

PROSPECTUS

Novartis AG – American Depositary Shares



ADS DIRECT PLAN

Novartis AG (“Novartis”), a Swiss company, is pleased to offer the Novartis ADS Direct Plan (the “Plan”). The Plan provides investors in the United States with an easy and inexpensive way to invest in Novartis and systematically increase their holdings in Novartis.

The Plan holds Novartis American Depositary Shares (the “ADSs”), which are listed on the New York Stock Exchange under the trading symbol “NVS.” The Plan is open to new investors, as well as to existing holders of ADSs in the United States.

Key Features of the Plan

- Free enrollment if you hold at least one ADS in your name. New investors may make an initial direct purchase of ADSs in an amount of at least \$500.
- Purchase ADSs without a personal broker and with no fees or brokerage commissions.
- Invest as little as \$100 or as much as \$120,000 in ADSs in any calendar year.
- Purchase additional ADSs as often as twice a week by sending a check to the administrator.
- Purchase additional ADSs monthly through automatic bank debit.
- Hold ADSs safely and inexpensively through book-entry accounts.
- Reinvest all cash dividends declared in additional ADSs, unless you elect otherwise.
- Convenience of making certain transaction requests by telephone or through the internet.
- Please read this prospectus carefully before investing and retain it for your future reference.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 30, 2008.

Dear Investor:

The enclosed materials are being forwarded on behalf of JPMorgan Chase Bank, N.A. (“Administrator”), the Administrator for the Novartis ADS Direct Plan (the “Plan”). Please carefully review the following brochure for details of the Plan.

Please be advised that orders received by the Administrator to purchase or sell securities under the Plan may be executed by any broker-dealer appointed by the Administrator, which may include, Wells Fargo Investments, LLC.

Neither the Administrator, Novartis, nor any agent of any of them (including, without limitation, any broker-dealer utilized by the Administrator) makes any recommendations for or against participation in the Plan or the purchase of any securities under the Plan. Additionally, the broker-dealer utilized by the Administrator does not assume any responsibility for the accuracy of the statements made in the enclosed materials.

If you have any questions about the Plan, you may contact the Administrator at the toll-free number listed in this prospectus.

Wells Fargo Investments, LLC has sent you this material on behalf of the issuer and the Plan Administrator solely to comply with the securities laws and regulations of certain states.

Thank you for your interest.

Wells Fargo Investments, LLC is a registered broker/dealer and a member of the NASD and SIPC. Wells Fargo Investments, LLC is not a bank or thrift and is separate from any Wells Fargo Bank or any other affiliated bank or thrift. Wells Fargo Investments, LLC is solely responsible for its contractual obligations and commitments.

The securities offered through the Plan are not FDIC insured; are not bank deposits; are not obligations of, or guaranteed by, any bank; and are subject to investment risks, including the possible loss of principal invested.

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You should rely only on the information incorporated by reference or provided in this prospectus or in any prospectus supplement. Novartis has not authorized anyone to provide you with different information. Novartis is not making an offer to sell ordinary shares or ADSs in any state or country where the offer is not permitted. You should not assume that the information in this prospectus, any prospectus supplement or any document incorporated by reference is accurate as of any date other than the date of the relevant document.

Introduction

In this prospectus, “Novartis” refers only to “Novartis AG” and does not include any current or future subsidiaries of Novartis. References to “U.S. dollars,” “USD” or “\$” are to the lawful currency of the United States and references to “Swiss francs” or “CHF” are to the lawful currency of Switzerland.

Novartis

Novartis AG (NYSE: NVS) provides healthcare solutions that address the evolving needs of patients and societies. Focused solely on growth areas in healthcare, Novartis offers a diversified portfolio to best meet these needs: innovative medicines, cost-saving generic pharmaceuticals, preventive vaccines and diagnostic tools, and consumer health products. Novartis is the only company with leading positions in these areas. In 2007, the Group’s continuing operations (excluding divestments in 2007) achieved net sales of USD 38.1 billion and net income of USD 6.5 billion. Approximately USD 6.4 billion was invested in R&D activities throughout the Group. Headquartered in Basel, Switzerland, Novartis Group companies employ approximately 98,000 full-time associates and operate in over 140 countries around the world.

