Form **8937**

(December 2017) Department of the Treasury Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-0123

Part I Reporting Issuer									
1	Issuer's name				2 Issuer's employer identification number (EIN)				
Nov	artis AG				98-0363351				
3	Name of contact for a	additional information	4 Telephor	e No. of contact	5 Email address of contact				
	athan Graham			+1 201 602 9921	investor.relations@novartis.com				
6	Number and street (o	or P.O. box if mail is not	delivered to	street address) of contact	7 City, town, or post office, state, and ZIP code of contact				
		ils, One Health Plaza	1		East Hanover, NJ 07936				
8 Date of action 9 Classification and description									
	ober 4, 2023	44 0 11 1 4	Commor		40.4				
10	CUSIP number	11 Serial number	S)	12 Ticker symbol	13 Account number(s)				
Do	66987V109			SIX: NOVN, NYSE: NV					
	_				. See back of form for additional questions. date against which shareholders' ownership is measured for				
14									
	See 3	attachment (Attachm	ent to Form 8	3937, Part II - Sandoz Gr	oup AG).				
15	Describe the quant	itative effect of the orga	anizational act	tion on the basis of the se	ecurity in the hands of a U.S. taxpayer as an adjustment per				
					8937, Part II - Sandoz Group AG").				
	•	<u> </u>	cc attacrimer	it (/ titaeriment to i orini	orar, Farth Sandoz Group No).				
16	Describe the calcul	ation of the change in b	pasis and the	data that supports the cal	Iculation, such as the market values of securities and the				
	valuation dates ► S	See attachment ("Attac	chment to Fo	rm 8937, Part II - Sandoz	z Group AG").				
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Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge a belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.									
	Signa	ture ► _	/s/Peter Schreiner /s/Daniel Weiss			16 October 2023				
	Print your name ► Peter Schreiner / Daniel Weiss			niel Weiss	Title ► Head of Tax / Global Head Treasury					
Paid		Print/Type preparer's name		Preparer's signature	Date	Check if self-employed				
-		Firm's	name ►		Firm's EIN ▶					
USE Offing		Firm's	address ▶	Phone no.						
Send Fo	belief, it in see Signature Print you deparer Fig. Only	37 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054								

Novartis AG Attachment to Form 8937, Part II – Sandoz Group AG Report of Organizational Actions Affecting Basis of Securities

Part II, Question 14

On October 4, 2023, Novartis AG ("Novartis") distributed 100% of the shares of Sandoz Group AG ("Sandoz") to the holders of Novartis Shares (the "Distribution"). In the Distribution, each holder of Novartis Shares received 1 Sandoz Share for every 5 Novartis Shares. As used herein, "Novartis Shares" refers to Novartis ordinary shares or Novartis American Depositary Receipts ("ADRs") and "Sandoz Shares" refers to Sandoz ordinary shares or Sandoz ADRs.

Part II, Question 15

See response to Question 16.

Part II, Question 16

The aggregate tax basis of the Novartis Shares and Sandoz Shares held by each holder immediately after the Distribution will be the same as the aggregate tax basis of the Novartis Shares held immediately before the Distribution, allocated between the Novartis Shares and the Sandoz Shares in proportion to their relative fair market values on the date of the Distribution.

There are a number of ways to determine the fair market value of Novartis Shares and Sandoz Shares. The allocation described below is based on the closing trading price (i) on the New York Stock Exchange of Novartis ADRs and (ii) on OTCQX in the US overthe-counter market of Sandoz ADRs, each on October 4, 2023. Other valuation methodologies may exist, however, and we urge you to consult your own tax advisor regarding these basis allocation calculations.

The following example illustrates the tax basis allocation. Assume a shareholder held 100 Novartis Shares, acquired before the Distribution for \$50/share, for an aggregate tax basis of \$5,000. In the Distribution, such shareholder received 20 Sandoz Shares. Tax basis would be allocated as follows:

Number of Shares		Closing Price on October 4	FMV of Shares Post-Distribution	Percentage of Total FMV	Allocated Tax Basis	Allocated Tax Basis Per Share
Novartis Shares	100	\$96.16	\$9,616.00	94.7725%	\$4,738.63	\$47.38
Sandoz Shares	20	\$26.52	\$530.40	5.2275%	\$261.37	\$13.07

Novartis shareholders who acquired blocks of Novartis Shares at different times or at different prices should perform the foregoing allocation separately with respect to each such block of Novartis Shares. Such holders should consult their own tax advisors in performing the foregoing allocation with respect to such blocks of Novartis Shares.

Part II, Question 17

Sections 355 and 358.

Part II, Question 18

No, except with respect to cash received in lieu of fractional shares.

Part II, Question 19

The Distribution occurred in calendar year 2023.

The foregoing discussion is not a complete analysis or discussion of all the potential tax consequences of the Distribution. Please consult your own tax advisors as to the specific tax consequences to you of the Distribution, including tax return reporting requirements and the applicability and effect of U.S. federal, state, local and foreign income and other tax laws in light of your particular circumstances.