

JPMorgan Chase Bank, N.A.

Global Invest Direct

a Direct Purchase Plan
for American Depositary Shares
of **Novartis AG**

This program is sponsored and administered by
JPMorgan Chase Bank, N.A. and not by Novartis
whose securities are included in the program.

J.P.Morgan

Dear Investor:

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

Please be advised that orders received by the Administrator to purchase or sell securities under the Program may be executed by any broker-dealer appointed by the Administrator, which may include, a division, branch or affiliate of the Administrator or Wells Fargo Securities LLC.

Neither the Administrator, Novartis AG (the “issuer” or “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 Program or the purchase of any securities under the Program. 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 Program, you may contact the Administrator at the toll-free number listed herein.

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

Thank you for your interest.

Wells Fargo Securities, LLC is a registered broker/dealer and a member of the NASD and SIPC. Wells Fargo Securities, LLC is not a bank or thrift and is separate from any Wells Fargo Bank or any other affiliated bank or thrift.

Wells Fargo Securities, LLC is solely responsible for its contractual obligations and commitments. The securities offered through the Program 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.

Nothing herein shall be deemed to constitute an offer to sell or a solicitation of an offer to buy the shares of the issuer.

In this brochure the term “shares” refers to American Depositary Shares representing shares of the issuer.

A “shareholder” is a holder of any of such shares.

Global Invest Direct

Global Invest Direct provides first-time purchasers and existing holders of shares with a convenient and economical way to invest in the issuer. As a participant, you can enjoy the same benefits as an investor who holds shares directly on the books of JPMorgan Chase Bank, N.A. as ADR depository (the “Depository”); you remain the registered owner of the shares and have full control over your investment decisions. Highlights of a Global Invest Direct account include:

Investment control and flexibility

You can purchase shares by sending in a check, making an individual automatic withdrawal from your checking or saving account or by specifying a regular amount to be withdrawn automatically from your checking or savings account on a monthly basis.

- You can increase your holdings by steadily reinvesting all or a portion of your dividends in the purchase of additional full or fractional shares.
- You can submit a request to purchase or sell shares online at www.adr.com/shareholder, with transactions normally being processed Monday through Friday (except holidays).
- You can elect to receive any dividend payments by check, or deposited directly to your bank account, instead of reinvesting them.

Security

You can deposit shares you currently hold in certificated or book-entry form into your Global Invest Direct account for safekeeping. We hold such shares, along with any shares you purchase through the Program, in electronic form to protect against physical loss and theft.

Ease of sale or withdrawal

You may quickly sell shares from your account by contacting us in writing and, for transactions of \$25,000 or less, you can contact us by telephone or through our website, www.adr.com/shareholder. You may also withdraw shares from your account by contacting us in writing or by telephone.

Reduced cost

The program allows you to buy and sell shares directly through JPMorgan Chase Bank, N.A. with low transaction fees.

Issuer information

You will be provided the same communications that a registered holder of shares is provided.

Enrollment in Global Invest Direct

- **Existing shareholders** - If you are an existing shareholder, complete the enrollment form and mail it to us for immediate processing. You can also enroll online through our website, www.adr.com/shareholder. You may also choose to do any of the following:
 1. Send any ADR certificates you might have to JPMorgan Chase Bank, N.A. for safekeeping by mailing to JPMorgan Chase at the addresses contained herein.
 2. Reinvest any dividends paid on some or all of your shares, even if you continue to hold the corresponding ADR certificates, if applicable.
 3. Make an optional cash purchase of shares.
- **Initial purchase** - If you are a new investor, to make an initial purchase of shares, complete the enrollment form and enclose a check for a minimum of \$250 to cover the share purchase. Alternatively you may make your initial purchase online via www.adr.com/shareholder by authorizing one deduction from your designated checking or savings account at a qualified financial institution (minimum \$250) for shares, or you may authorize the automatic monthly investment feature and initiate your investment with only \$50 and a commitment for at least five sequential purchases of such shares. Upon settlement, we will credit your Global Invest Direct account with the appropriate number of full and fractional shares.

