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

- *Shareholders approve 21st consecutive dividend increase to CHF 2.80 (+2%) per share for 2017; representing a 3.6% yield and approximately 67% 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 stood for re-election*
- *Shareholders approve all other proposals of the Board of Directors, including in an advisory vote the 2017 Compensation Report as well as the future Board and Executive Committee compensation in separate binding votes*

Basel, March 2, 2018 — 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 1,731 shareholders were present at the meeting held in Basel, representing approximately 62.6% of the issued shares of Novartis.

Shareholders approved the 21st consecutive dividend increase per share since the creation of Novartis in 1996, with an increase of 2% to CHF 2.80 for 2017. Payment for the 2017 dividend will be made on March 8, 2018. The dividend for 2017 is an approximately 67% 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. Dr. Pierre Landolt did not stand for re-election having reached the age limit as specified in the Articles of Incorporation. The Board of Directors sincerely thanks him for his valuable contributions to the long term strategy of Novartis and in particular for his high level of personal commitment in the area of Social Responsibility.

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 66,220,000 shares repurchased on the second trading line under the seventh share repurchase program in the financial year 2017 and to reduce the share capital accordingly by CHF 33,110,000, from CHF 1,308,422,410 to CHF 1,275,312,410.

Votes on Compensation for the members of the Board of Directors and the Executive Committee

In two separate binding votes, shareholders approved the total maximum amount of compensation for the members of the Board of Directors covering the period from the 2018 AGM to the 2019 AGM and the total maximum amount of compensation for the members of the Executive Committee for 2019.

Shareholders also endorsed the 2017 Compensation Report in an advisory vote. It contained enhanced disclosures in many areas providing greater transparency. The report also informed stakeholders of prospective changes to the compensation system. These are based on the constructive feedback received from shareholders, our business strategy, and developing market practice.

For a detailed listing of all resolutions presented at the 2018 Annual General Meeting, please visit: <https://www.novartis.com/sites/www.novartis.com/files/2018-novartis-agm-notice.pdf>.

Disclaimer

This press release contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements can generally be identified by words such as “proposed,” “proposals,” “recommendations,” “recommendation,” “will,” “commitment,” “advisory,” “endorsed,” or similar terms, 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 are based on our current beliefs and expectations regarding future events, and are subject to significant known and unknown risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those set forth in the forward-looking statements. There can be no guarantee as to the ultimate outcome of the matters described in this release. In particular, our expectations regarding these matters could be affected by, among other things, the impact 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. 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 2017, the Group achieved net sales of USD 49.1 billion, while R&D throughout the Group amounted to approximately USD 9.0 billion. Novartis Group companies employ approximately 122,000 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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