

Directives for the Novartis Direct Share Purchase Plan

These Directives are designed to assist Participants in the Novartis Direct Share Purchase Plan. The Agreement concluded between Novartis International AG, Basel (referred to as «Novartis») and the Participant (consisting of the Application to Participate in the Novartis Direct Share Purchase Plan and the Regulations for the Novartis Direct Share Purchase Plan) takes precedence in all cases over the information in these Directives.

Who can participate in the Direct Share Purchase Plan?

In principle, the Direct Share Purchase Plan is available to all investors resident in Switzerland. Individuals who are not resident in Switzerland may not participate in the Novartis Direct Share Purchase Plan. If the Participant leaves Switzerland to live elsewhere, the Agreement will be terminated implicitly and without written notice.

How do you participate in the Novartis Direct Share Purchase Plan?

In order to participate in the Novartis Direct Share Purchase Plan, you must open a Novartis Share Deposit Account according to the following instructions:

1. Application to Participate in the Novartis Direct Share Purchase Plan

- Complete the form «Application to Participate in the Novartis Direct Share Purchase Plan». You may obtain the form from the Novartis website (www.novartis.com/investors) or from the SIX SAG Ltd (referred to as «SIX») website (www.six-securities-services.com/novartis-e). You may also order the form directly from SIX at the address provided above.
- Send the completed and legally signed «Application to Participate in the Novartis Direct Share Purchase Plan», together with the identification documents hereinafter described, to SIX at the address provided above.

2. Identification

- For a natural person resident in Switzerland: Fill out the «Self-Declaration for Natural Persons to establish U.S. residency for tax purposes» and ask for a «Yellow Identification» at a Swiss Post Office. For this purpose, you will need to present an official identity document, such as a passport or identity card, at the Post Office.
- For a legal entity domiciled in Switzerland: Submit a certified extract not older than one year from the Commercial Register, or a comparable means of identifying the company and where applicable, a self-declaration to establish additional U.S. residency for tax purposes.

3. Approval

- As soon as your «Application to Participate in the Novartis Direct Share Purchase Plan» is approved, you will receive from SIX confirmation that a Deposit Account has been opened and your personal account number.

How do you deposit shares in the Novartis Direct Share Purchase Plan?

If you hold Novartis Shares at a bank:

- Complete the form «Order to a Bank to deliver Novartis Shares from a Deposit Account». You may obtain the form from the Novartis website (www.novartis.com/investors), the SIX website (www.six-securities-services.com/novartis-e) or directly from SIX.
- Submit the form to your bank.
- If your Novartis Shares have not yet been entered in your name into the Share Register of Novartis AG, first mandate your bank to initiate registration. Only after registration can the Novartis Shares be transferred to the Novartis Direct Share Purchase Plan.
- You will receive confirmation of receipt of your Novartis Shares in your Novartis Share Deposit Account.

If you yourself have custody of your Novartis Shares (share certificate):

- Send your share certificates endorsed in blank by registered post to the provided address of the Novartis Direct Share Purchase Plan in Olten.
- You will receive confirmation of receipt of your Novartis Shares in your Novartis Share Deposit Account.

How can you acquire or sell Novartis Shares under the Direct Share Purchase Plan?

You can **acquire** Novartis Shares for the Direct Share Purchase Plan in the following way:

- Instruct a Swiss bank or the Swiss post office to transfer the desired amount for the acquisition of Novartis Shares to the Collective Account of the Securities Dealer responsible for the Direct Share Purchase Plan («Investment Account»). You will be provided with the account details with the confirmation of the opening of the Deposit Account.
- SIX ensures that Purchase Orders submitted no later than 3:00 p.m. Swiss Time on Mondays or 3:00 p.m. Swiss Time on Wednesdays, and which reflect the amounts received in the Investment Account, will be transmitted to the Securities Dealer for execution by 11:00 a.m. Swiss Time the following trading day. You will receive confirmation when your Novartis Shares are deposited in your Novartis Share Deposit Account.
- Please note that every transfer must be for at least CHF 500 and that the investment limit for the acquisition of Novartis Shares under the Direct Share Purchase Plan is CHF 200,000 per annum.
- You may nevertheless invest more than CHF 200,000 per annum in Novartis Shares and keep these shares in your Novartis Share Deposit Account, if you acquire Novartis Shares in excess of CHF 200,000 per annum outside the Plan and then transfer them to your Novartis Share Deposit Account.

This is how you **sell** Novartis Shares under the Direct Share Purchase Plan:

- Obtain the Sale Order form from the website of Novartis (www.novartis.com/investors) or SIX (www.six-securities-services.com/novartis-e). You can also order the respective form directly from SIX.

- Send the legally signed Sale Order to SIX by post or fax (address details overleaf).
- SIX ensures that Sale Orders submitted no later than 10:00 a.m. or 3:00 p.m. Swiss Time will be transmitted to the appropriate Securities Dealer within the next trading hour.
- As soon as the Novartis Shares have been sold, you will receive a sales statement from SIX.
- If you sell all Novartis Shares held in your Share Deposit Account, the Deposit Account will be automatically closed. In this case, the equivalent value of any fraction of a Novartis Share will be paid to you.

What costs will be charged under the Novartis Direct Share Purchase Plan?

Participation in the Direct Share Purchase Plan is basically free of charge. You will only have to pay the following costs. These are currently:

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| • Stock Market Sale Order | CHF 19.– |
| • Separate statement of Deposit Account | CHF 19.– |
| • Deposit Account closure | CHF 19.– |
| • Transfer of Novartis Shares to another Bank | CHF 19.– |
| • Delivery of Novartis Shares in the form of nonreturnable certificates (without insurance expenses) | CHF 19.– |
| • Any additional expenses incurred in connection with the opening of a Deposit Account | As incurred, max. CHF 200.– |

If you have any questions regarding the Novartis Direct Share Purchase Plan, please contact SIX (address overleaf).