- **Conducting Transactions Online** - U.S. investors may purchase shares online, as a convenient way to invest without having to send in any forms or checks by mail. You have the ability to purchase shares and authorize individual and/or automatic monthly, or twice a month investments by automatic bank debits online. You can access our services at www.adr.com/shareholder to eliminate the time needed to send the enrollment form through the mail. Once enrolled, you can also sell shares held in book-entry form and conduct certain other transactions online through www.adr.com/shareholder.
- **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 Global Invest Direct, you represent and warrant to JPMorgan Chase Bank, N.A. that you are not subject to any governmental regulations prohibiting your participation.

Global Invest Direct: Features

- **Safekeeping** - As a participant in the Program you may send in your ADR certificate(s) to JPMorgan Chase Bank, N.A. for credit to your account by mailing to JPMorgan Chase at the addresses contained herein. There is no charge for depositing ADR certificates for credit to your account under the Program. ADR certificates deposited with JPMorgan Chase Bank, N.A. are credited to your account and thereafter any dividends on such shares will either be reinvested or paid in cash in accordance with your election. You are responsible for maintaining your own records of the cost basis of ADR certificates deposited with JPMorgan Chase Bank, N.A. Because you bear the risk of loss when mailing ADR certificates, it is recommended that you use registered mail, insuring your ADR certificates for 2% of their current market value. Please do not endorse the ADR certificates.

Optional Mail Loss Insurance

Please be advised that choosing registered, express or certified mail alone to deliver ADR certificates will not provide full protection, should the ADR certificates become lost or stolen. Mail loss insurance provides the coverage needed to replace and reissue the shares should the ADR certificate become lost or stolen through the mail.

As the Administrator, we can provide low-cost loss insurance for ADR certificates being delivered for deposit to your account. Replacement transaction fees may also apply. To take advantage of the optional mail loss insurance see Terms and Conditions for Certificate Deposit and Withdrawal

- **Cash purchases** - As a participant, you may order the purchase of shares quickly and easily by notifying JPMorgan Chase Bank, N.A., which will endeavor to purchase shares for your account, together with like shares ordered by other participants, promptly at least once every five business days, but in no event later than 35 calendar days after the cash contributions are received (except where deferral is necessary under applicable federal or state laws or regulations), at prevailing market prices at the time of such purchases.
- **Additional cash purchases** - As a Program participant, you may elect to make periodic additional purchases for a minimum of \$50 to purchase shares in any of the following ways:
 1. Online through www.adr.com/shareholder by authorizing an individual deduction (minimum of \$50) from your checking or savings account at a qualified financial institution;
 2. On the enrollment form, check the box for purchasing additional shares located in the cash purchase section. JPMorgan Chase Bank, N.A. will purchase the shares and credit your account with full and fractional shares. Mail the enrollment form and a check payable to JPMorgan Chase Bank, N.A. in U.S. dollars for each additional purchase.
 3. On the enrollment form, complete the Bank Authorization Agreement section authorizing JPMorgan Chase Bank, N.A. to withdraw a predetermined amount from your checking or savings account. Mail the enrollment form to the Administrator. We will arrange to withdraw

the amount you specify on a designated day each month and apply that amount to the purchase of shares for your Global Invest Direct account. We must receive funds before we purchase shares. Upon settlement of the shares purchased, we will credit your account with the appropriate number of full and fractional shares. To be effective with respect to a particular investment date, your request to enroll in, change, or terminate the automatic withdrawal feature must actually be received by the Administrator at least 15 business days prior to the investment date.

4. You are under no obligation to make additional cash purchases. Funds awaiting investment do not earn interest.

- **Sales** – As a Global Invest Direct participant, you may arrange to sell any portion of the shares in your account quickly and easily by contacting the Administrator through our website at www.adr.com, in writing, or by telephone.

Shares will be sold daily, or as feasible, on each business day at prevailing market rates. All sale instructions received by the Administrator will be processed promptly thereafter, and in no event later than five business days after the date on which the order is received. If you prefer, you can mail your request to sell shares using one of the transaction forms that we will mail to you with each statement. For transactions where the current market value of the shares to be sold is \$25,000 or less, you may sell your shares by telephone or online through our website. JPMorgan Chase Bank, N.A. will deduct a transaction fee from the sale proceeds and will forward a check for the remaining balance to you after the settlement period.

