgeon and prolific researcher. He has been named one of The Best Doctors in America or one of the Castle Connolly Top Doctors in America annually since 1994. He holds multiple committee positions with the American Academy of Ophthalmology, is a member of the American Ophthalmological Association, and sits on the Board of Trustees of the Chicago Ophthalmological Society and the Association of Research in Vision and Ophthalmology. He has received multiple leadership awards, including the 2009 Lans Distinguished Award from the International Society of Refractive Surgery. In 2009, the University of Illinois at Chicago selected him for a University Scholar Award.

Dr. Azar was born in 1959. He is a US citizen.

6. Appointment of the Auditor

The Board of Directors proposes the election of PricewaterhouseCoopers AG as auditor of Novartis AG for one year.

ADS Voting

Article 5 of the Novartis 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, ADSs or a combination of both).

As of January 30, 2012, Novartis had a total of 2,745,623,000 shares registered in the commercial register of Basel-Stadt, Switzerland. Each ADS corresponds to one Novartis share. If your total holding (including without limitation holding through nominees) exceeds 2% of the registered share capital (i.e. 54,912,460 Novartis shares, ADSs or a combination of both), those Novartis shares exceeding 2% of Novartis's registered share capital will have no voting rights, unless you obtain prior individual exemption from the Board of Directors of Novartis.

Registered Holders

If you are a registered holder of ADSs and properly sign, date and submit voting instructions for your Novartis ADSs, JPMorgan will provide your name, address and ADS holdings to Novartis.

Beneficial Holders

Article 5 of the Novartis 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 through a nominee may only vote if the nominee discloses the name, address and the number of shares held by such shareholders.

If you submit voting instructions to your broker, bank or other nominee whose total holding exceeds 0.5% of the registered share capital (i.e. 13,728,115 Novartis shares, ADSs or a combination of both), you will be authorizing them to disclose your name, address and the number of shares you hold to JPMorgan and Novartis.

Voting Instructions for ADS Holders

JPMorgan reminds all eligible ADS holders that the deadline to submit voting instructions is included on the Voting Instruction Card received. Such ADS holders have the choice of either providing specific voting instructions for each agenda item or doing nothing. Those who do nothing will be deemed to have instructed JPMorgan to give a discretionary proxy to an independent proxy designated by Novartis.

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

Disclosure

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

- Certifying that you were an ADS holder at close of business on January 26, 2012;
- Certifying that you, as a single person (legal or natural) do not directly or indirectly own more than 2% of Novartis AG's registered share capital (Novartis shares, ADSs or a combination of both);
- Instructing JPMorgan to vote the Novartis registered shares underlying your ADSs in the manner indicated; and
- Authorizing the disclosure to JPMorgan and Novartis of your name, address and number of ADSs held as a registered ADS holder, or as a beneficial ADS holder whose broker, bank or other nominee's total holdings exceed 0.5% of the Novartis registered share capital.

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 ADS HOLDINGS.

Frequently Asked Questions

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

A: Holders of Novartis ADSs on the ADS Record Date of January 26, 2012, will receive the proxy material and are entitled to direct JPMorgan, as the ADS depository, to vote.

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

A: ADS holders may not attend the Annual General Meeting in person. ADS 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 ADS depository, to give a discretionary proxy to an independent proxy designated by Novartis pursuant to paragraph 13 of the Deposit Agreement governing ADSs. The independent proxy designated by Novartis will vote any unvoted shares underlying the ADSs.

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

A: Novartis needs the name, address and number of ADSs held from registered ADS holders and from beneficial ADS 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 as a registered ADS holder and/or as a beneficial ADS holder when your broker, bank or other nominee holdings exceed 0.5% of Novartis' registered share capital (see "Beneficial Holders" on the previous page), JPMorgan will exercise the voting rights of the registered Novartis shares underlying your ADSs in the manner you have instructed, subject to the 2 % limit of the registered share capital of Article 5 of the Novartis Articles of Incorporation (see "ADS Voting" on the previous page).

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

A: Neither the registration of ADSs with JPMorgan (in case of registered ADSs) nor the disclosure of your name, address and ADS holding to Novartis affects the transferability of your ADSs. No trading restriction on ADSs is imposed by JPMorgan or Novartis. ADS holders may, therefore, purchase or sell their ADSs 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 shareholders at the Annual General Meeting?

A: Resolution 7 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 ADS 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 instruction on Resolution 7 is received from an ADS holder, such holder will be deemed to have instructed JPMorgan to give a discretionary proxy to an independent proxy designated by Novartis pursuant to paragraph 13 of the Deposit Agreement governing ADSs.

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

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