To the shareholders of Novartis AG

Invitation to the Annual General Meeting

Date: Thursday, February 28, 2019, 10.00 a.m. (doors open at 8.30 a.m.)
Place: St. Jakobshalle, St. Jakobs-Strasse 390, 4052 Basel, Switzerland

Basel, January 30, 2019
Agenda

1 Approval of the Operating and Financial Review of Novartis AG, the Financial Statements of Novartis AG and the Group Consolidated Financial Statements for the 2018 Financial Year
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 for each of its members and for each of the members of the Executive Committee for the 2018 financial year (in a single vote for all members of the Board of Directors and of the Executive Committee).

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance brought forward</td>
<td>CHF 4,833,109,672</td>
</tr>
<tr>
<td>2018 net income of Novartis AG</td>
<td>CHF 10,966,901,239</td>
</tr>
<tr>
<td>Available earnings as per balance sheet</td>
<td>CHF 15,800,010,911</td>
</tr>
</tbody>
</table>

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

- Gross dividend (before taxes and duties) of CHF 2.85 per dividend-bearing share* of CHF 0.50 nominal value CHF -6,963,614,110
- Balance to be carried forward CHF 8,836,396,801

* No dividend will be declared on treasury shares held by Novartis AG or its fully owned subsidiaries.

Assuming that this proposal by the Board of Directors is approved by the Annual General Meeting of shareholders, payment of the dividend will be made as from March 6, 2019. The last trading day with entitlement to receive the dividend is March 1, 2019. As from March 4, 2019 the shares will be traded ex-dividend.

4 Reduction of Share Capital
The Annual General Meeting held on February 23, 2016 authorized the Board of Directors to repurchase up to a maximum of CHF 10 billion worth of shares under a seventh share repurchase program. In 2016, 10,270,000 shares (representing a nominal value of CHF 5,135,000) were repurchased, which were cancelled in 2017. In 2017, 66,220,000 shares (representing a nominal value of CHF 33,110,000) were repurchased, which were cancelled in 2018.

In 2018, a further 23,250,000 shares (representing a nominal value of CHF 11,625,000) were repurchased via the second trading line on SIX Swiss Exchange. The shares repurchased in 2018 are also to be cancelled and the share capital reduced accordingly. PricewaterhouseCoopers AG, the statutory auditor of Novartis AG, has confirmed in a special report prepared for the Annual General Meeting that, from today's perspective, the claims of creditors remain fully covered even with the proposed reduction in share capital.

The Board of Directors proposes to the Annual General Meeting to state in accordance with the special report of PricewaterhouseCoopers AG that, from today's perspective, the claims of creditors remain fully covered even with the proposed reduction of the share capital, to cancel 23,250,000 shares repurchased under the seventh share repurchase program in 2018, to reduce the share capital accordingly by CHF 11,625,000, from CHF 1,275,312,410 to CHF 1,263,687,410, through the cancellation of the said repurchased shares and to amend Article 4 paragraph 1 of the Articles of Incorporation as follows:

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The share capital of the Company is CHF 1,263,687,410, fully paid-in and divided into 2,527,374,820 registered shares. Each share has a nominal value of CHF 0.50.
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5 Further Share Repurchase Program
The Board of Directors proposes that shareholders authorize the Board of Directors to launch an eighth share repurchase program to repurchase shares up to a maximum of CHF 10 billion until the Annual General Meeting in 2022. Any shares repurchased under this share repurchase program are to be cancelled and the corresponding share capital reductions will then be submitted to the shareholders for approval. The repurchased shares will therefore not fall within the scope of the 10% limit on a company's own shares pursuant to Art. 659 of the Swiss Code of Obligations.

6 Special Distribution by Way of a Dividend in Kind to Effect the Spin-off of Alcon Inc.
The Board of Directors proposes to distribute, by way of a dividend in kind, 1 share in Alcon Inc. (an "Alcon Share") for every 5 dividend-bearing shares of Novartis AG* (the "Distribution"). On Novartis AG's stand-alone balance sheet, the Distribution shall be made at the book value of Alcon Inc., amounting immediately prior to the Distribution to a total of approximately CHF 17 bn (estimated) but in any case not exceeding the free reserves of Novartis AG amounting to CHF 25.4 bn (as of December 31, 2018), and be booked against (i) CHF 19,548,000 of capital contribution reserves and (ii) for the remaining part, against free reserves. The Board of Directors shall determine in its discretion the treatment of fractions and holders of physical share certificates ("Heimverwahrer") that do not timely provide the necessary details to receive Alcon Shares (it being understood that respective Alcon Shares shall generally be sold and cash proceeds shall be delivered in lieu of fractions or Alcon Shares of such holders).