If you maintain physical possession of your ADR certificates, you may still sell the corresponding shares through Global Invest Direct. To sell those shares, you must first mail the ADR certificates to JPMorgan Chase Bank, N.A. by mailing to JPMorgan Chase at the addresses contained herein. Once we receive the ADR certificates and your sales authorization (by mail, telephone, or through our website www.adr.com/shareholder), you can sell your shares through Global Invest Direct.

- **Withdrawal** – As a Program participant, you may withdraw all or a portion of the whole shares being held in your account and receive a statement reflecting your ownership of such shares by contacting the J.P. Morgan Service Center by telephone or by completing and mailing the transaction form found as part of your account statement.
- **Dividends**
 1. **Cash dividends** – As a Program participant, you may receive all or a portion of your dividends by check, or JPMorgan Chase Bank, N.A. will remit any dividends to you by automatic deposit to a bank account you designate.
 2. **Dividend reinvestment** – You may elect to reinvest all or a portion of your cash dividends in additional shares. To do so, check the applicable box in the Dividend Reinvestment section on the enrollment form. You can change your election at any time by going online, calling, or sending written instructions to the Administrator. In order to change your election for the next ensuing dividend your revised instructions need to be received no later than two business days before the next dividend record date for the shares. Amounts received by the Administrator on account of dividends paid on shares will be reinvested promptly following receipt by JPMorgan Chase Bank, N.A. but in no event later than 30 calendar days after receipt (except where deferral is necessary under applicable federal or state laws or regulations).
 3. **Income tax information** – Investors who receive dividends or participate in dividend reinvestment will be subject to U.S. federal income taxes. Your gross dividends may be subject to a foreign withholding tax. In certain instances, this withholding may be used as a credit against your U.S. federal income taxes. The Administrator will report to you and the Internal Revenue Service (“IRS”), any dividends paid on Form 1099-DIV at year end. For non-U.S. participants receiving U.S. sourced dividends, they will be reported on Form 1042-S (see Terms and Conditions, Tax Consequences).

4. If you have sold any of your shares, the proceeds received from the sale of shares, rights or other securities will be reported on Form 1099-B. You may wish to obtain professional advice regarding your individual tax situation.
 5. Statement and transaction advice - As soon as practicable following transaction activity in your account, the Administrator will send you an account statement detailing dividends and cash contributions, the price per share, the number of shares held for you by the Administrator, a transaction history, and fees paid.
- **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 your shares if the current market value of the shares 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 us by telephone to authorize, change or discontinue automatic monthly bank withdrawals; to sell some or all of your shares if the current market value of the shares to be sold is \$25,000 or less (transactions for more than \$25,000 must be effected in writing); to request an ADR certificate for some or all of your full shares; and to change your dividend reinvestment option (for example, from full to partial reinvestment).

Automated privileges - If you have established automated privileges on your account, you can access our interactive voice response system to: change the amount of, or stop, automatic monthly bank withdrawals; change your dividend reinvestment option (for example, from full to partial reinvestment); sell some or all of your shares if the current market value of the shares to be sold is \$25,000 or less; and request that some or all of your shares be withdrawn from the Program and that a book entry statement for some or all full shares, if the current market value of the shares to be withdrawn from the Program is \$50,000 or less. To establish automated privileges, please contact the Administrator and request an Automated Request Authorization form.

Disclosure

Global Invest Direct accounts and securities held in such accounts for participants are not subject to protection under the Securities Investor Protection Act of 1970. Neither JPMorgan Chase Bank, N.A. nor any of its agents or representatives provides any advice and none of them makes any recommendations regarding any securities. Participants must make any decisions to purchase or sell based upon their own research and judgment. The Global Invest Direct accounts and securities are not insured by the Federal Deposit Insurance Corporation, are not deposits or other obligations of JPMorgan Chase Bank, N.A., are not guaranteed by JPMorgan Chase Bank, N.A., and are subject to investment risks including, without limitation, the possible loss of some or all of the investment.

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record all information that identifies a person who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth (for individuals), and other information that will allow us to identify you. We may ask to see your driver's license or other identifying documents.

If JPMorgan Chase Bank, N.A. is unable to validate your identity based on the information provided in the enrollment form, we will take those actions we deem appropriate or necessary under the circumstances, including, but not limited to, closing your account.

