Form **8937**

(December 2017)
Department of the Treasury
Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-0123

Pa	rt I Reporting I	ssuer			
1	ssuer's name				2 Issuer's employer identification number (EIN)
Nov	artis AG				98-0363351
	Name of contact for add	ditional information	4 Telephon	e No. of contact	5 Email address of contact
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Cory	/ Twining			862 778 3258	investor.relations@novartis.com
6	Number and street (or P	O. box if mail is not	delivered to	street address) of contact	7 City, town, or post office, state, and ZIP code of contact
	artis Pharmaceuticals,	One Health Plaza			East Hanover, NJ 07936
8	Date of action		9 Class	sification and description	
	1 9, 2019		Commor		10.4
10	CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
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Da	66987V109 rt II Organizatio			SIX: NOVN, NYSE: NVS	See back of form for additional questions.
14					date against which shareholders' ownership is measured for
	the action ► See atta		applicable, the	date of the dotton of the c	date against which shareholders ownership is measured for
	<u>500 ditt</u>	definient			
15					curity in the hands of a U.S. taxpayer as an adjustment per
	share or as a percenta	age of old basis ► Se	ee attachmer	t	
16	Describe the calculation	on of the change in b	asis and the	data that supports the calc	culation, such as the market values of securities and the
	valuation dates ► See	attachment			

9 Pr	oviae	any other information necessary to implement the adjustment, su	ucn as the reportabl	е тах уе	ar ► <u>See a</u>	ttachment
	Unde	penalties of perjury, I declare that I have examined this return, including	accompanying sched	dules and	statements	, and to the best of my knowledge and
	belief,	it is true, correct, and complete. Declaration of preparer (other than office	er) is based on all infor	mation of	which prepa	arer has any knowledge.
Sign		/s/Peter Schreiner /s/ Daniel Weiss			164	. 1 2010
Here	/s/Peter Schreiner /s/ Daniel Weiss Signature ▶				16 April 2019	
	Print	our name ► Peter Schreiner / Daniel Weiss		Title ►	Head of T	ax / Deputy Group Treasurer
Paid		Print/Type preparer's name Preparer's signature		Date		Check if PTIN
Prepa	rer					self-employed
Jse O		Firm's name			Firm's EIN ▶	
		Firm's address ▶			Phone no.	
Send Fo	rm 89	37 (including accompanying statements) to: Department of the Ti	reasury, Internal Re	venue S	ervice, Ogo	den, UT 84201-0054

Novartis AG Attachment to Form 8937, Part II Report of Organizational Actions Affecting Basis of Securities

Part II, Question 14

On April 9, 2019, Novartis AG ("Novartis") distributed 100% of the ordinary shares of Alcon Inc. ("Alcon") to the holders of Novartis Shares (the "Distribution"). In the Distribution, each holder of Novartis Shares received 1 Alcon ordinary share for every 5 Novartis Shares. As used herein, "Novartis Shares" refers to Novartis ordinary shares or Novartis American Depositary Receipts ("ADRs").

Part II, Question 15

See response to Question 16.

Part II, Question 16

The aggregate tax basis of the Novartis Shares and Alcon ordinary shares held by each holder immediately after the Distribution will be the same as the aggregate tax basis of the Novartis Shares held immediately before the Distribution, allocated between the Novartis Shares and the Alcon ordinary shares in proportion to their relative fair market values on the date of the Distribution.

There are a number of ways to determine the fair market value of Novartis Shares and Alcon ordinary shares. The allocation described below is based on the closing trading price on the New York Stock Exchange of Novartis ADRs and Alcon ordinary shares on April 9, 2019. Other valuation methodologies may exist, however, and we urge you to consult your own tax advisor regarding these basis allocation calculations.

The following example illustrates the tax basis allocation. Assume a shareholder held 100 Novartis Shares, acquired before the Distribution for \$50/share, for an aggregate tax basis of \$5,000. In the Distribution, such shareholder received 20 Alcon Ordinary Shares. Tax basis would be allocated as follows:

Number of Shares	Closing Price on 4/9/2019	FMV of Shares Post Distribution	Percentage of Total FMV	Allocated Tax Basis	Allocated Tax Basis Per Share	
Novartis Shares	100	\$83.41	\$8,341.00	87.7834%	\$4,389.17	\$43.89
Alcon ordinary shares	20	\$58.04	\$1,160.80	12.2166%	\$610.83	\$30.54

Novartis shareholders who acquired blocks of Novartis Shares at different times or at different prices should perform the foregoing allocation separately with respect to each

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¹ The Distribution may be reported to some holders as occurring on April 8, 2019.

such block of Novartis Shares. Such holders should consult their own tax advisors in performing the foregoing allocation with respect to such blocks of Novartis Shares.

Part II, Question 17

Sections 355 and 358.

Part II, Question 18

No, except with respect to cash received in lieu of fractional shares.

Part II, Question 19

The Distribution occurred in calendar year 2019.

The foregoing discussion is not a complete analysis or discussion of all the potential tax consequences of the Distribution. Please consult your own tax advisors as to the specific tax consequences to you of the Distribution, including tax return reporting requirements and the applicability and effect of U.S. federal, state, local and foreign income and other tax laws in light of your particular circumstances.