



Security and Exchange Commission
100 F Street
NE
Washington, DC 20549-1090
USA

September 10, 2007

Acceptance from Foreign Private Issuers (FPI) of Financial Statements prepared in accordance with IFRS without reconciliation to US GAAP

Novartis is a leading worldwide pharmaceutical company with 2006 sales of USD 37.0 billion and net income of USD 7.2 billion. It currently has a market capitalization of approx. USD 125 billion and over 100,000 employees worldwide. Novartis prepares its consolidated financial statements using IFRS, however since our 2000 NYSE listing, has been reconciling its net income and equity to US GAAP.

We fully support the Commission's proposal to accept IFRS financial statements from FPIs without reconciliation to US GAAP. This reconciliation still absorbs substantial resources. However, the benefits which it affords users have considerably diminished as the IASB and FASB have progressed in their convergence efforts, so that reconciliation differences have become largely minor technical points or purely historical "legacy" items reflecting former differences which have now disappeared for new transactions, e.g. goodwill. Furthermore, since we have been reconciling our IFRS results to US GAAP very few analysts have asked us questions on the US GAAP figures so the cost versus benefit of producing the US GAAP reconciliation has always been a concern to us. We therefore warmly applaud the Commission's vision in recognizing the changed circumstances and the vanished interest in the US GAAP reconciliation on the part of users and fully support the elimination of the US GAAP reconciliation as quickly as possible.

Yours sincerely,

NOVARTIS AG

A handwritten signature in black ink, appearing to read "Breu".

Raymund Breu
Novartis Chief Financial Officer

A handwritten signature in blue ink, appearing to read "M. Cheetham".

Malcolm Cheetham
Novartis Chief Accounting Officer