

Basel, February 3, 2010

To the shareholders of Novartis AG

Notice of Annual General Meeting

Date: Friday, February 26, 2010, 10.00 a.m. (doors open at 8.30 a.m.)

Place: St. Jakobshalle, Basel (entrance Brüglingerstrasse/St. Jakobs-Strasse)

Agenda

1. Approval of the Annual Report, the Financial Statements of Novartis AG and the Group Consolidated Financial Statements for the Business Year 2009

The resolution will be taken in cognisance of the Compensation Report. The Lead Director will comment on the Compensation Report and answer questions on it.

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 2009.

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

Balance brought forward	CHF	—
Net income of 2009	CHF	13,480,188,062
Available earnings at the disposal of the AGM	CHF	13,480,188,062

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

Dividend	CHF	-5,186,857,372
Transfer to free reserves	CHF	-8,293,330,690
Balance to be carried forward	CHF	—

The total dividend payment of CHF 5,186,857,372 is equivalent to a gross dividend of CHF 2.10 per registered share of CHF 0.50 nominal value entitled to dividends. Assuming that this proposal by the Board of Directors for the earnings appropriation is approved, payment will be made with effect from March 5, 2010.

4. Amendments to the Articles of Incorporation

4.1 Implementation of the Book Entry Securities Act

This item concerns a technical adaptation of our Articles of Incorporation. The Board of Directors proposes to adapt the Articles of Incorporation to the Book Entry Securities Act, which came into effect on January 1, 2010, and to change to a system of rescinded printing of share certificates.

Shareholders may at any time request the issue of a written statement of their shares. The Company reserves the right to issue certificated securities under particular circumstances; but shareholders will no longer be entitled to require such issuance. This corresponds to current practice in Swiss public companies and is particularly justified because the Book Entry Securities Act now guarantees for uncertificated securities various legal advantages which in the past might exceptionally have given grounds for obtaining certificated securities. The provisions on deferred printing of share certificates (Article 7 of the Articles of Incorporation) can therefore be cancelled. This will not impair the transferability of the shares.

The Board of Directors proposes approval of the following amendments to the Articles of Incorporation:

Current wording	New wording
<p>Article 6 Share certificates</p> <p>1 The Company may issue certificates representing several shares. They may be exchanged at any time for smaller portions or individual share certificates.</p>	<p>Article 6 Form of shares</p> <p>1 Subject to paragraphs 2 and 4 respectively, the registered shares of the Company are issued as uncertificated securities (in terms of the Swiss Code of Obligations) and as book entry securities (in terms of the Book Entry Securities Act).</p> <p>2 The Company may withdraw shares issued as book entry securities from the custodian system (<i>Verwahrungssystem</i>).</p> <p>3 Provided that the shareholder is registered in the shareholders register, the shareholder may request from the Company a statement of his or her registered shares at any time.</p> <p>4 The shareholder has no right to the printing and delivery of certificates. The Company may, however, print and deliver certificates (individual share certificates, certificates or global certificates) for shares at any time. The Company may, with the consent of the shareholder, cancel issued certificates that are returned to the Company.</p>
<p>Article 7 Dematerialised shares</p> <p>1 The Company may renounce the printing and delivery of certificates and may, with the consent of the owner of issued shares, cancel issued certificates for registered shares that are returned to the Company. It may renounce the issuance of new certificates for registered shares if the owner of the shares does not demand the issuance of certificates for its shares with the co-operation of the bank which handles the book entries.</p> <p>2 Registered shares not represented by a certificate may only be transferred by way of assignment, which assignment must encompass all rights connected with the transferred shares. To be valid, the assignment must be notified to the Company. Registered shares not represented by a certificate which a bank has been instructed by the shareholder to administer may only be transferred with the co-operation of that bank.</p> <p>3 Registered shares not represented by a certificate may only be pledged to the bank which handles the book entries of such shares for the shareholder, and only based on a written pledge agreement. A notification of the Company is not necessary. The right to require delivery of a certificate may be transferred to the bank accepting the pledge. In all other cases, the pledge of registered shares requires the transfer of the certificates to be valid.</p>	<p>Article 7 (cancelled)</p>

4.2 Introduction of a Consultative Vote on the Compensation System

During the past year, Novartis has had discussions with numerous shareholders on questions of compensation. This has shown that our shareholders feel it important to have a compensation system that is oriented towards performance and creation of sustainable value. It is also clear that consultative votes by shareholders on matters of compensation, so-called "say on pay" votes, have gained wider acceptance.