Inquiries

Please direct all correspondence and inquiries concerning Global Invest Direct to:

Global Invest Direct,
JPMorgan Chase Bank, N.A.
P.O. Box 64503,
Saint Paul, MN 55164-0503

Certified or overnight mail should be sent to:

Global Invest Direct,
JPMorgan Chase Bank, N.A.
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100

J.P. Morgan 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, enter user name, password and click on authenticate to see balances, submit your sales instructions, and peruse Frequently Asked Questions. For help with the web, call the above toll-free number.

Schedule of Fees and Minimum Purchases

Summary

Initial purchase fee	No Fee
Additional purchase fee	No Fee
Dividend reinvestment	No Fee
Sale of shares	
• Batch Order	\$ 15.00
• Market Order	\$ 25.00
Sale trading commission per share	\$ 0.12
Direct deposit of sale proceeds	\$ 5.00
Returned funds	\$ 35.00
Duplicate Statement	\$ 15.00
Minimum investment for first-time purchasers	\$ 250
Minimum investment for additional investments	\$ 50

Sales

You will be charged a transaction fee for each additional sale, plus a trading fee per full share; a proportional amount will be charged on fractional sales. We will deduct these fees from the proceeds of any such sale.

For Initial Purchasers

The minimum purchase amount is \$250. First-time purchasers must submit a minimum of \$250 and the enrollment form, at the time of enrollment. Alternatively, you may authorize the automatic monthly investment feature and initiate your investment in a particular security with only \$50 and a commitment for at least 5 sequential purchases of such security.

Existing Shareholders

Existing shareholders may join Global Invest Direct for the shares currently held with no minimum purchase requirement. Additional shares can also be purchased at the time of enrollment.

Additional Purchases

The minimum amount for additional purchases is \$50. Total annual purchases cannot exceed the maximum annual amount of \$100,000 per Global Invest Direct account. Checks for initial and additional cash purchases should be made payable to JPMorgan Chase Bank. Checks must be in U.S. dollars drawn on a North American financial institution.

Privacy Policy

Respecting and protecting customer privacy has been vital to JPMorgan Chase Bank, N.A.'s business since its inception. We are proud of our commitment to keeping our customer information private and secure.

This Privacy Policy explains the following:

- How we protect the confidentiality of our customer information
- Who is covered by our Privacy Policy
- What information we have about you and where it comes from
- What kind of information JPMorgan shares, with whom and why

Protecting the Confidentiality of Customer Information

We take our responsibility to protect the privacy and confidentiality of customer information very seriously.

We maintain physical, electronic and procedural safeguards that comply with federal standards to store and secure information about you from unauthorized access, alteration and destruction. Our control policies, for example, authorize access to customer information only by individuals who need such access in order to perform their jobs.

From time to time, we enter into agreements with other companies to provide services to us or make products and services available to our customers. Under these agreements, such companies may receive information about you, but they must safeguard this information, and they may not use it for any other purposes.

Who is covered by our Privacy Policy?

This Privacy Policy is from JPMorgan Chase Bank, N.A. The Privacy Policy applies only to our shareholder service and only to consumers who are customers or former customers of JPMorgan Chase Bank, N.A. We provide our Privacy Policy to customers when they open a new account and annually thereafter. If we make any material amendment to our Privacy Policy we will notify you.

Information we have about you

JPMorgan Chase Bank, N.A. receives information about you from various sources, including information from:

- Your requests for JPMorgan Chase Bank, N.A. products or services, such as your financial information on a new account application.
- Your transactions with us, such as your account balances and transaction history.

Information JPMorgan Chase Bank, N.A. Shares

JPMorgan Chase Bank, N.A. shares information it has about you for legal and routine business purposes, as permitted by law. For example, we may share information with regulatory authorities and law enforcement officials; provide information to protect against fraud; share information with your consent and give account information to statement printers and other service providers who work for us. We may also share information we have about you, as described above, with firms JPMorgan Chase Bank, N.A. hires to market JPMorgan Chase Bank, N.A. products and services.