The principal executive offices of Novartis are located at Lichtstrasse 35, CH- 4002 Basel, Switzerland and Novartis’ telephone number is 011-41-61-324-1111. Our website address is www.us.novartis.com. Information on our website is not part of this prospectus.

ADSs

ADSs are equity securities known as “American Depositary Shares,” which trade on the New York Stock Exchange under the trading symbol “NVS” at prices quoted in U.S. dollars. Each ADS represents one Novartis “ordinary share.” Ordinary shares are the Swiss equivalent of common stock in a U.S. corporation. Novartis ordinary shares are registered in Switzerland and trade at prices quoted in Swiss francs. Novartis announces its cash dividends in Swiss francs. However, dividends declared on your ADSs will be paid in U.S. dollars.

Direct Registration

Novartis is a participant in the Direct Registration System (“DRS”). DRS is a method of recording ADSs in electronic, or book-entry, form, meaning your ADSs are registered in your name on the books of Novartis without the need for physical American Depositary Receipts (“ADRs”). ADSs held in book-entry have all the traditional rights and privileges of ADRs held in certificate form.

DRS eliminates the risk and cost of storing certificates, while enabling you to maintain the benefits of direct ownership, including the ability to participate in the Plan. You may at any time choose to have all or a portion of your book-entry shares transferred to your broker electronically by contacting your broker-dealer. When using your broker to facilitate a share transfer, provide them with a copy of your DRS account statement.

Novartis ADSs that are issued in the future will be issued to book-entry form rather than physical certificates unless you specify otherwise. You may convert any ADR certificate(s) you currently hold to book-entry form, by sending the ADR certificate(s) to the administrator with a request to deposit them to your DRS account. There is no cost to you for this custodial service.

Summary of the Plan

The following is a summary of the material provisions of the Plan, but does not restate the Plan in its entirety. The following summary is subject to, and is qualified in its entirety by reference to, all the provisions of the Plan. If you wish to obtain a copy of the Plan or have any questions about the Plan, you may call JPMorgan Chase Bank, the administrator of the Plan, at 1- 877-816-5333.

Eligibility and Enrollment

The Plan is open to investors residing in the United States, its territories and possessions. You will not be required to pay an enrollment fee or brokerage fee for the purchase of ADSs.

New Investors

If you do not yet own any ADSs, you may enroll in the Plan by completing an Account Authorization Form and returning it to the administrator with a check for a minimum of \$500 and up to a maximum of \$120,000.

Registered ADS Holders

If you have at least one ADS registered in your own name, you can enroll your ADSs in the Plan by completing an Account Authorization Form and returning it by mail to the administrator.

“Street Name” Holders

If you already own ADSs through a bank nominee or broker in “street name,” you may enroll in the Plan by instructing your bank, broker or trustee to have at least one of your ADSs registered in your name. You can then enroll your ADSs in the Plan by completing an Account Authorization Form and returning it by mail to the administrator.

All completed authorization forms should be returned to the administrator by first class mail, return receipt requested, to:

Novartis ADS Direct Plan
c/o JPMorgan Chase Bank, N.A.
PO Box 64503
Saint Paul, MN 55164-0503

Novartis reserves the right to deny, modify, suspend or terminate participation by any person or entity.

Additional Investments in ADSs

After enrollment, you may buy additional ADSs no more than twice a week by mailing a check to the administrator or by automatic monthly bank debits, in an amount of at least \$100. You may combine checks with automatic monthly bank debits and investments through the internet as long as your total additional investments in each calendar year do not exceed \$120,000. The administrator will not charge you any fees for participating in these additional investments.

