

20-F 1 a2196017z20-f.htm 20-F

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[NOVARTIS GROUP INDEX TO CONSOLIDATED FINANCIAL STATEMENTS](#)

As filed with the Securities and Exchange Commission on January 26, 2010

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington D.C. 20549

**FORM 20-F**

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the fiscal year ended December 31, 2009  
OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-15024

**NOVARTIS AG**

*(Exact name of Registrant as specified in its charter)*

**NOVARTIS Inc.**

*(Translation of Registrant's name into English)*

**Switzerland**

*(Jurisdiction of incorporation or organization)*

**Lichtstrasse 35  
4056 Basel, Switzerland**

*(Address of principal executive offices)*

Thomas Werlen  
Group General Counsel  
Novartis AG  
CH-4056 Basel  
Switzerland  
011-41-61-324-2745  
thomas.werlen@novartis.com

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of class</u>	<u>Name of each exchange on which registered</u>
American Depositary Shares each representing 1 share, nominal value CHF 0.50 per share, and shares	New York Stock Exchange, Inc.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

2,274,353,351 shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow.

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

---

---

**TABLE OF CONTENTS**

<a href="#">INTRODUCTION AND USE OF CERTAIN TERMS</a>	<a href="#">1</a>
<a href="#">FORWARD LOOKING STATEMENTS</a>	<a href="#">1</a>
<a href="#">PART I</a>	<a href="#">3</a>
<a href="#">Item 1. Identity of Directors, Senior Management and Advisers</a>	<a href="#">3</a>
<a href="#">Item 2. Offer Statistics and Expected Timetable</a>	<a href="#">3</a>
<a href="#">Item 3. Key Information</a>	<a href="#">3</a>
<a href="#">3.A Selected Financial Data</a>	<a href="#">3</a>
<a href="#">3.B Capitalization and Indebtedness</a>	<a href="#">6</a>
<a href="#">3.C Reasons for the offer and use of proceeds</a>	<a href="#">6</a>
<a href="#">3.D Risk Factors</a>	<a href="#">6</a>
<a href="#">Item 4. Information on the Company</a>	<a href="#">18</a>
<a href="#">4.A History and Development of Novartis</a>	<a href="#">18</a>
<a href="#">4.B Business Overview</a>	<a href="#">21</a>
<a href="#">Pharmaceuticals</a>	<a href="#">23</a>
<a href="#">Vaccines and Diagnostics</a>	<a href="#">57</a>
<a href="#">Sandoz</a>	<a href="#">64</a>
<a href="#">Consumer Health</a>	<a href="#">71</a>
<a href="#">4.C Organizational Structure</a>	<a href="#">76</a>
<a href="#">4.D Property, Plants and Equipment</a>	<a href="#">76</a>
<a href="#">Item 4A. Unresolved Staff Comments</a>	<a href="#">83</a>
<a href="#">Item 5. Operating and Financial Review and Prospects</a>	<a href="#">83</a>
<a href="#">5.A Operating Results</a>	<a href="#">83</a>
<a href="#">5.B Liquidity and Capital Resources</a>	<a href="#">149</a>
<a href="#">5.C Research &amp; Development, Patents and Licenses</a>	<a href="#">153</a>
<a href="#">5.D Trend Information</a>	<a href="#">153</a>
<a href="#">5.E Off-Balance Sheet Arrangements</a>	<a href="#">154</a>
<a href="#">5.F Aggregate Contractual Obligations</a>	<a href="#">154</a>
<a href="#">Item 6. Directors, Senior Management and Employees</a>	<a href="#">156</a>
<a href="#">6.A Directors and Senior Management</a>	<a href="#">156</a>
<a href="#">6.B Compensation</a>	<a href="#">164</a>
<a href="#">6.C Board Practices</a>	<a href="#">185</a>
<a href="#">6.D Employees</a>	<a href="#">201</a>
<a href="#">6.E Share Ownership</a>	<a href="#">202</a>
<a href="#">Item 7. Major Shareholders and Related Party Transactions</a>	<a href="#">203</a>
<a href="#">7.A Major Shareholders</a>	<a href="#">203</a>
<a href="#">7.B Related Party Transactions</a>	<a href="#">204</a>
<a href="#">7.C Interests of Experts and Counsel</a>	<a href="#">204</a>
<a href="#">Item 8. Financial Information</a>	<a href="#">205</a>
<a href="#">8.A Consolidated Statements and Other Financial Information</a>	<a href="#">205</a>
<a href="#">8.B Significant Changes</a>	<a href="#">205</a>
<a href="#">Item 9. The Offer and Listing</a>	<a href="#">205</a>
<a href="#">9.A Listing Details</a>	<a href="#">205</a>
<a href="#">9.B Plan of Distribution</a>	<a href="#">206</a>
<a href="#">9.C Market</a>	<a href="#">207</a>
<a href="#">9.D Selling Shareholders</a>	<a href="#">207</a>
<a href="#">9.E Dilution</a>	<a href="#">207</a>
<a href="#">9.F Expenses of the Issue</a>	<a href="#">207</a>