The Board of Directors proposes that Novartis become the first large, listed Swiss company to include a consultative vote on the Compensation System in the Articles of Incorporation. Such a vote, which is to be held before every significant change to the Compensation System, but at least every third Annual General Meeting, complies with Good and Sustainable Corporate Governance. The following considerations form the basis for the proposal of the Board of Directors:

- The vote is to be held before every significant change to the Compensation System. This is a true consultation of the shareholders, because it allows the Board of Directors to take shareholders' opinion into consideration for future planned changes to the Compensation System.
- Sustainable compensation systems are harmonised with the multi-year business plans of a company. A compensation system thus only attains its full effect when it is used unchanged for several years, as only then is it understood by employees. The proposed three-year cycle for the votes takes this longer-term view into account and allows our shareholders to examine the sustainability of the Compensation System.

The Board of Directors proposes approval of the following provision of the Articles of Incorporation:

Article 18 paragraph 2 Powers of General Meeting
2 The General Meeting holds a consultative vote on the Compensation System of Novartis. The vote takes place before every significant change to the Compensation System, but at least every third Annual General Meeting.

5. Re-elections to the Board of Directors

Marjorie M.T. Yang, Daniel Vasella, M.D., and Hans-Joerg Rudloff 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/newsroom/corporate-publications/index.shtml>).

The Board of Directors proposes the re-elections of Marjorie M.T. Yang and Daniel Vasella, M.D., for a three-year term each, and of Hans-Joerg Rudloff for a one-year term (as he will reach the age limit).

6. Appointment of the Auditor

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

For the Board of Directors

The Chairman:



Daniel Vasella, M.D.

(The original German text is binding)

Enclosure: registration form with reply envelopes

Organisational notes

No Trading Restriction on Novartis Shares

The registration of shareholders for voting purposes does not affect the trading of Novartis shares held by registered shareholders before, during or after a General Meeting.

Annual Report

The Annual Report containing the Compensation Report, the financial statements of Novartis AG, the Group's consolidated financial statements and the auditors' reports for the business year 2009 will be available for inspection by shareholders at the Registered Office of the Company* from Wednesday, February 3, 2010 onwards. The Annual Report is also available on the Company website at <http://www.novartis.com/annualreport2009>. In addition, from February 4, 2010 a printed edition of the Annual Report will be sent to all registered shareholders who have requested one or who request one after receiving this notice*.

Tickets of Admission

Tickets of admission and voting materials will be sent from February 11 to 24, 2010 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 in time. Voting rights may only be exercised for shares registered with the right to vote on the Record Date (February 23, 2010).

Appointment of Proxy

Pursuant to Article 15 paragraph 2 of the Articles of Incorporation, a shareholder of Novartis AG may only be represented by his or her legal representative, another shareholder with the right to vote, the Corporate Proxy (Novartis AG), the Independent Proxy (lic. iur. Peter Andreas Zahn, St. Jakobs-Strasse 7, P.O. Box, 4091 Basel, Switzerland), or a Custody Proxy (please use the instrument of proxy on the registration form or on the ticket of admission).

Please note that family members who are not themselves shareholders cannot be appointed as proxies.

Representatives

Institutions subject to the Federal Law regarding Banks and Savings Banks of November 8, 1934 and professional asset managers are required to notify the number of shares they represent to the Company as early as possible, and in any event not later than the day of the Annual General Meeting, at the AGM desk (*GV-Büro*).

Leaving the Annual General Meeting early

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

Means of Transport

Shareholders are requested to use public transport since parking facilities at the St. Jakobshalle are limited.

Simultaneous Translations

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

Speakers' Desk

Shareholders who wish to speak are requested to notify the speakers' desk (*Wortmeldeschalter*) near the podium before the Annual General Meeting begins.

Proposals from Shareholders

Proposals from shareholders on agenda items are only permissible if they are put to the Annual General Meeting by the shareholders themselves or by an individual proxy acting on their behalf. The Corporate Proxy (Novartis AG) or the Independent Proxy cannot act as individual proxies in this sense.

Mobile Phones

Please switch off your mobile phones during the Annual General Meeting.

Webcast

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

*At the Office of the Company Secretary, Lichtstrasse 35, 4056 Basel, Switzerland