Terms and Conditions

1. JPMorgan Chase Bank, N.A., as agent for any participating shareholder (participant) in the Global Invest Direct Program for the issuer (the Program), will in accordance with each participant's authorization:
 - a. Accept American Depositary Receipt certificates (ADRs), cancel the same and hold the shares represented thereby for the participant in JPMorgan Chase Bank, N.A.'s nominee name;
 - b. Apply all cash contributions received from an eligible participant to the purchase of full and fractional shares (to three decimal places) for the participant's account;
 - c. As prescribed by the participant, either:
 - i. Pay the participant all or part of any cash dividends payable on all of the shares held by the participant and on any full and fractional shares held by JPMorgan Chase Bank, N.A. for the participant's account; or
 - ii. Apply all or part of any cash dividends payable to the participant to the purchase of additional full and fractional shares.
 - d. Accept orders to sell shares as directed by the participant in accordance with the Program.

JPMorgan Chase Bank, N.A. may engage agents, subcontractors or attorneys-in-fact in connection with its operation of the Program and shall have no liability for the acts or omissions to act thereof, provided the same were selected with reasonable care. Provisions herein that refer to JPMorgan Chase Bank, N.A. or the administrator shall also refer to its agents.

JPMorgan Chase Bank, N.A. is acting solely as agent for any participant in the Program and owes no duties, fiduciary or otherwise, to any other person by reason of this Program, and no implied duties, fiduciary or otherwise, shall be read into this Program. JPMorgan Chase Bank, N.A. 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 Program against JPMorgan Chase Bank, N.A.

2. For the purpose of making purchases, JPMorgan Chase Bank, N.A. may combine each participant's funds (dividends and cash contributions) with those of all other participants. JPMorgan Chase Bank, N.A. will deposit such funds promptly following receipt in an account maintained at JPMorgan Chase Bank, N.A. JPMorgan Chase Bank, N.A. will endeavor to invest cash contributions it receives promptly, at least once every five business days, but in no event later than 35 calendar days after the cash contributions are received (except where deferral is necessary under applicable federal or state laws or regulations). Amounts received by JPMorgan Chase Bank, N.A., as administrator on account of dividends paid on shares will be reinvested promptly following receipt by JPMorgan Chase Bank, N.A. but in no event later than 30 calendar days after receipt (except where deferral is necessary under applicable federal or state laws or regulations).

The price per share purchased for each account, whether purchased with cash contributions or dividends, or both, shall be the weighted average price of all shares purchased by the broker utilized by JPMorgan Chase Bank, N.A. for each aggregate order placed by JPMorgan Chase Bank, N.A. JPMorgan Chase Bank, N.A. will hold, in the name of its nominee, all shares purchased for participants and will establish and maintain the Program account records that reflect each participant's separate interest.

If any cash contribution, including payments by check or automatic withdrawal, is returned for any reason, JPMorgan Chase Bank, N.A. will remove from the participant's account any shares purchased upon prior credit of such funds, and will sell these shares. JPMorgan Chase Bank, N.A. may sell other shares in the account to recover a \$35.00 returned funds fee for each optional cash contribution returned unpaid for any reason and may sell additional shares as necessary to cover any market loss incurred by JPMorgan Chase Bank, N.A.

3. A participant may sell (or may obtain an ADR certificate or ADR certificates for) all or part of the full shares credited to his or her account at any time, upon request. Sale requests may be made in writing or, for transactions where the current market value of the shares to be sold is \$25,000 or less, by telephone or through our website. Requests for ADR certificates may be made in writing or by telephone.

Sale of Shares

Sales are usually made through an affiliated broker, who will receive brokerage commissions. Typically, the shares are sold through the exchange on which the shares are traded, but sales may also be made in the over-the-counter market or by negotiated transactions. Depending on the number of shares to be sold and current trading volume, sale transactions may be completed in multiple transactions and over the course of more than one trading day. All sales are subject to market conditions, system availability, restrictions and other factors. The actual sale date, time or price received for any shares sold through the Program cannot be guaranteed.

Participants may instruct JPMorgan Chase Bank, N.A. to sell shares under the Program through a Batch Order or Market Order.

Batch Order (online, telephone, mail) - JPMorgan Chase Bank, N.A. will combine each request to sell through the Program with other Program participant sale requests for a Batch Order. Shares are then periodically submitted in bulk to a broker for sale on the open market. Shares will ordinarily be sold no later than five business days (except where deferral is necessary under state or federal regulations). Bulk sales may be executed in multiple transactions and over more than one trading day depending on the number of shares being sold and current trading volumes. Once entered, a Batch Order request cannot be canceled.

