

Company	
Country	Switzerland
Number of Employees	90'924
Web	www.novartis.com

Share	
Market cap (mil)	190'619
Currency	CHF
High 52 week	74.5
Low 52 week	59.3
Last Price	69.9

Key Data	2005	2006E
Sales (mil)	32'212	44'724
EPS	3.76	4.22
P/E Ratio	18.59	16.55

Source: Bloomberg / August 21, 2006

Sales in	
Alcohol	No
Armaments	No
Firearms	No
Tobacco	No
Gambling	No

Source: ISS, SAM Research

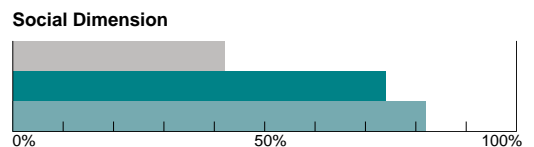
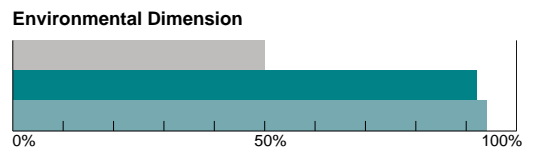
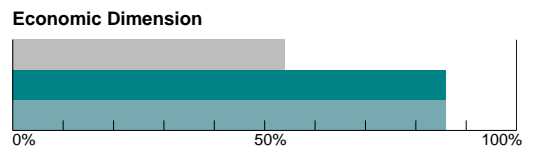
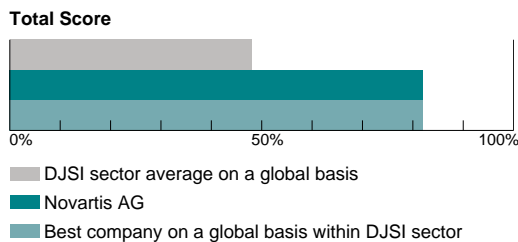
Company Description

Novartis offers its products and services through its Pharmaceuticals, Sandoz and Consumer Health divisions operating through 360 independent affiliates in 140 countries. Novartis Pharmaceuticals develops and markets therapeutics for various disease areas such as Cardiovascular & Metabolism, Neuroscience, Respiratory & Dermatology, AGBU (Arthritis, Gastrointestinal, Bone, Hormone replacement therapies, Infectious diseases), Oncology, Transplantation & Immunology and Ophthalmics. The Sandoz Division is a leading generics company. The Consumer Health division markets products in the areas of Over the Counter (OTC), Animal Health, Medical Nutrition, Gerber, and CIBA Vision (eyecare).

Sustainability Performance

Novartis has systematically improved its sustainability scores over the years and has taken the position as sector leader this year. Sustainability forms an integral part of the company's strategy and plays an important role in the evolution of its operations. The company takes a lead vis-à-vis its peers in various areas such as Risk & Crisis Management System, Codes of Conduct, Environmental Performance and Environmental Reporting. In 2005, Novartis translated its code of conduct into 14 languages and developed nine courses and face-to-face training material. Further examples of its commitment to sustainability include activities to assess and classify its suppliers according to sustainability, and to monitor their adherence to the Novartis Corporate Citizen guidelines. Moreover, its Citizenship program comprises an extensive access to drugs program for developing countries (e.g. drug donations and fostering R&D on developing world diseases such as malaria and tuberculosis) but also for developed markets (e.g. Patience Assistance Programs in the US). In addition, Novartis was able to significantly reduce its CO2 emissions, energy and water consumption, as well as waste production over the last years.