Checks

Checks received by the administrator will be invested in additional ADSs within three business days or, if the trading market for ADSs is closed, then, on the next business day after the third business day that the trading market for ADSs is open. Checks must be payable in U.S. dollars and drawn on a United States bank. Checks should be made payable to "Shareowner Services – Novartis."

Automatic Monthly Bank Debits

You may purchase ADSs by authorizing automatic monthly debits, in a minimum amount of \$100 per month, from your bank account. You may do so through the administrator's website or by completing Section 6 of the Account Authorization Form and sending your completed authorization form to the administrator by mail. Funds will be debited from your bank account on or about the 15th of each month and will be invested within three business days, or if the trading market for ADSs is closed, on the next business day after the third business day that the trading market for ADSs is open.

Once the administrator receives your completed authorization form, it will take the administrator between four to six weeks to process the form. You will not receive any confirmation of the monthly debits other than as reflected on your Plan account statement and bank account statement.

You must notify the administrator in writing by mail, online through the administrator's website or by telephone to change the monthly debit amount or terminate this automatic debit feature. To be effective with respect to a particular investment date, your request to enroll in, change

or discontinue the automatic monthly debit feature must be received by the administrator at least 15 business days prior to the investment date.

Returned Checks; Failed Transfers

If any additional cash investment, including payments by check or automatic withdrawal, is returned for any reason, the administrator will remove from your account any shares purchased upon prior credit of such funds, and will sell these shares. The administrator may sell other shares in the account to recover a \$25.00 returned funds fee for each additional cash contribution returned unpaid for any reason and may sell additional shares as necessary to cover any market loss incurred by the administrator.

Pricing

The price of ADSs purchased pursuant to the Plan will be calculated differently depending upon whether the transactions are executed directly with Novartis, in the open market or in negotiated transactions.

- ***Open Market or Negotiated Transactions.*** The price of ADSs purchased in the open market or in negotiated transactions will be the weighted average price per ADS of all ADSs purchased for the Plan on the date of the purchase.
- ***Transactions with Novartis.*** The price of newly issued ADSs, representing ordinary shares purchased by the administrator from Novartis and deposited with a custodian bank, will be the average of the high and the low sale prices of ADSs (as published in the Wall Street Journal reports of the New York Stock Exchange Composite Transactions) on the date of the purchase, or if the New York Stock Exchange is closed on that date, on the next day that the New York Stock Exchange is open.

Neither the administrator nor you will be able to purchase ADSs at a specific date or time or at a specific price. It is up to the independent broker-dealer used by the Plan administrator to determine when and at what prices ADSs will be bought. You will bear any risk associated with fluctuations in the market price of ADSs while investment funds are held pending investment. No interest will be paid on your funds pending investment. You are under no obligation to make additional cash investments.

Source of ADSs

The administrator will purchase ADSs on the New York Stock Exchange, in the over-the-counter market or in privately negotiated transactions twice a week, subject to any waiting periods required under the applicable securities laws or stock exchange regulations.

The administrator may also purchase ordinary shares directly from Novartis and deposit such ordinary shares with the

depository bank for Novartis' ADR program, which will issue an equivalent number of ADSs. Novartis will use the proceeds it receives, if any, from the sale of such newly issued ordinary shares purchased directly from Novartis, for general corporate purposes.

Novartis determines the source of ADSs used to fulfill Plan requirements. Subject to certain regulatory restrictions on the frequency with which Novartis can change its determination, Novartis may change its determination on the source of ADSs from time to time without giving you notice. Novartis expects that, generally, Plan purchases will be effected in open market transactions.

Funds Pending Investment

During the period that an additional cash investment is pending, the collected funds in the possession of the administrator may be invested at its direction in certain short-term liquid investments. The risk of any loss from such investments shall be the responsibility of the administrator. Investment income from such investments shall be retained by the administrator or its agent.