Market Order (online or telephone) - The participant's request to sell shares in a Market Order will be at the prevailing market price when the trade is executed. If such an order is placed during market hours, JPMorgan Chase Bank, N.A. will promptly submit the shares to a broker for sale on the open market. Once entered, a Market Order request cannot be canceled. Sales requests submitted near the close of the market may be executed on the next trading day, along with other requests received after market close.

Participants that fail to elect a Market Order sale will have any sales executed through a Batch Order(s).

Sales proceeds will be net of any fees to be paid by the participant (see schedule of fees and minimum purchases for details). JPMorgan Chase Bank, N.A. will deduct any fees or applicable tax withholding from the sale proceeds. Sales processed on accounts without a valid Form W-9 for U.S. citizens or Form W-8BEN for non-U.S. citizens will be subject to Federal Backup Withholding. This tax can be avoided by furnishing the appropriate and valid form prior to the sale. Forms are available online at www.adr.com.

A check for the proceeds of the sale of shares (in U.S. dollars), less applicable taxes and fees, will generally be mailed by first class mail four business days after trade date. If a participant submits a request to sell all or part of the shares, and the participant requests net proceeds to be automatically deposited to a checking or savings account at a qualified North American financial institution the participant must provide a voided

blank check for a checking account or blank savings deposit slip for a savings account. If the participant is unable to provide a voided check or deposit slip, the participant's written request must have the participant's 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 processed and a check for the net proceeds will be issued.

A participant who wishes to sell shares currently held in ADR certificate form may send them in for deposit to JPMorgan Chase Bank, N.A. by mailing to JPMorgan Chase at the addresses contained herein, and then proceeding with the sale. To sell shares through a broker of their choice, the participant may request JPMorgan Chase Bank, N.A. to transfer shares electronically from the participant's Global Invest Direct account to their brokerage account. Alternatively, an ADR certificate can be requested that the participant can deliver to their broker. See Terms and Conditions 4 for more information about certificate requests.

Share prices may fluctuate between the time the sale request is received and the time the sale is completed on the open market. JPMorgan Chase Bank, N.A. shall not be liable for any claim arising out of failure to sell on a certain date or at a specific price. Neither JPMorgan Chase Bank, N.A. nor any of its affiliates will provide any investment recommendations or investment advice with respect to transactions made through the Program. This risk should be evaluated by the participant and is a risk that is borne solely by the participant.

Share sales by employees, affiliates and Section 16 officers must be made in compliance with any policies maintained by the issuer and applicable law policies.

4. Certificate Deposit and Withdrawal - A participant may elect to deposit physical ADR certificate(s) for safekeeping, by sending the ADR certificate(s) to JPMorgan Chase Bank, N.A. by mailing to JPMorgan Chase at the addresses contained herein, together with instructions to deposit the ADR certificate(s) into the participant's Program account. The ADR certificate(s) will show as surrendered and the shares evidenced thereby will be credited to the participant's Global Invest Direct account. Any transaction will appear on the participant's account statement, and shares will be held in the Program by JPMorgan Chase Bank, N.A. in its name or nominee name. These shares will be held until the participant sells the shares, withdraws the shares from the account or terminates participation in the Program. Because the participant bears the risk of loss in sending ADR certificate(s), it is recommended that the participant send them via registered mail, insured for at least 2% of the current market value and request a return receipt. If your shares are currently held in book-entry form on the books of the Depository, you may complete an enrollment form to move some or all of your shares into the Program.

Optional Mail Loss Insurance

The participant is advised that choosing registered, express or certified mail alone to deliver ADR certificates will not provide full protection, should the ADR certificates become lost or stolen. Mail loss insurance provides the coverage needed to replace and reissue the shares should they become lost or stolen through the mail. As the administrator of the Program, JPMorgan Chase Bank, N.A. can provide low-cost loss insurance for ADR certificates being delivered for deposit to a participant's account. Replacement transaction fees may also apply.

To take advantage of the optional mail loss insurance, simply include a check in the amount of \$10.00, made payable to 'JPMorgan Chase Bank, N.A. Surety Program', along with the ADR certificates and instructions. Choose an accountable mail delivery service such as Federal Express, United Parcel Service, DHL, Express Mail, Purolator, TNT, or United States Postal Service Registered Mail. Any one shipping package may not contain ADR certificates exceeding a total value of \$100,000. The value of ADR certificate shares is based on the closing market price of the shares on the trading day prior to the documented mail date.

