

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [See attachment](#)

18 Can any resulting loss be recognized? ▶ [See attachment](#)

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See attachment](#)

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ /s/Peter Schreiner /s/ Daniel Weiss Date ▶ 16 April 2019

Print your name ▶ Peter Schreiner / Daniel Weiss Title ▶ Head of Tax / Deputy Group Treasurer

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

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”).¹ 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

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.