

**MEDIA RELEASE • COMMUNIQUE AUX MEDIAS • MEDIENMITTEILUNG****Novartis shareholders approve all resolutions proposed by Novartis Board of Directors**

- *Shareholders approve 18<sup>th</sup> consecutive dividend increase to CHF 2.60 (+6%) per share for 2014*
- *Dr. Joerg Reinhardt confirmed by shareholders as Chairman of the Novartis Board of Directors as well as all other members who have stood for annual re-election; Dr. Nancy Andrews elected as new member to the Board of Directors*
- *Shareholders approve revisions to the Articles of Incorporation of Novartis AG for full implementation of the Swiss rules relating to the Minder Ordinance*
- *Shareholders approve all proposals of the Novartis Board of Directors, including the 2014 compensation report as well as future Board and ECN compensation*

**Basel, February 27, 2015** — More than 98% of Novartis shareholders today followed the Board of Directors' recommendations for all proposed resolutions at the Group's Annual General Meeting. A total of 1,703 shareholders were present at the meeting held in Basel, representing approximately 61.1% of the issued shares of Novartis.

Shareholders approved the eighteenth consecutive dividend increase per share since the creation of Novartis in 1996, with an increase of 6% to CHF 2.60 for 2014 compared to CHF 2.45 in 2013. Payment for the 2014 dividend will be made with effect from March 5, 2015.

"In 2014 Novartis embarked on a major transformation, encompassing our product portfolio, our company structure and our corporate culture. The planned focus of our operations on our three divisions – Pharmaceuticals, Alcon and Sandoz, the consolidation of our internal services into a single organization and the revision of our core values and behaviors will strengthen Novartis for the long term, improving our ability to grow sales, profits and dividends while at the same time increasing our ability to research and develop innovative medicines and therapies for the benefit of patients worldwide," said Dr. Joerg Reinhardt, Chairman of the Novartis Board of Directors.

**Strengthening and simplifying Novartis governance in line with Minder Ordinance**

In 2013 and 2014 Novartis implemented significant changes to its governance system in accordance with the Swiss Ordinance against Excessive Compensation in Listed Stock Corporations (the "Minder Ordinance"), including the adoption of both a new governance structure and a new compensation system. Shareholders now approved changes to the Articles of Incorporation for Novartis to finalize implementation of the Minder Ordinance in line with current best practices for corporate governance and compensation. Already in 2013, shareholders approved a new compensation system with a simplified structure, allowing shareholders to better evaluate long and short-term performance relative to objectives.

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

Shareholders approved in two separate binding votes the total maximum amount of compensation for the members of the Board covering the period from the 2015 AGM to the 2016 AGM and the total maximum amount of compensation in respect of 2016 for the members of the Executive Committee. Furthermore, shareholders endorsed in an advisory vote the 2014 Compensation Report – compensation for the Executive Committee of Novartis for 2014 was comparable to the aggregate compensation for 2013.

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

A large majority of shareholders re-elected each member of the Board of Directors who stood for annual re-election and Dr. Joerg Reinhardt as the Chairman of the Board of Directors for one year. Further, shareholders elected Nancy C. Andrews, M.D., Ph.D., as a new member of the Board. Ulrich Lehner, Ph.D. decided not to seek another term of office keeping Board membership to 11 members. The Board and management team of Novartis thank Mr. Lehner for his many years of distinguished service on the Novartis Board of Directors.

In addition, shareholders re-elected the following members of the Novartis Board of Directors to the Compensation Committee for one year: Srikant Datar, Ph.D., Ann Fudge, and Enrico Vanni, Ph.D. In addition, shareholders elected William T. Winters as member of the Compensation Committee. The Committee will be chaired by Enrico Vanni and each member will serve until the end of the next Annual General Meeting.

Furthermore, in line with the Board's recommendation, shareholders also approved the cancelation of 29,200,000 shares repurchased on the second trading line under the sixth share repurchase program in the financial years 2013 and 2014. This will effectively reduce the Novartis share capital accordingly by CHF 14,600,000, from CHF 1,353,096,500 to CHF 1,338,496,500.

## **Disclaimer**

The foregoing release contains forward-looking statements that can be identified by terminology such as "recommendations," "will," "embarked," "planned," "long term," "advisory," "recommendation," 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 planned and ongoing transformation of the product portfolio, company structure and corporate culture of Novartis, changes to Novartis' governance system, full implementation of the requirements of the Minder Initiative, and involving executive compensation. 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, unexpected impacts of the changes 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, eye care, cost-saving generic pharmaceuticals, preventive vaccines and over-the-counter products. Novartis is the only global company with leading positions in these areas. In 2014, the Group achieved net sales of USD 58 billion, while R&D throughout the Group amounted to approximately USD 9.9 billion (USD 9.6 billion excluding impairment and amortization charges). Novartis Group companies employ approximately 130,000 full-time-equivalent associates. Novartis products are available in more than 180 countries around the world. For more information, please visit <http://www.novartis.com>.

Novartis is on Twitter. Sign up to follow @Novartis at <http://twitter.com/novartis>.

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