Share Deposit Management and Safekeeping

“Book-Entry” Account

If not otherwise instructed, the ADSs in the Plan will be held for you by the administrator in a book-entry account. ADS ownership in book-entry form means that, while you will have full ownership of the ADSs that you have invested pursuant to the Plan, you will not receive a paper stock certificate, and your ADSs are registered in your name on the books of the depository bank for Novartis' ADR program without the need for physical ADRs. ADSs held in book-entry form have all the traditional rights and privileges of ADRs held in certificate form. Book-entry accounts eliminate the risk and expense of replacing lost or stolen ADRs, assure that your ADSs are always available should you need to deliver them for transfer and avoid your costs in maintaining a safe deposit box or other place to store your ADRs. Novartis ADSs that are issued in the future will be issued in book-entry form rather than physical ADRs unless you specify otherwise.

You may at any time choose to have all or a portion of your book-entry ADSs transferred to your broker electronically by contacting your broker-dealer. When using your broker to facilitate a share transfer, provide them with a copy of your DRS account statement.

American Depositary Receipts

An ADR is a paper stock certificate that represents ADSs. If you prefer to hold your ADSs in certificated form, you may request an ADR. You can obtain ADRs for any whole ADSs in your Plan account at any time by contacting the administrator in writing or by telephone. The administrator

will mail you ADR(s) for the requested number of whole ADSs as soon as practicable after receipt of your properly completed request.

ADRs will be issued in the name(s) in which the Plan account is registered, unless you instruct the administrator otherwise. If an ADR is to be issued in a name other than your Plan account registration, the administrator will require a signature guarantee.

ADR Safekeeping

If you hold ADRs representing ADSs, whether or not such ADSs were acquired under the Plan, you have the option of depositing your existing ADRs for safekeeping in your Plan account by sending your ADRs by registered mail, return receipt requested, to the administrator with written instructions to deposit them in your Plan account in book-entry form. Do not endorse the ADRs or complete the assignment section of the ADR. Novartis recommends that you send your ADRs by registered mail, return receipt requested, and insure them for 2% of the market value of the underlying ADSs. There is no cost to you for this custodial service.

Tracking Your Investments and Account Statements

Transaction Statements

Each time that you purchase, reinvest dividends, sell, transfer or withdraw ADSs through the Plan, you will receive a statement from the administrator confirming your transaction. Each statement will include a transaction request form that will help you make additional investments, sales, transfers or withdrawals. You can also obtain transaction request forms at any time from the administrator. You may request duplicate transaction statements for the current or prior calendar year, at no cost to you, at any time, by contacting the administrator.

Annual Statements

You will receive annual statements reflecting your account balance and all transactions relating to your Plan account, including reinvestment of dividends. You may request duplicate annual statements for the current or prior calendar year, at no cost to you, at any time by contacting the administrator.

Shareholder Rights and Privileges

As a plan participant, you enjoy all the rights and privileges associated with the ownership of ADSs. You will receive all shareholder communications, including annual reports and proxy statements. You will be given the opportunity to give voting instructions with respect to the ADSs that you hold pursuant to the Plan; however, fractional ADSs cannot be voted.

Dividend Reinvestment

If you do not elect otherwise, all cash dividends declared on ADSs that are enrolled in the Plan will be automatically reinvested in additional ADSs. The administrator will credit your Plan account with the purchased ADSs, including any fractional ADSs, as soon as practicable, and in no event more than 30 calendar days, following the dividend payment date on the ADS.

If, however, you wish to change your dividend reinvestment election, you have to instruct the administrator by mail, internet or telephone to reinvest the cash dividends on all, a portion of or none of your ADSs that are held in the Plan. Your instructions will be effective commencing from the following dividend payment date if received two business days before the applicable dividend record date. The dividend record date on the ADSs will normally be about four to six weeks prior to the dividend payment date.

The payment of dividends is at the discretion of the board of directors of Novartis. The board of directors of Novartis may change the amount and timing of dividends at any time without notice.

