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| |  |  | | --- | --- | | |  | | --- | |  | |  |  |  |  |  | | --- | --- | --- | --- | | |  |  |  | | --- | --- | --- | | |  | | --- | | **How the proposed Sandoz spin-off will affect your share or equity awards** | |  | | |  |  |  |  |  | | --- | --- | --- | --- | | |  |  |  | | --- | --- | --- | | |  | | --- | |  | |  | | | |
| |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | |  |  |  |  |  | | --- | --- | --- | --- | --- | | |  |  |  |  | | --- | --- | --- | --- | | Dear Colleagues,  Following the [**announcement**](http://novartisgrouphr.newsweaver.com/314pcci5vi/1g0oodffin9b3sred5smn2/external?email=true&i=2&a=5&p=10999474&t=3978462) on August 18, 2023, Novartis intends to seek shareholder approval at the Extraordinary General Meeting on September 15, 2023, to separate the Sandoz generic division from Novartis. This would happen through a 100% spin-off on or around October 4, 2023. If approved, the transaction will impact all Novartis shareholders including associates holding Novartis shares in private brokerage accounts and associates participating in equity plans.   Our strategic review of Sandoz concluded that a spin-off would be in the best interests of Novartis shareholders, including equity plan participants. To complete the planned transaction, new shares will be created in Sandoz, which would become an independent, publicly traded company listed on the SIX Swiss Exchange. We have closely engaged our legal and tax advisors to maintain the monetary value of your Novartis equity on the proposed spin-off date\*.   |  | | --- | | **What this means for you** |      |  | | --- | | * Holders of **vested** Novartis shares (and American Depositary Receipts ADRs) would receive a ‘dividend in kind’ of Sandoz shares. * Holders of **unvested** Novartis shares and ADRs would receive additional unvested shares through an ‘equity restoration process.’ |      |  | | --- | | We have prepared the following guidance material to help you understand which scenario(s) will apply to your equity holding as a result of the proposed spin-off:   * [**Equity plan participation for associates remaining with Novartis in relation to the proposed Sandoz spin-off**](http://novartisgrouphr.newsweaver.com/314pcci5vi/1bybwazm3meb3sred5smn2/external?email=true&i=2&a=5&p=10999474&t=3978462) * [**Equity plan participation for associates transferring to Sandoz in relation to the proposed Sandoz spin-off**](http://novartisgrouphr.newsweaver.com/314pcci5vi/1tzk8zfmhjib3sred5smn2/external?email=true&i=2&a=5&p=10999474&t=3978462) * [**Equity restoration summary for Sandoz associates**](http://novartisgrouphr.newsweaver.com/314pcci5vi/6iofkavrui9b3sred5smn2/external?email=true&i=2&a=5&p=10999474&t=3978462) * [**Video: Sandoz equity**](http://novartisgrouphr.newsweaver.com/314pcci5vi/w85abiubt2pb3sred5smn2/external?email=true&a=5&p=10999474&t=3978462) |   After the spin-off, associates holding unvested equity will receive an example on how keep whole awards are calculated based on share prices post spin-off.   To further support your understanding, please refer to the FAQ included in the above guidance materials. They also include dedicated addresses you could write to for any additional questions. We are committed to responding as quickly and efficiently as possible.   There is no action required by you at the current time. Further updates will be shared with you prior to the spin-off date.  Best regards,  **Philippe Waty**  Head, Total Rewards  \*Note: Novartis and Sandoz are not responsible for the general market development and performance of the price of their shares. Share prices are liable to fluctuate as per normal market dynamics. The decision to hold or dispose off equity is at the discretion of individual equity holders. | |  |  | | --- | |  | | | | |
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