

**MEDIA RELEASE • COMMUNIQUE AUX MEDIAS • MEDIENMITTEILUNG**

## **Novartis shareholders approve all resolutions proposed by Board of Directors at the Annual General Meeting**

- *Shareholders approve 20<sup>th</sup> consecutive dividend increase to CHF 2.75 (+2%) per share for 2016; representing a 3.5% yield and approximately 69% payout of free cash flow*
- *Dr. Joerg Reinhardt confirmed by shareholders as Chairman of the Novartis Board of Directors as well as all other members who have stood for re-election; Frans van Houten elected as new member of the Board*
- *Shareholders approve all other proposals of the Board of Directors, including future Board and Executive Committee compensation*

**Basel, February 28, 2017** — Novartis shareholders today agreed to the Board of Directors' recommendations for all proposed resolutions at the Group's Annual General Meeting (AGM). A total of 1,805 shareholders were present at the meeting held in Basel, representing approximately 60,6% of the issued shares of Novartis.

Shareholders approved the 20<sup>th</sup> consecutive dividend increase per share since the creation of Novartis in 1996, with an increase of 2% to CHF 2.75 for 2016. Payment for the 2016 dividend will be made on March 6, 2017. The dividend for 2016 is an approximately 69% payout of free cash flow, reinforcing the Company's commitment to a strong dividend yield.

### **Annual re-election and election of Members of the Board**

Shareholders re-elected Dr. Joerg Reinhardt as Chairman of the Board of Directors, and all members of the Board, for one year. In addition, shareholders elected Frans van Houten as a new member of the Board of Directors.

In addition, shareholders re-elected the following members of the Board of Directors to the Compensation Committee for one year: Srikant Datar, Ph.D., Ann Fudge, Enrico Vanni, Ph.D. and William T. Winters. The Committee will be chaired by Mr. Vanni.

In line with the Board of Director's recommendation, shareholders also approved the cancelation of 10,270,000 shares repurchased on the second trading line under the seventh share repurchase program in the financial year 2016 and to reduce the share capital accordingly by CHF 5,135,000, from CHF 1,313,557,410 to CHF 1,308,422,410.

### **Votes on Compensation for the Board of Directors and the Executive Committee**

In two separate binding votes, shareholders approved the total maximum amount of compensation for the Board of Directors covering the period from the 2017 AGM to the 2018 AGM and the total maximum amount of compensation of the Executive Committee for 2018.

Furthermore, in an advisory vote, shareholders endorsed the 2016 Compensation Report. The Board of Directors and the Compensation Committee will review the feedback received by a number of investors and proxy advisors and ensure that compensation systems continue to be in the best interest of shareholders and the company.

For a detailed listing of all resolutions presented at the 2017 Annual General Meeting, please visit: <https://www.novartis.com/sites/www.novartis.com/files/2017-novartis-agm-notice.pdf>

### **Disclaimer**

The foregoing release contains forward-looking statements that can be identified by terminology such as “proposed,” “proposals,” “recommendations,” “will,” “commitment,” “recommendation,” “advisory,” “endorsed,” or similar expressions, or by express or implied discussions regarding the potential future impact on Novartis of the matters described in this release, including matters involving the seventh share repurchase program and involving compensation of the Board of Directors and the Executive Committee. You should not place undue reliance on these statements. Such forward-looking statements reflect the current views of management regarding 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. There can be no guarantee as to the ultimate outcome of the matters described in this release. In particular, management’s expectations regarding these matters could be affected by, among other things, the impacts of these matters on Novartis, including on its management and on its financial results; the potential impact of these matters on the competitiveness of Novartis or competition in general; the public reaction to these matters; the impact that the foregoing factors could have on the values attributed to the Novartis Group's assets and liabilities as recorded in the Group's consolidated balance sheet, and other risks and factors referred to in Novartis AG's current Form 20-F on file with the US Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. Novartis is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release as a result of new information, future events or otherwise.

### **About Novartis**

Novartis provides innovative healthcare solutions that address the evolving needs of patients and societies. Headquartered in Basel, Switzerland, Novartis offers a diversified portfolio to best meet these needs: innovative medicines, cost-saving generic and biosimilar pharmaceuticals and eye care. Novartis has leading positions globally in each of these areas. In 2016, the Group achieved net sales of USD 48.5 billion, while R&D throughout the Group amounted to approximately USD 9.0 billion. Novartis Group companies employ approximately 118,000 full-time-equivalent associates. Novartis products are sold in approximately 155 countries around the world. For more information, please visit <http://www.novartis.com>.

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