ADS Splits, Split of Ordinary Shares and Other Distributions

If Novartis declares a split of its ADSs, your account under the Plan will be credited with the appropriate number of additional ADSs on the effective date of the split. If you send a notice of termination or a request to sell to the administrator between the record date and the payment date for a split, the request will not be processed until the split is credited to your account. If Novartis declares a split of its ordinary shares, your existing ADSs will represent the appropriate number of additional ordinary shares distributed pursuant to the share split.

In the event that Novartis offers any share subscription or other rights to holders of its ordinary shares, to the extent that such rights are made available to holders of ADSs, the administrator will make them available to you with respect to the whole number of ADSs that you hold pursuant to the Plan. To the extent that such rights are not made available to holders of ADSs, they may be sold for the benefit of such holders, in which case the administrator will allocate your share of the proceeds of such sale to your account in the form of additional purchased ADSs.

Change of Name or Address

Please notify the administrator immediately of any change in your name or address.

Sales of ADSs

Sale Requests

As a participant, you can arrange with the administrator to sell all or a portion of the ADSs in your Plan account on days that the trading market for ADSs is open. The administrator will use its best efforts to process your sale order on the next business day following receipt of your properly completed request (sale requests involving multiple transactions may experience a delay). The administrator will not be liable for any claim arising out of failure to sell ADSs on a certain date or at a specific price. This risk should be evaluated by the participant and is a risk that is borne solely by the participant. The administrator will deduct a \$15 transaction fee and a brokerage commission of \$0.12 per ADS from the sale proceeds and will forward a check for the remaining balance to you within 15 business days after it receives your sale request. You will not be required to pay any other fees or charges for selling your ADSs.

Direct Deposit of Sale Proceeds

If you submit a request to sell all or a portion of the ADSs credited to your Plan account, and are requesting the net proceeds to be automatically deposited to a bank checking or savings account, you must provide a voided blank check for a checking account or blank savings deposit slip for a savings account. If you are unable to provide a voided check or deposit slip, your written request must be accompanied by your signature(s) medallion guaranteed by an eligible financial institution for direct deposit. Requests for automatic deposit of sale proceeds that do not provide the required documentation will not be honored and a check for the net proceeds will be issued.

Pricing

The price of ADSs sold in the open market and in negotiated transactions will be the weighted average price per ADS of all ADSs sold for the Plan on the date of the sale. Neither the administrator nor you will be able to sell ADSs at a specified time or price. It is up to the independent broker-dealer used by the Plan administrator to determine when and at what prices ADSs will be sold. You will bear any risk associated with fluctuations in the market price of ADSs while ADSs are held pending divestment.

Transfers of ADSs

You may instruct the administrator to transfer any number of ADSs to the account of another person or to your own brokerage account outside or within the Plan by completing a transaction request form and any other documentation required by the administrator and mailing such forms and documents to the administrator. All transfers must be in writing and will require a signature guarantee.

If you request to transfer all ADSs in your Plan account between a dividend record date and payment date, your transfer request will be processed; however if your dividends are subject to reinvestment, your Plan account will not be terminated. You may receive additional ADSs as a result of the dividend reinvestment feature, which will require you to submit a written request to transfer the additional ADSs.

Online Account Access

You may access your account information and perform certain transactions online. Once you have activated your account online, you may: authorize, change or discontinue automatic monthly bank withdrawals; sell some or all of the ADSs credited to your Plan account if the current market value of the ADSs to be sold is \$25,000 or less (transactions for more than \$25,000 must be effected in writing); make additional cash purchases; and you may change your dividend reinvestment option (for example, from full to partial reinvestment). Online access is not available to corporations and other legal entities, and certain other restrictions may apply.

Conducting Transactions Via Telephone

You may contact the administrator by telephone to authorize, change or discontinue automatic monthly bank withdrawals; to sell some or all of the ADSs credited to your Plan account if the current market value of the ADSs to be sold is \$25,000 or less (transactions for more than \$25,000 must be effected in writing); to request an ADR for some or all of your full ADSs; and to change your dividend reinvestment option.

