
Company overview

Novartis provides healthcare solutions that address the evolving needs of patients and societies worldwide. Our broad portfolio includes innovative medicines, preventive vaccines and diagnostic tools, generic pharmaceuticals and consumer health products. Novartis is the only company to have leadership positions in each of these areas.

Providing healthcare solutions that address the evolving needs of patients

The Group's wholly-owned businesses are organized in four global operating divisions:

Four global operating divisions

- **Pharmaceuticals:** Innovative patent-protected prescription medicines
- **Vaccines and Diagnostics:** Human vaccines and blood-testing diagnostics
- **Sandoz:** Generic pharmaceuticals
- **Consumer Health:** OTC (over-the-counter medicines), Animal Health and CIBA Vision (contact lenses and lens-care products)

In addition, the Group's healthcare portfolio is complemented by 77% ownership of Alcon, Inc., which discovers and develops innovative eye care products to improve the quality of life by helping people see better.

77% ownership of Alcon and merger

In April 2008, we announced a significant agreement with Nestlé S.A. providing the right to acquire 77% majority ownership of Alcon in two steps and add this world leader in eye care to our portfolio. In July 2008, the first step was completed when Novartis acquired a 25% stake in Alcon for USD 10.4 billion in cash. The second step was subsequently completed on August 25, 2010, when we acquired Nestlé's 52% majority stake for USD 28.3 billion in cash. Afterwards, on December 15, 2010, we announced that we had entered into a definitive agreement with Alcon to merge Alcon into Novartis, subject to certain approvals and conditions, which when completed would cause Alcon to be 100% owned by Novartis and enable Alcon to become a new division of Novartis focused on eye care.

The merger is currently expected to be completed during the first half of 2011 and is conditional on clearance of a registration statement by the US Securities and Exchange Commission, two-thirds approval by the shareholders of each of Novartis and Alcon voting at their respective meetings, and other customary closing conditions.

Following the expected completion of the merger with Alcon, our portfolio would be comprised of five divisions: Pharmaceuticals, Sandoz, Vaccines and Diagnostics, Consumer Health, and Alcon (eye care). The breadth of our portfolio focused on healthcare allows us to capture the most promising opportunities of the healthcare marketplace while at the same time mitigating the impact of challenges in particular sectors.

The long-term Novartis growth strategy is based on our focused, diversified portfolio. Our ability to execute this strategy – delivering world-class healthcare solutions on a global scale, across all of our divisions – comes from a commitment to three core priorities: (1) **extending our lead in innovation** through the research and development of new offerings and the expansion of applications for current offerings; (2) **accelerating growth across all divisions** with new launches and a greater presence in emerging markets; and (3) **enhancing productivity** through efficiency initiatives that free up resources for our Research and Development investment. By focusing on these priorities, we are able to sustain above-market growth, deliver value for investors, and improve healthcare outcomes for patients through new innovative solutions.

Growth strategy

Novartis achieved net sales of USD 50.6 billion in 2010, while net income amounted to USD 10.0 billion. We invested USD 9.1 billion (USD 8.1 billion excluding impairment and amortization charges) in Research and Development in 2010.

Net sales of USD 50.6 billion in 2010

Headquartered in Basel, Switzerland, we employed 119 418 full-time equivalent associates, including 16 700 Alcon associates, as of December 31, 2010, and have operations in approximately 140 countries around the world.

119 418 associates, including Alcon, worldwide

Disclaimer

These materials contain forward-looking statements that can be identified by terminology such as “proposed,” “pipeline,” “momentum,” “should,” “will,” “opportunity,” “proposes,” “strategy,” “expected,” “would,” “promising,” “opportunities,” “commitment,” “committed,” “opportunities,” “potential,” “priority review,” “promise,” “suggested,” “intent,” “planned,” “expect,” “outlook,” “potentially,” “likely,” “plan,” “expects,” “seek,” “strategic,” “anticipate,” “expectations,” “launch,” “on track,” “pursuing,” “set,” “due,” “intend,” “to be,” or similar expressions, or by express or implied discussions regarding potential new products, potential new indications for existing products, or regarding potential future revenues from any such products; or regarding potential growth opportunities from the acquisition of a 77% majority ownership in Alcon, Inc. or regarding the expected merger with Alcon, or the potential impact on Alcon or Novartis of the expected merger; or regarding potential future sales or earnings of the Novartis Group or any of its divisions as a result of the expected merger or otherwise, or of Alcon, or any potential synergies, strategic benefits or opportunities as a result of the expected merger; or by discussions of strategy, plans, expectations or intentions. You should not place undue reliance on these statements. Such forward-looking statements reflect the current views of the Group 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 that any new products will be approved for sale in any market, or that any new indications will be approved for existing products in any market, or that such products will achieve any particular revenue levels. Nor can there be any guarantee that the expected merger with Alcon will be completed in the expected form or within the expected time frame or at all. Nor can there be any guarantee that Novartis will be able to realize any of the potential synergies, strategic benefits or opportunities as a result of either Novartis' acquisition of a 77% majority ownership in Alcon, Inc., or as a result of the expected merger with Alcon. Nor can there be any guarantee that the Novartis Group, or any of its divisions, or Alcon will achieve any particular financial results, whether as a result of the merger or otherwise. In particular, management's expectations could be affected by, among other things, unexpected regulatory actions or delays or government regulation generally; unexpected clinical trial results, including additional analyses of existing clinical data or unexpected new clinical data; the Group's ability to obtain or maintain patent or other proprietary intellectual property protection; disruptions from the Alcon 77% implementation and the expected merger making it more difficult to maintain business and operational relationships, and relationships with key employees; unexpected product manufacturing issues; uncertainties regarding actual or potential legal proceedings, including, among others, litigation seeking to prevent the merger from taking place, product liability litigation, litigation regarding sales and marketing practices, government investigations and intellectual property disputes; competition in general; government, industry, and general public pricing and other political pressures; uncertainties regarding the after-effects of the recent global financial and economic crisis; uncertainties regarding future global exchange rates and uncertainties regarding future demand for our products; uncertainties involved in the development of new pharmaceutical products; the impact that the foregoing factors could have on the values attributed to the 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 described herein as anticipated, believed, estimated or expected. Novartis is providing the information in these materials as of this date and does not undertake any obligation to update any forward-looking statements as a result of new information, future events or otherwise.