BOSTON COMMON
ASSET MANAGEMENT

March 15, 2007

Dr. Daniel L. Vasella
Chairman and CEO
Novartis AG
Lichtstrasse 35
Basel, BS CH-4056 Switzerland

Sent via email to investor.relations@novartis.com

Dear Dr. Vasella:

Boston Common Asset Management, LLC is an asset manager serving investors concerned about the social and environmental impact as well as the financial return of their investments. We are writing on behalf of our clients that hold 204,625 shares in Novartis AG in order to request information regarding management's policies on developing and promoting safer alternatives to toxic chemicals currently used in company products. This is a well-publicized issue as evidenced by the article in *The Wall Street Journal*, "Common Industrial Chemicals In Tiny Doses Raise Health Issue." (July 25, 2006). Further, we understand that on March 12, 2007 a billion dollar class action lawsuit was filed in Los Angeles Superior Court, California charging Novartis' Gerber Products Co. unit and five other manufacturers of baby bottles of failing to warn of health risks of their baby bottles containing Bisphenol A, a chemical alleged to be an endocrine disruptor.

We believe that the increasing attention by policy makers, institutions and consumers to the presence of toxic chemicals in products, including baby care products produced by our company, necessitates adopting safer alternatives as they become available. In addition, we believe that the company has a duty to its investors to disclose these issues, a duty, which is expanding as these issues become more significant, and reporting obligations expand.

Markets and Policymakers Becoming More Alert to Toxics as Data on Exposures and Effects Grows

As you are no doubt aware, new technologies are making it possible to detect synthetic chemicals in the bodies of people, even at low levels, and to identify trends in chemical exposures. Efforts by government and others to conduct "body burden" testing of blood, breast milk and other tissues are identifying many toxic chemicals in humans. In some instances, these levels approach or are at levels that are likely to be associated with adverse health effects. While in most cases, no one has been tested for adverse health effects associated with these exposures, these data provide a way to start making those connections. Although some manufacturers argue that the lack of proof of harm is sufficient to justify current practices, we believe that such an approach is antithetical to good public health practice and risk management. Detection of the presence of toxic chemicals in a large proportion of the general public is a sufficient reason to modify production practices, particularly when trends show that the concentrations of those chemicals are increasing and that particularly vulnerable populations are exposed.

In addition, the testing of consumer products and dust in households and institutions is also increasing, providing concrete data on potential exposure to chemicals leaching from products This trend highlights the need for downstream industries to insist on adequate testing of chemical components of products, and to beware of potentially hazardous compounds that can leach from consumer products during their life cycle.

There is also renewed attention on the cost to the environment from the release of chemicals that can degrade our resources and limit future uses. Chemicals that are hazardous, or persist in the environment or in living organisms, or that build up in the food web, have been targeted by numerous international, federal, regional, state and local policy-making bodies because of their potential to harm humans or to impair shared resources. Evidence from animals and humans point to many potential health effects of exposure to these chemicals, including cancer, diabetes, endometriosis, reproductive system impairments, immune dysfunctions and a range of children's developmental and learning problems.

Among the chemicals of concern are **bisphenol A**, which is used in many plastics including polycarbonate plastic bottles. We understand bisphenol A may be an ingredient in some baby products produced by Novartis' Gerber Products Co. unit. Studies indicate bisphenol A disrupts the endocrine system by mimicking the effects of the female hormone estrogen. Scientists have linked very low doses of bisphenol A exposure to cancers, impaired immune function, early onset of puberty, obesity, diabetes, and hyperactivity, among other problems. **According to a recent study by Environment California Research and Policy Center, Gerber brand baby bottles leach bisphenol A at harmful levels.** See Environmental Defense Scorecard Site: www.scorecard.org/chemical-profiles/index.tcl).

The lack of a comprehensive approach to the management of hazardous chemicals and the failure to substitute safer alternatives where possible places burdens on downstream users to evaluate emerging information on the toxicity of chemicals, and to investigate the viability of alternatives. We believe that upstream suppliers of chemicals, and other vendors should provide more comprehensive information on the toxicity of products.

Public Policy is Shifting – Is Our Company Leading the Way?

Policy initiatives in Europe, especially the REACH policy, are attempting to address weaknesses in chemical management by requiring comprehensive toxicity testing for all chemicals, restriction of the most hazardous chemicals, and substitution of safer alternatives where possible. Policy initiatives in some states in the United States have also started to address these issues by moving to reduce or phase out the most hazardous toxic chemicals. Our products will be measured against these emerging standards - and increasingly could be barred from important markets.

Does Novartis Have an Effective Safe Alternatives Policy?

We are writing to ask you to inform us what our company is doing to address the issue of safe alternatives to toxic chemicals in its products. Specifically, we would like to learn whether there is a safe alternatives policy in place to achieve the following goals:

1. Inventory chemicals of concern (using recognized lists) in our products that are suspected of being toxic to living organisms, persisting in the environment, or building up in humans (bioaccumulating).

2. Consistent with good practice on hazardous materials management, provide for an ongoing review of safer materials and chemicals to promote substitution of effective, cost-competitive alternatives that become available.

3. Develop goals and a substitution plan with timelines to: move to safer chemicals, placing a priority on those compounds internationally recognized as most toxic, including persistent bioaccumulative toxics, very persistent and bioaccumulative chemicals, other chemicals of high concern, e.g. bisphenol A, without requiring proof of harm at current exposure levels before undertaking substitution measures.

4. Communicate company chemicals policies, goals and lists to vendors, with inducements to aid in moving to safer alternatives to targeted toxic chemicals, and to provide purchasers of our company's products with toxicity data on chemicals in products.

5. Engage in effective disclosure, in catalogues and product labels, of chemical ingredients that are widely recognized as hazardous persistent bioaccumulative toxics, very persistent and bioaccumulative chemicals, and other substances in our company's products.

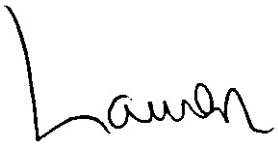
Specifically, we would like to learn the policies that are in place, the criteria and incentives used for implementation, and the resources being invested in meeting each of these goals. In addition, we would like you to identify planned enhancements in disclosure of these issues to be made as a result of the company's changing disclosure obligations, including the duty to ensure that financial reporting including the MD&A "fairly presents" the company under the Sarbanes Oxley Act, as well as under FASB and SEC rules, that may apply to Novartis. Further, we would like to know if Novartis has any plans to remove Bisphenol A from its Gerber baby bottles products.

We request a response by April 30, 2007 about measures Novartis is taking to implement a safe chemicals policy and its response to the new baby bottle lawsuit in California. We have been impressed with Novartis' responsiveness to our prior inquiries on its marketing of its pesticides in developing countries (1997), the risks of genetically engineered crops (1999) and more recently on Novartis' programs on workplace diversity (2005).

Lauren, who is also Co-Chair of the Access to Health Working Group under ICCR, will also be meeting Dr. Laux, Head of Global Public Affairs, at the end of March in Washington, D.C. to discuss the patent issues in India as well as other issues relating to access to medicines in the developing world. We look forward to discussing our new concerns with Novartis, given the new controversy in the U.S. on the use of bisphenol A in baby bottles.

Sincerely yours,

Steven Heim
Director of Social Research



Lauren Compere
Director of Shareholder Advocacy

cc: Kurt T. Schmidt, President & CEO, Gerber Products Company, (kurt.schmidt@gerber.com)
Dr. Petra Laux, Head of Global Affairs, Novartis (petra.laux@novartis.com)