Termination of Your Account

Voluntary Withdrawal by Participant

You may terminate your participation by telephone, through the internet or by completing a transaction request form that you may obtain from the administrator. Your termination request generally will be processed on the day that it is received by the administrator or on the next business day. If your request to terminate from the Plan is received on or after a dividend record date, but before the dividend payment date, your termination will be processed as soon as practicable, and a separate dividend check will be mailed to you. Future dividends will be paid in cash, unless you rejoin the Plan.

Unless you instruct otherwise, upon termination of your account, your ADSs will remain registered on the book-entry system of the depository bank for Novartis' ADR program. The administrator will liquidate any fractional ADSs in your account based on the sale price of ADSs on the date

of liquidation, and will send you a check for the cash value of fractional ADSs. You will not be charged any fees for the issuance of the ADR, however, applicable service charges and brokerage commissions will apply for the liquidation of your fractional ADSs.

When terminating your account, you may also request that all or part of the ADSs in your account be sold. Please refer to the section of this prospectus entitled “Sales of ADSs.” ADSs sold in connection with terminating your account (including any fractional ADS) will be priced as discussed above in the section called “Sales of ADSs – Pricing.”

Termination by the Administrator

The administrator may terminate your participation in the Plan if you do not own at least one ADS in your name or held through the Plan. Novartis also reserves the right to deny, modify, suspend or terminate participation in the Plan by otherwise eligible persons to the extent Novartis deems it advisable or necessary in its discretion to comply with applicable laws or to eliminate practices that are not consistent with the purposes of the Plan. If your participation in the Plan is terminated, all of your whole ADSs will remain registered on the book-entry system of the depositary bank for Novartis’ ADR program, and you will receive a cash payment, less any applicable brokerage commissions and service charges, for any fractional ADS credited to your account as of the date of termination.

U.S. Federal Income Tax Considerations

The information set forth below summarizes certain U.S. federal income tax consequences of participation in the Plan. The information is not intended to be a complete description of all such consequences, and it does not discuss any state, local, Swiss withholding or other non-U.S. tax considerations that may be relevant to participation in the Plan. The description of U.S. federal income tax considerations may be affected by future legislation, IRS rulings and regulations and/or court decisions (possibly on a retroactive basis). For these reasons, participants should consult their own tax advisors with respect to the U.S. federal, state, local, Swiss withholding and other income tax consequences of participation in the Plan. The following discussion applies only to investors that are U.S. persons and that will hold ADSs as capital assets.

In general, all your dividends, whether paid to you in cash or reinvested, are considered taxable income to you at the time the dividends are received or reinvested. In addition, brokerage commissions on purchases of ADSs purchased through the Plan, which will be paid by Novartis on your behalf, will be treated as distributions subject to U.S. federal income tax in the same manner as cash dividends. Shortly after the end of the year, the total amount of dividends and

other distributions will be reported to you and to the Internal Revenue Service (the “IRS”) on Form 1099-DIV.

Under this general rule, the cost basis for U.S. federal income tax purposes of ADSs purchased through the Plan with reinvested dividends or cash investments is the price at which the ADSs are credited to your Plan account (see “Additional Investments in ADSs – Pricing”), increased by the amount of the brokerage commissions, if any, with respect to such ADSs paid by Novartis on your behalf.

Generally, you will not realize gain or loss for U.S. federal income tax purposes upon the purchase and deposit of the ADSs in your Plan account, or the receipt of ADRs for ADSs held in your Plan account. However, you generally will realize gain or loss, upon the sale by the administrator of ADSs held in your account or upon the sale of ADRs by yourself in the open market. The amount of realized gain or loss, if any, is based on the difference between the amount you receive for the ADSs and your cost basis in the ADSs. Shortly after the close of the year, you will receive a Form 1099-B reflecting the proceeds from the sale of any ADSs executed by the administrator.

The above rules may not be applicable to certain participants, such as tax-exempt entities. These participants should consult their own tax advisors.