* No dividend in kind will be declared on treasury shares held by Novartis AG or its fully owned subsidiaries.

The Distribution is subject to the following conditions precedent:
(i) The Alcon Shares shall have been admitted to listing on the SIX Swiss Exchange and the New York Stock Exchange as from the ex-dividend date (subject to technical deliverables only);
(ii) The U.S. Securities and Exchange Commission ("SEC") shall have declared effective the registration statement on Form 20-F for the Alcon Shares under the U.S. Securities Exchange Act of 1934, as amended, and no stop order suspending the effectiveness of this registration statement shall be in effect and no proceedings for that purpose shall be pending before or threatened by the SEC;
(iii) No order, injunction or decree issued by any governmental authority of competent jurisdiction or other legal restraint or prohibition preventing consummation of the spin-off of Alcon shall be in effect, and no other event outside the control of Novartis shall have occurred or failed to occur that prevents the consummation of the spin-off of Alcon (including, but not limited to, Novartis not being able to complete the internal transactions to separate the businesses currently constituting the eye care devices business of Novartis, comprising its Surgical and Vision Care operations, from the other businesses, due to elements outside of its reasonable control); and
(iv) No other events or developments shall have occurred prior to the ex-dividend date of the Distribution that, in the judgment of the Novartis Board of Directors, would result in the spin-off of Alcon having a material adverse effect (including, but not limited to, material adverse tax consequences or risks) on Novartis or its shareholders.

The Board of Directors shall (i) determine whether these conditions precedent are satisfied and, to the extent legally permissible, have authority to waive any conditions precedent if such waiver is, in the judgment of the Board of Directors, in the best interest of Novartis and its shareholders; and (ii) set the record, ex-dividend and settlement dates of the Distribution, which shall occur as soon as practicable following the satisfaction (or waiver) of these conditions precedent.

Please refer to the enclosed brochure “Proposed Spin-off of Alcon” dated as of January 30, 2019, for further information.
7 Votes on Compensation for the Members of the Board of Directors and the Executive Committee

The Board of Directors proposes to hold separate votes on the compensation of the Board of Directors and the Executive Committee. The enclosed brochure "Compensation Votes at the 2019 Annual General Meeting" sets out further details in relation to the proposed votes on compensation. The 2018 Compensation Report is available electronically under https://www.novartis.com/annualreport2018.

7.1 Binding Vote on the Maximum Aggregate Amount of Compensation for Members of the Board of Directors from the 2019 Annual General Meeting to the 2020 Annual General Meeting

The Board of Directors proposes that shareholders approve the maximum aggregate amount of compensation for the members of the Board of Directors covering the period from the 2019 Annual General Meeting to the 2020 Annual General Meeting, i.e. CHF 8,200,000 (as further described in the enclosed brochure "Compensation Votes at the 2019 Annual General Meeting").

7.2 Binding Vote on the Maximum Aggregate Amount of Compensation for Members of the Executive Committee for the next Financial Year, i.e. 2020

The Board of Directors proposes that shareholders approve the maximum aggregate amount of compensation to be paid, promised or granted during, or in respect of, 2020 to the members of the Executive Committee, i.e. CHF 92,000,000 (as further described in the enclosed brochure "Compensation Votes at the 2019 Annual General Meeting").

7.3 Advisory Vote on the 2018 Compensation Report

The Board of Directors proposes that shareholders endorse, in an advisory vote, the 2018 Compensation Report.

8 Re-elections of the Chairman and the Members of the Board of Directors, Election of a new Member of the Board of Directors

Dimitri Azar, M.D. has decided not to seek another term of office. The Board of Directors and the Executive Committee of Novartis thank Dimitri Azar for many years of distinguished services on the Board of Directors.