[Table of Contents](#)

<a href="#">Item</a>	<a href="#">10.</a>	<a href="#">Additional Information</a>	<a href="#">207</a>
	<a href="#">10.A</a>	<a href="#">Share capital</a>	<a href="#">207</a>
	<a href="#">10.B</a>	<a href="#">Memorandum and Articles of Association</a>	<a href="#">207</a>
	<a href="#">10.C</a>	<a href="#">Material contracts</a>	<a href="#">212</a>
	<a href="#">10.D</a>	<a href="#">Exchange controls</a>	<a href="#">212</a>
	<a href="#">10.E</a>	<a href="#">Taxation</a>	<a href="#">212</a>
	<a href="#">10.F</a>	<a href="#">Dividends and paying agents</a>	<a href="#">217</a>
	<a href="#">10.G</a>	<a href="#">Statement by experts</a>	<a href="#">217</a>
	<a href="#">10.H</a>	<a href="#">Documents on display</a>	<a href="#">217</a>
	<a href="#">10.I</a>	<a href="#">Subsidiary Information</a>	<a href="#">218</a>
<a href="#">Item</a>	<a href="#">11.</a>	<a href="#">Quantitative and Qualitative Disclosures about Non-Product-Related Market Risk</a>	<a href="#">219</a>
<a href="#">Item</a>	<a href="#">12.</a>	<a href="#">Description of Securities other than Equity Securities</a>	<a href="#">224</a>
	<a href="#">12.A</a>	<a href="#">Debt Securities</a>	<a href="#">224</a>
	<a href="#">12.B</a>	<a href="#">Warrants and Rights</a>	<a href="#">224</a>
	<a href="#">12.C</a>	<a href="#">Other Securities</a>	<a href="#">224</a>
	<a href="#">12.D</a>	<a href="#">American Depositary Shares</a>	<a href="#">225</a>
<a href="#">PART II</a>			<a href="#">227</a>
<a href="#">Item</a>	<a href="#">13.</a>	<a href="#">Defaults, Dividend Arrearages and Delinquencies</a>	<a href="#">227</a>
<a href="#">Item</a>	<a href="#">14.</a>	<a href="#">Material Modifications to the Rights of Security Holders and Use of Proceeds</a>	<a href="#">227</a>
<a href="#">Item</a>	<a href="#">15.</a>	<a href="#">Controls and Procedures</a>	<a href="#">228</a>
<a href="#">Item</a>	<a href="#">16A.</a>	<a href="#">Audit Committee Financial Expert</a>	<a href="#">228</a>
<a href="#">Item</a>	<a href="#">16B.</a>	<a href="#">Code of Ethics</a>	<a href="#">228</a>
<a href="#">Item</a>	<a href="#">16C.</a>	<a href="#">Principal Accountant Fees and Services</a>	<a href="#">229</a>
<a href="#">Item</a>	<a href="#">16D.</a>	<a href="#">Exemptions from the Listing Standards for Audit Committees</a>	<a href="#">230</a>
<a href="#">Item</a>	<a href="#">16E.</a>	<a href="#">Purchases of Equity Securities by the Issuer and Affiliated Purchasers</a>	<a href="#">231</a>
<a href="#">Item</a>	<a href="#">16F.</a>	<a href="#">Change in Registrant's Certifying Accountant</a>	<a href="#">231</a>
<a href="#">Item</a>	<a href="#">16G.</a>	<a href="#">Corporate Governance</a>	<a href="#">231</a>
<a href="#">PART III</a>			<a href="#">232</a>
<a href="#">Item</a>	<a href="#">17.</a>	<a href="#">Financial Statements</a>	<a href="#">232</a>
<a href="#">Item</a>	<a href="#">18.</a>	<a href="#">Financial Statements</a>	<a href="#">232</a>
<a href="#">Item</a>	<a href="#">19.</a>	<a href="#">Exhibits</a>	<a href="#">233</a>