In general, information reporting requirements will apply to dividends or sale proceeds in respect of the ADSs paid within the United States, other than to certain exempt recipients, including corporations. In addition, you may, under certain circumstances, be subject to “backup withholding” with respect to dividends paid on the ADSs or the proceeds of any sale of the ADSs, unless you (i) are a corporation or fall within certain other exempt categories, or (ii) provide a correct taxpayer identification number (“TIN”), certify that you are not subject to backup withholding and otherwise comply with applicable requirements of the backup withholding rules.

Any amount withheld under the backup withholding rules generally will be creditable against your U.S. federal income tax liability; provided that you furnish the required information to the IRS in a timely manner. If you do not provide a correct TIN, you may be subject to penalties imposed by the IRS.

Please retain your account statements to establish the cost basis of ADSs purchased under the Plan for income tax and other purposes.

Miscellaneous

Changes to the Plan

Novartis reserves the right to suspend, modify or terminate the Plan, at any time, in whole or in part, with respect to participants in certain jurisdictions or your interest in the

Plan, to the extent that Novartis deems it advisable or to the extent necessary in its discretion to comply with applicable laws. You will receive prior notice of any such suspension, modification or termination. Novartis also reserves the right to change any administrative procedures of the Plan. Novartis may change the fees and expense structure of the Plan at any time and from time to time upon 30 calendar days' prior notice to you.

If the Plan or your interest in the Plan is terminated, your ADSs will remain registered on the book-entry system of the depositary bank for Novartis' ADR program. The administrator will liquidate any fractional ADSs in your account based on the sale price of ADSs on the date of liquidation. You may also request that the administrator transfer the ADSs in your account under the Plan to your brokerage account, or that the administrator provide you with an ADR representing any whole number of ADSs in you Plan account. You will not be charged any fees for the issuance of the ADR; however applicable service charges and brokerage commissions will apply for the liquidation of your fractional ADSs.

Foreign Investors

Please note that regulations in certain countries may limit or prohibit participation in this type of program. Accordingly, if you reside outside the United States and wish to participate in the Plan, you represent and warrant to Novartis and the administrator that you are not subject to any governmental regulations prohibiting your participation.

Limitation of Liabilities

The administrator may engage agents, subcontractors or attorneys-in-fact in connection with its operation of the Plan, provided the same are selected with reasonable care. Provisions herein that refer to the administrator shall also refer to its agents.

The administrator is acting solely as agent for Novartis and owes no duties, fiduciary or otherwise, to any other person by reason of this Plan, and no implied duties, fiduciary or otherwise, shall be read into this Plan. The administrator undertakes to perform such duties and only such duties as are expressly set forth herein, to be performed by it, and no implied covenants or obligations shall be read into this Plan against the administrator.

None of Novartis, its subsidiaries, the administrator or the independent broker-dealer shall be liable in connection with its operation of the Plan for any act done in good faith or for any good faith omission to act including, without limitation, any claims for liability:

- Arising out of failure to terminate a participant's participation in the Plan upon the participant's death prior to receipt of written notice of death from an appropriate fiduciary,

- With respect to the prices or times at which ADSs are purchased or sold for any participant's account. The administrator will have no responsibility for the market value of ADSs maintained on behalf of a participant;
- Arising from the act or omission to act by any broker or dealer appointed by the administrator to effect any purchases or sales of ADSs.

In the absence of negligence or willful misconduct on its part, the administrator, whether acting directly or through agents or attorneys, shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties hereunder. In no event shall the administrator be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profit), even if the administrator has been advised of the likelihood of such loss or damage and regardless of the form of action.

The administrator shall: (i) not be required to and shall make no representations and have no responsibilities as to the validity, accuracy, value or genuineness of any signatures or endorsements, other than its own; and (ii) not be obligated to take any legal action hereunder that might, in its judgment, involve any expense or liability, unless it has been furnished with reasonable indemnity.

The administrator shall not be responsible or liable for any failure or delay in the performance of its obligations under this program arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities; computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental actions; it being understood that the administrator shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Validity of Ordinary Shares

The validity of the ordinary shares of Novartis underlying the ADSs to be offered pursuant to the Plan has been passed upon for Novartis by Bär &Karrer, a Swiss law firm.