Sustainability Scores



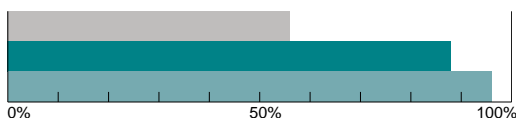
Industry Driving Forces

For many decades, the pharmaceutical sector has developed a broad range of drugs that cure, treat or prevent diseases. Compared to 30 years ago, people can live longer and healthier lives today. The pharmaceutical sector is a research-driven sector, which heavily depends on the development of new drugs with high top-line sales potential. As soon as drugs lose their patent protection, they almost immediately lose their revenues and profits to generic competition. As such, rising costs in R&D and weak drug pipelines despite heavy investments are a major challenge for the sector. State deficits have led to lower healthcare budgets and put pressure on the pricing of drugs and fuel the discussion about the overall economic value of the products. Access to drugs, novelty character of drugs, and research into diseases with little commercial potential and global patent protection are other issues for the sector to solve. Bio-ethics, drug testing, pharmacogenomics and drug safety lead to complex ethical discussions.

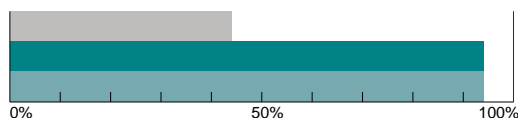
Company Performance for selected Criteria

Economic

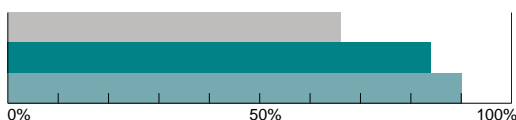
Marketing Practices



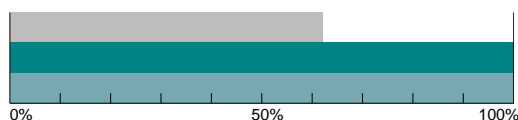
Risk & Crisis Management



Corporate Governance

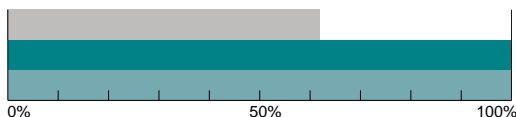


Codes of Conduct/Compliance/Corruption & Bribery

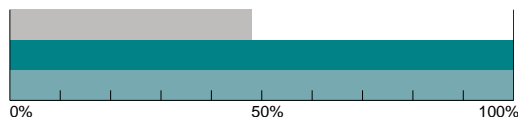


Environmental

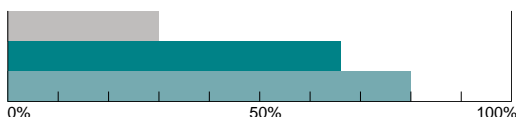
Environmental Policy/Management



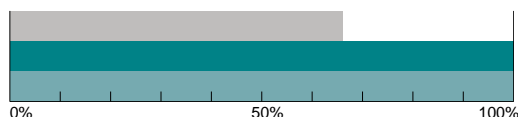
Environmental Performance (Eco-Efficiency)



Climate Strategy

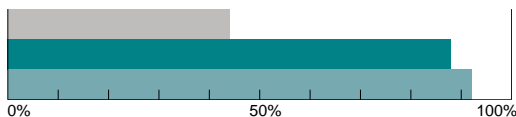


Environmental Reporting

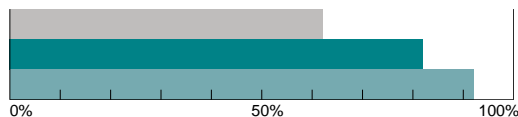


Social

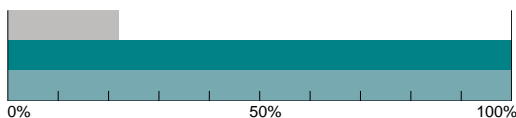
Standards for Suppliers



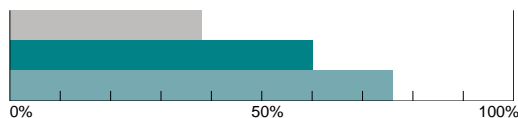
Labor Practice Indicators



Access to Drugs



Talent Attraction & Retention



DJSI sector average on a global basis
 Novartis AG
 Best company on a global basis within DJSI sector



"Corporate Sustainability is a business approach to create long term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments."

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