---

## NOTES TO THE NOVARTIS GROUP

## CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 3. Segmentation of key figures 2009, 2008 and 2007 (Continued)

## Pharmaceuticals Division therapeutic area net sales

Therapeutic areas	2009	2008	Change	2007	Change
	\$ millions	\$ millions	(2008 to 2009) \$ (%)	\$ millions	(2007 to 2008) \$ (%)
<b>Cardiovascular and Metabolism</b>					
<i>Diovan</i>	6,013	5,740	5	5,012	15
<i>Exforge</i>	671	406	65	103	294
<i>Lotrel</i>	322	386	(17)	748	(48)
<i>Tekturma/Rasilez</i>	290	144	101	40	260
<i>Galvus</i>	181	43	321	8	438
<b>Total strategic franchise products</b>	<b>7,477</b>	<b>6,719</b>	<b>11</b>	<b>5,911</b>	<b>14</b>
<b>Mature products (including Lescol)</b>	<b>1,319</b>	<b>1,464</b>	<b>(10)</b>	<b>1,494</b>	<b>(2)</b>
<b>Total Cardiovascular and Metabolism products</b>	<b>8,796</b>	<b>8,183</b>	<b>7</b>	<b>7,405</b>	<b>11</b>
<b>Oncology</b>					
<i>Gleevec/Glivec</i>	3,944	3,670	7	3,050	20
<i>Zometa</i>	1,469	1,382	6	1,297	7
<i>Femara</i>	1,266	1,129	12	937	20
<i>Sandostatin</i>	1,155	1,123	3	1,027	9
<i>Exjade</i>	652	531	23	357	49
<i>Tasigna</i>	212	89	138	4	NM
<i>Afinitor</i>	70	1	NM		NM
Other	231	286	(19)	279	3
<b>Total Oncology products</b>	<b>8,999</b>	<b>8,211</b>	<b>10</b>	<b>6,951</b>	<b>18</b>
<b>Neuroscience and Ophthalmics</b>					
<i>Lucentis</i>	1,232	886	39	393	125
<i>Exelon/Exelon Patch</i>	954	815	17	632	29
<i>Comtan/Stalevo</i>	554	502	10	420	20
<i>Ritalin/Focalin</i>	449	440	2	375	17
<i>Tegretol</i>	375	451	(17)	413	9
<i>Trileptal</i>	295	332	(11)	692	(52)
<i>Extavia</i>	49		NM		NM
Other	649	775	(16)	987	(21)
<b>Total strategic franchise products</b>	<b>4,557</b>	<b>4,201</b>	<b>8</b>	<b>3,912</b>	<b>7</b>
<b>Mature products</b>	<b>384</b>	<b>404</b>	<b>(5)</b>	<b>435</b>	<b>(7)</b>
<b>Total Neuroscience and Ophthalmics products</b>	<b>4,941</b>	<b>4,605</b>	<b>7</b>	<b>4,347</b>	<b>6</b>

# Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

## Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

## Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

## Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

## API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

## LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

## FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

## E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.