The Board of Directors proposes the re-election of Joerg Reinhardt, Ph.D. (also as Chairman of the Board of Directors in a single vote), Nancy C. Andrews, M.D., Ph.D., Ton Buechner, Srikant Datar, Ph.D., Elizabeth Doherty, Ann Fudge, Frans van Houten, Andreas von Planta, Ph.D., Charles L. Sawyers, M.D., Enrico Vanni, Ph.D., and William T. Winters as well as the election of Patrice Bula as members of the Board of Directors, each until the end of the next Annual General Meeting. You will find information on the members of the Board of Directors in the Annual Report, Corporate Governance Report – Our Board of Directors, electronically available under https://www.novartis.com/annualreport2018.

8.1 Re-election of Joerg Reinhardt, Ph.D., and re-election as Chairman of the Board of Directors (in a single vote)
8.2 Re-election of Nancy C. Andrews, M.D., Ph.D.
8.3 Re-election of Ton Buechner
8.4 Re-election of Srikant Datar, Ph.D.
8.5 Re-election of Elizabeth Doherty
8.6 Re-election of Ann Fudge
8.7 Re-election of Frans van Houten
8.8 Re-election of Andreas von Planta, Ph.D.
8.9 Re-election of Charles L. Sawyers, M.D.
8.10 Re-election of Enrico Vanni, Ph.D.
8.11 Re-election of William T. Winters
8.12 Election of Patrice Bula

Patrice Bula is as Head of Strategic Business Units, Marketing & Sales, as well as Chairman of Nespresso a member of the Executive Board of Nestlé SA, a position he took up in 2011. Before that he held multiple senior leadership positions across Nestlé on three continents, including Market Head of Nestlé Greater China Region, Market Head of Nestlé Germany and Regional Head of Nestlé Southern African Region. With his business focus and many years of experience as a leader in the consumer goods industry across established and emerging markets, Patrice Bula will deepen the Board’s strategy, digital and marketing expertise. He is independent from Novartis according to the independence criteria set forth by the Board of Directors.

9 Re-elections to the Compensation Committee, Election of a new Member to the Compensation Committee

The Board of Directors proposes the re-election of Srikant Datar, Ph.D., Ann Fudge, Enrico Vanni, Ph.D., and William T. Winters as well as the election of Patrice Bula as members of the Compensation Committee, each until the end of the next Annual General Meeting. The Board of Directors intends to designate Enrico Vanni, Ph.D., as Chairman of the Compensation Committee again, subject to his re-election as a member of the Compensation Committee.

9.1 Re-election of Srikant Datar, Ph.D., as member of the Compensation Committee

9.2 Re-election of Ann Fudge as member of the Compensation Committee

9.3 Re-election of Enrico Vanni, Ph.D., as member of the Compensation Committee

9.4 Re-election of William T. Winters as member of the Compensation Committee

9.5 Election of Patrice Bula as member of the Compensation Committee

10 Re-election of the Statutory Auditor

The Board of Directors proposes the re-election of PricewaterhouseCoopers AG as statutory auditor of Novartis AG for the financial year starting on January 1, 2019.

11 Re-election of the Independent Proxy

The Board of Directors proposes the re-election of lic. iur. Peter Andreas Zahn, Attorney at Law, Basel, as Independent Proxy of Novartis AG until the end of the next Annual General Meeting.

For the Board of Directors

The Chairman:

Joerg Reinhardt, Ph.D.

(The original German text is binding)

Enclosures: - Registration form with reply envelopes
- Brochure “Compensation Votes at the 2019 Annual General Meeting”
- Brochure “Proposed Spin-off of Alcon”
Organizational notes

No Trading Restriction on Shares of Novartis AG
The registration of shareholders for voting purposes does not affect the trading of shares held by registered shareholders before, during or after a General Meeting.

Documentation
The full Annual Report for the 2018 financial year (including the operating and financial review of Novartis AG, the financial statements of Novartis AG, the Group’s consolidated financial statements, the Compensation Report as well as the statutory auditor’s reports) is electronically available in English at https://www.novartis.com/annualreport2018 and available for inspection by shareholders at the Registered Office of the Company.*.

A short version of the Annual Report ("Annual Review") is available in English and German, both as printed copy and electronically at https://www.novartis.com/investors/novartis-annual-reporting-suite. Shareholders who have requested or who will request a printed version will be provided with the Annual Review as of February 4, 2019.

Tickets of Admission
Tickets of admission and voting materials will be sent from February 15 to 26, 2019 to shareholders who register for the Annual General Meeting. It will greatly facilitate the preparations for the meeting if the enclosed registration form is returned as early as possible. Voting rights may only be exercised for shares of Novartis AG registered with the right to vote in the share register on February 25, 2019.