Experts

The consolidated financial statements incorporated in this prospectus by reference to Novartis AG's annual report on Form 20-F for the year ended December 31, 2007 have been so incorporated in reliance on the reports of PricewaterhouseCoopers, independent accountants, given on the authority of the said firm as experts in auditing and accounting.

Additional Information About Novartis

Novartis files annual and special reports and other information with the Securities and Exchange Commission (the “SEC”). You may read and copy any reports, statements or other information that Novartis files at the SEC’s Public Reference Room at 450 Fifth Street, N. W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the Public Reference Room. Novartis’s filings with the SEC are also available to the public from commercial document retrieval services and at the internet website maintained by the SEC at www.sec.gov.

This prospectus is part of a registration statement on Form F-3 that Novartis filed with the SEC to register the securities offered under the Plan. As allowed by SEC rules, this prospectus does not contain all information that you can find in such registration statement or the exhibits to the registration statement. The SEC permits Novartis to “incorporate by reference” the information contained in our filed or submitted documents, which means that Novartis can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus.

The following documents filed or submitted by Novartis AG with the SEC are incorporated by reference in this prospectus:

1. Annual Report on Form 20-F for the year ended December 31, 2007.
2. The section entitled “Part II – Item 14. Description of Securities to be Registered – American Depositary Receipts” included in the registration statement on Form 20-F/A (File No. I-15024), as filed with the SEC on May 9, 2000.
3. Current Reports on Form 6-K filed with the Securities and Exchange Commission on May 30, 2008 (containing the Amended and Restated Articles of Incorporation of Novartis AG)

All documents filed by Novartis with the SEC pursuant to Section 13(a), 13(c) or 14 of the Securities Exchange Act of 1934 and, to the extent, if any, designated therein, certain reports on Form 6-K furnished by Novartis after the date of this prospectus and until the Plan is terminated, shall be deemed to be incorporated by reference in this prospectus and shall be considered part of this prospectus from the date of filing or submission of such documents with the SEC.

Any statement contained in a document incorporated or deemed incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document that also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded

shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

Upon your request, the administrator will provide at no cost to you a copy of any or all of the documents incorporated by reference in this document (other than exhibits to such documents, unless the exhibits are specifically incorporated by reference in such documents). You may do so by calling the toll-free number: 1-877-816-5333.

Administration

The Plan is administered by JPMorgan Chase Bank, N.A. The administrator keeps records, sends statements and performs other duties relating to the Plan. Novartis may replace the administrator, and the administrator may resign, at any time, in which case, Novartis would designate a new administrator.

Purchases and sales of ADSs under the Plan will be made by an independent broker-dealer that is not affiliated with Novartis or any of its subsidiaries. The administrator will furnish the name of the independent broker-dealer, including any affiliated broker-dealer, utilized in ADS transactions within a reasonable time upon written request from the participant. The administrator may replace the independent broker-dealer and the independent broker-dealer may resign, at any time, in which case, the administrator would designate a new independent broker-dealer. The independent broker-dealer may be an affiliate of the Administrator.

For further inquiries, please contact the administrator at:

Novartis ADS Direct Plan
JPMorgan Chase Bank, N.A.
P.O. Box 64503
Saint Paul, MN 55164-0503

Certified or overnight mail should be sent to:

Novartis ADS Direct Plan
JPMorgan Chase Bank, N.A.
161 North Concord Exchange
South Saint Paul, MN 55075-1139

JPMorgan Service Center 1-877-816-5333.

7:00 a.m. – 7:00 p.m., Central Standard Time, Monday through Friday (except holidays)

Please note that you can view your holdings and process transactions online at www.adr.com/shareholder. Once on the website, click “Account Access” to see balances, submit your sales instructions, and peruse Frequently Asked Questions. For help with the web, call the above toll-free number.