Appointment of Proxy
A shareholder of Novartis AG may only be represented at the General Meeting by his or her legal representative, another share-holder with the right to vote or the Independent Proxy (lic. iur. Peter Andreas Zahn, Attorney at Law, St. Jakobs-Strasse 7, P.O. Box, 4091 Basel, Switzerland). Proxies may only be appointed for one General Meeting.

Please note that family members who are not themselves shareholders cannot be appointed as proxies. This does not apply to family members acting as legal representatives.

Use of the Sherpany online platform
Novartis shareholders may use the Sherpany online platform and thus receive invitations to future General Meetings exclusively by e-mail. By using the Sherpany online platform, shareholders may electronically order their ticket of admission, appoint a proxy or give their instructions to the Independent Proxy. Shareholders who are not yet registered on the Sherpany online platform may do so by contacting the Novartis Share Registry (Novartis AG, Share Registry, Forum 1-P.75, 4002 Basel, Switzerland, fax: +41 61 324 32 44, e-mail: share.registry@novartis.com).

Means of Transport
Shareholders are requested to use public transport since parking facilities at the St. Jakobshall are limited.

Speakers’ Desk
Shareholders who wish to speak are requested to notify the speakers’ desk (Wortmeldeschalter) near the podium before the General Meeting begins.

Mobile Phones
Please switch off your mobile phones during the General Meeting.

Simultaneous Translations
The General Meeting will be held partially in German, partially in English and partially in French. Simultaneous translation into German, English and French will be available. Headphones will be provided in the foyer.

Proposals from Shareholders on Agenda Items
Proposals from shareholders on agenda items are only permissible if they are put to the General Meeting by the shareholders themselves or by an individual proxy acting on their behalf. The Independent Proxy cannot act as individual proxy in this sense.

Leaving the General Meeting early
Shareholders who leave the General Meeting early are requested to hand in their unused voting materials and the electronic voting unit on their way out.

Webcast
The General Meeting can be watched as webcast on www.novartis.com.

*At the Office of the Corporate Secretary, Lichtstrasse 35, 4056 Basel, Switzerland
Compensation Votes
at the 2019 Annual General Meeting

Item 7 of the Agenda
(The original German text is binding)
Dear Shareholder,

Our purpose as a company is to reimagine medicine to improve and extend people's lives. Our strategy is to build a leading, focused medicines company powered by advanced therapy platforms and data science. We foster a company culture that is curious, inspired, and empowered. We believe these elements drive continued innovation and will support the creation of value over the long term for our company, society and to you as a shareholder.

During 2018, we continued to engage with shareholders and proxy advisors to gather feedback on the proposed evolution of the compensation system for the Executive Committee, and we would like to thank you for the constructive dialogue. Together with the Compensation Committee’s review of the compensation system for the Executive Committee in 2018, it has helped shape the changes, enhancements and simplifications we are making, effective January 1, 2019. These changes intend to further align our compensation systems and disclosures with our strategy and to best practice, while maintaining a system able to attract, motivate and retain the global talent required to drive sustainable performance.

As in prior years and in line with the Swiss Ordinance against Excessive Compensation in Listed Companies and our Articles of Incorporation, we are asking shareholders at the 2019 Annual General Meeting (AGM) to cast separate binding votes on two aggregate amounts of compensation, and an advisory (non-binding) vote on our 2018 Compensation Report as described in this brochure.

Vote 7.1: Binding Vote on the Maximum Aggregate Amount of Compensation for Members of the Board of Directors from the 2019 Annual General Meeting to the 2020 Annual General Meeting

The Board of Directors proposes that shareholders approve the maximum aggregate amount of compensation for the members of the Board of Directors covering the period from the 2019 Annual General Meeting to the 2020 Annual General Meeting, i.e. CHF 8,200,000.

Vote 7.2: Binding Vote on the Maximum Aggregate Amount of Compensation for Members of the Executive Committee for the next Financial Year, i.e. 2020

The Board of Directors proposes that shareholders approve the maximum aggregate amount of compensation to be paid, promised or granted during, or in respect of, 2020 to the members of the Executive Committee, i.e. CHF 92,000,000.

Vote 7.3: Advisory Vote on the 2018 Compensation Report

The Board of Directors proposes that shareholders endorse, in an advisory vote, the 2018 Compensation Report.

This brochure provides information on the three compensation-related votes. Further details regarding the compensation systems for our Board and Executive Committee members are set out in the 2018 Annual Report.

On behalf of the Novartis Board of Directors,

Joerg Reinhardt
Chairman, Board of Directors

Enrico Vanni
Vice Chairman, Board of Directors
Chairman, Compensation Committee
Vote 7.1

Binding Vote on the Maximum Aggregate Amount of Compensation for Members of the Board of Directors from the 2019 Annual General Meeting to the 2020 Annual General Meeting, i.e. CHF 8 200 000

The annual compensation of the Chairman of the Board will remain unchanged for the sixth consecutive year.

Board and committee membership fees will remain unchanged compared to last year (AGM 2018), where a rebalance of the fee structure took place to better recognize the responsibilities and time commitment of the committees.

Compensation of the Chairman of the Board of Directors
The annual compensation of our Chairman will be CHF 3.8 million for the period from the 2019 AGM to the 2020 AGM. The compensation is paid 50% in cash and 50% in Novartis shares, as determined by an agreement entered into between the Chairman and the company in 2013. The Chairman decided to waive his contractual right to receive an annual compensation increase for this period, equal to the average compensation increase for associates based in Switzerland.

Novartis does not contribute to funding company pension or insurance benefits for the Chairman.

Compensation of the members of the Board of Directors
Members of the Board receive only fixed compensation. They receive no variable or performance-based compensation, no share options and no additional fees for attending meetings. Board members do not receive any company pension or insurance benefits. The fees paid are at least 50% in Novartis shares (up to 100% at the option of each Board member) and the remainder in cash.

The compensation policy applicable to Board members reflects our governance structure and the responsibilities of the Board, in accordance with applicable laws and our own regulations. In addition, it aligns our aggregate Board compensation with the current levels of other large Swiss companies.

The number of Board members (including the Chairman of the Board) will remain unchanged from last year. The Board members’ annual fees will be payable for the period from the 2019 AGM to the 2020 AGM as set out below.

<table>
<thead>
<tr>
<th>Fees for period from the 2019 AGM to the 2020 AGM</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHF 000s</td>
</tr>
<tr>
<td>Chairman of the Board</td>
</tr>
<tr>
<td>Board membership</td>
</tr>
<tr>
<td>Vice Chairman</td>
</tr>
<tr>
<td>Chair of the Audit and Compliance Committee ^1</td>
</tr>
<tr>
<td>Chair of the Compensation Committee ^1</td>
</tr>
<tr>
<td>Chair of other committees ^1 ^2</td>
</tr>
<tr>
<td>Membership of the Audit and Compliance Committee ^1</td>
</tr>
<tr>
<td>Membership of the other committees ^1 ^4</td>
</tr>
</tbody>
</table>

^1 Additional committee fees for functions of Board members in committees, i.e. chairmanship/membership (not applicable for the Chairman)

^2 Applies to the Governance, Nomination and Corporate Responsibilities Committee; the Research & Development Committee; and the Risk Committee. The Chairman receives no additional committee fees for chairing the Research & Development Committee.

^3 Applies to the Compensation Committee; the Governance, Nomination and Corporate Responsibilities Committee; the Research & Development Committee; and the Risk Committee.
Reconciliation between the reported Board compensation and the amount approved by shareholders at the 2018 AGM

The total compensation earned for the Board from the 2018 AGM to the 2019 AGM is CHF 8,186,508 which is below the CHF 8,190,000 approved by shareholders at the 2018 AGM.

The table below shows the requested amount of total compensation for the members of the Board of Directors, including the Chairman of the Board, for the period from the 2019 AGM to the 2020 AGM. The amount assumes that all proposed Board members (and Compensation Committee members) will be elected at the 2019 AGM.

The total compensation amount requested is broadly in line with the prior term, except from an increase in the mandatory employer contributions.

<table>
<thead>
<tr>
<th>CHF</th>
<th>Approved for 2019 AGM – 2019 AGM</th>
<th>Requested for 2019 AGM – 2020 AGM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman of the Board</td>
<td>3,805,000</td>
<td>3,805,000</td>
</tr>
<tr>
<td>Other Board members</td>
<td>4,385,000</td>
<td>4,395,000</td>
</tr>
<tr>
<td><strong>Total amount of compensation for the members of the Novartis Board of Directors</strong></td>
<td>CHF 8,190,000</td>
<td>CHF 8,200,000</td>
</tr>
</tbody>
</table>

1 The amount will be payable in accordance with the fees for Board membership and the fees for committee chair and membership roles, as detailed on page 4.

2 The total includes an estimated amount of CHF 25,000 mandatory employer contributions for all Board members payable by Novartis to Swiss governmental social security systems. This amount is out of estimated total employer contributions of approximately CHF 485,000, and provides a right to the maximum future insured government pension benefit for the Board member. These estimates exclude potential changes to governmental social security rates.

The Board of Directors proposes that shareholders approve the requested maximum aggregate amount of compensation of CHF 8,200,000 million, as set out above, for members of the Board of Directors from the 2019 AGM to the 2020 AGM.
Vote 7.2

Binding Vote on the Maximum Aggregate Amount of Compensation for Members of the Executive Committee for the next Financial Year, i.e. CHF 92 000 000 for 2020

To succeed in our mission, we need to attract and retain the best global talent. The Executive Committee compensation system enables us to meet this ambition. It is aligned with our business strategy and shareholders’ interests, and it supports our aspiration to be one of the world’s most successful healthcare companies.

The ECN compensation system, effective 2019 onward

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Fixed pay and benefits</th>
<th>Variable pay – performance-related</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual base salary</td>
<td>Pension and other benefits</td>
</tr>
<tr>
<td></td>
<td>Reflects responsibilities, experience and skill sets</td>
<td>Tailored to local market practices / regulations</td>
</tr>
<tr>
<td>Form of payment</td>
<td>Cash</td>
<td>Country / individual specific</td>
</tr>
<tr>
<td>Performance cycle</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>
| Performance measures | – | – | Individual balanced scorecard, including financial targets and strategic objectives aligned to the five strategic pillars: innovation, operational excellence, data and digital, people and culture and building trust with society² | Four equally weighted performance measures:  
• Net Sales growth (CAGR)³  
• Core Operating Income Growth (CAGR)³  
• Long-term innovation  
• Relative TSR vs. global sector peers⁴ |

¹ Executive Committee members may elect to receive up to 100% of their Annual Incentive in equity instead of cash.
² Values and Behaviors are also a key component of the Annual Incentive and are embedded in our culture. As such, members of the Executive Committee are expected to demonstrate these to the highest standard.
³ CAGR = compound annual growth rate
⁴ The selected peer group for relative TSR consists of 15 companies consistent with our global healthcare peer group, as follows: AbbVie, Amgen, AstraZeneca, Biogen, Bristol-Myers Squibb, Celgene, Eli Lilly & Co., Gilead Sciences, GlaxoSmithKline, Johnson & Johnson, Merck & Co., Novo Nordisk, Pfizer, Roche and Sanofi.
Proposed total maximum compensation to be paid, promised or granted to members of the Executive Committee for the next financial year, i.e. 2020

The table below presents a breakdown of the expected minimum, target and maximum 2020 total compensation for the 13 expected members of the Executive Committee.

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>On-target</th>
<th>Maximum¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total 92</td>
<td>53</td>
<td>26</td>
<td>24</td>
</tr>
<tr>
<td>Fixed pay and benefits</td>
<td>15</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>Annual Incentive</td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-Term Incentives</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ Some members are to be paid in USD. The exchange rate used is CHF 1.00 = USD 1.023, and the proposed amount excludes any currency exchange rate fluctuation between the time of the release of this brochure and December 31, 2020. The on-target and maximum amounts also exclude any share price evolution and dividend equivalents earned over the three-year performance cycle.

Further information on the minimum, on-target and maximum total compensation amounts is provided on the next page.

**Minimum:** Only fixed pay and benefits are payable. Variable compensation is not payable, assuming none of the performance criteria have been met.

**On-target:** Fixed pay and benefits together with variable compensation at 100% of target for both the Annual Incentive and Long-Term Incentive, assuming all members of the Executive Committee have met their performance targets on each incentive plan.

**Maximum:** The “maximum” amount assumes that all performance targets for both the Annual Incentive and Long-Term Incentive are at the maximum of 200%. The maximum payout at 200% of target for all Executive Committee members on an aggregated basis has never occurred at Novartis.
The value of long-term share awards is determined at the time the shares are granted (the number of shares is determined by dividing the value at grant by the share price on the grant date), and excludes any share price evolution over the vesting period and any dividends that are paid each year on shares or dividend equivalents that accrue during the vesting period on Long-Term Incentive awards.

The Board of Directors proposes that shareholders approve the requested maximum aggregate amount of compensation of CHF 92 000 000, as set out above, for members of the Executive Committee for the 2020 financial year.

### Evolution of Executive Committee compensation

The chart below shows the maximum amounts approved by shareholders from the 2015 AGM to the 2018 AGM, and to be approved at the 2019 AGM. In addition, it shows for comparison purposes the compensation paid, promised or granted to the members of the Executive Committee for the 2016, 2017 and 2018 financial years.

#### Evolution of ECN compensation chart

(in CHF million, rounded)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ECN members expected (reported):</td>
<td>9 (14)</td>
<td>10 (11)</td>
<td>11 (17)</td>
<td>11</td>
<td>13</td>
<td></td>
</tr>
</tbody>
</table>

- Maximum level paid, promised or granted (AGM voting)
- Compensation paid, promised or granted (disclosed in Compensation Report)

1 Includes 13 active Executive Committee members and 4 Executive Committee members who stepped down during the financial year.
Advisory Vote on the 2018 Compensation Report

The purpose of the Compensation Report is to inform shareholders about our Board and Executive Committee compensation systems, policies and practices, and in turn, the compensation paid to members of the Board and the Executive Committee. The advisory vote gives shareholders the opportunity to express their views on the Board and Executive Committee compensation programs and systems as well as the compensation disclosures, outlined in the 2018 Compensation Report.

Our 2018 Compensation Report follows a similar format and structure to our 2017 Compensation Report which received strong support from shareholders at the 2018 AGM. It continues to provide enhanced disclosure, reporting the realized pay for the CEO individually and on an aggregate basis for all other members of the Executive Committee. It also provides individual disclosures of long-term incentive awards granted for new performance cycles.

The 2018 review of the Executive Committee compensation system, focused primarily on the performance measures for the Long-Term Incentive, with the aim of maintaining a system able to attract, motivate and retain the global talent required to drive sustainable performance.

This led to the decision to combine the existing LTPP and LTRPP into a single long-term incentive plan and to replace Novartis Cash Value Added (NCVA) with net sales growth and core operating income growth for the 2019-2021 performance cycle. The objective is to align the Long-Term Incentive with the evolving Group strategic imperatives of accelerating growth and margin expansion to drive long-term value. The Committee decided to retain the long-term innovation and relative total shareholder return performance measures and an equal weighting will apply to each of the four performance measures. The performance targets will be set at the beginning of each three-year cycle. These changes will be introduced for the 2019-2021 performance cycle grants, onward.

Full details of the Long-Term Incentive plan changes can be found on pages 162-163 of the 2018 Annual Report.

<table>
<thead>
<tr>
<th>Current – three year cycle</th>
<th>2019 onward – three year cycle</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LTPP</strong></td>
<td><strong>LTPP</strong></td>
</tr>
<tr>
<td>• 75% NCVA</td>
<td>• 25% Net Sales Growth (CAGR*)</td>
</tr>
<tr>
<td>• 25% Innovation</td>
<td>• 25% Core Operating Income</td>
</tr>
<tr>
<td></td>
<td>Growth (CAGR*)</td>
</tr>
<tr>
<td><strong>LTRPP</strong></td>
<td>• 25% Innovation</td>
</tr>
<tr>
<td>• 100% Relative TSR</td>
<td>• 25% Relative TSR</td>
</tr>
</tbody>
</table>

* CAGR = compound annual growth rate
Communication of targets and realized compensation at the end of the cycle

Novartis is committed to full disclosure in the Compensation Report of the targets and achievements at the end of each performance cycle for the Annual Incentive and Long-Term Incentives. This includes judgment used in assessing actual performance versus targets. In line with this principle, the targets and realized compensation of the CEO and the other Executive Committee members for performance cycles that concluded in 2018 can be found on pages 146-149 of the 2018 Annual Report.

The Board of Directors proposes that shareholders endorse in an advisory vote the 2018 Compensation Report. It is available electronically on our website at the following address: www.novartis.com/annualreport2018
We reimagine medicine to improve and extend people’s lives.

We use innovative science and technology to address some of society’s most challenging healthcare issues. We discover and develop breakthrough treatments and find new ways to deliver them to as many people as possible. We also aim to reward those who invest their money, time and ideas in our company.