Claims related to lost ADR certificates under this service must be made within 60 days of the documented delivery service mail date. A copy of the ADR certificate(s) mailed, along with proof that it was sent by trackable mail

should be submitted with the claim. This is specific coverage for the purpose of converting shares to book-entry form and the surety is not intended to cover ADR certificates being tendered for ADR certificate breakdown or exchange for other ADR certificates.

Shares removed or withdrawn from the Program will be issued in book-entry form upon written request to JPMorgan Chase Bank, N.A. No fractional shares will be issued.

5. JPMorgan Chase Bank, N.A. will cause the broker it appoints to effect purchases and sales on any securities exchange where such shares are traded, in the over-the-counter market, or by negotiated transactions, subject to such terms with respect to price, delivery, etc., as JPMorgan Chase Bank, N.A. may agree to.

No interest will be paid on any cash received by JPMorgan Chase Bank, N.A. pending investment or otherwise. No participant shall have any authority or power to direct the time or price at which shares may be purchased (or sold), or to select the broker or dealer through or from whom purchases (or sales) are to be made. JPMorgan Chase Bank, N.A. will return any cash contribution on request of the participant, provided JPMorgan Chase Bank, N.A. receives the participant's written cancellation of its purchase instruction not less than two business days before the purchase transaction is to take place.

For processing purchase and sale instructions submitted by a participant, JPMorgan Chase Bank, N.A. will receive compensation according to the fee schedule quoted in this brochure or in subsequent notices of fee changes. Fees are subject to change at any time, in accordance with paragraph 13 of the Terms and Conditions, upon written notification to participants.

During the period that a cash investment is pending, the collected funds in the possession of JPMorgan Chase Bank, N.A. 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 JPMorgan Chase Bank, N.A. Investment income from such investments shall be retained by JPMorgan Chase Bank, N.A. or its agent.

6. The participant will be sent an account statement showing any cash amount received by JPMorgan Chase Bank, N.A., as administrator of the Program on account of dividends, any cash contributions received, the price per share, the number of shares held for the participant by JPMorgan Chase Bank, N.A., and a history of the transactions and fees paid. Such reports will be mailed as soon as practicable after each transaction activity in the participant's account.

If the participant makes cash contributions, a statement of ownership interests will be sent subsequent to the investment of each cash contribution.

These statements are the participant's continuing record of the cost basis of his or her purchases and should be retained for income tax purposes. There is a service charge for providing copies of statements for any period in a prior calendar year.

In addition, the participant will receive copies of the same communications sent to every other registered holder of shares, including, where applicable, quarterly reports, annual report, notice of annual meeting and proxy statement, and income tax information for reporting dividends paid.

7. Participants who wish to do so may deposit shares registered in their names for credit as accrued shares held under the Program. There is no charge for such deposits. Cash dividends will either be reinvested in shares or paid to participant.
8. Participation in the Program may be terminated by a participant at any time by contacting JPMorgan Chase Bank, N.A. in writing or by telephone. In such notice to discontinue, the participant must elect to receive either shares representing the full shares in the participant's account or cash. If the participant does not make such an election, then the participant will receive shares for the number of full shares credited to the participant's account and cash for any fractional shares. If a participant's request to withdraw from the Program is received on before the dividend payment date, the participant's termination request will be processed as soon as practicable,

and a separate dividend check will be mailed to the participant. Future dividends will be paid in cash, unless the participant rejoins the Program.

JPMorgan Chase Bank, N.A. may terminate, for whatever reason, at any time as it may determine in its sole discretion, a participant's participation the Program upon mailing a notice to terminate to the participant at the participant's address as it appears on JPMorgan Chase Bank N.A.'s records. On termination, a participant will receive shares for the number of full shares credited to the participant's account, unless the sale of all or part of the shares is requested by the participant.

Any brokerage trading fees, transaction fees, and any other costs of the sale will be deducted from the proceeds of each sale of shares from a participant's account. Fractional shares credited to a terminating account will be paid in cash at the then current market price, less any brokerage trading fees.

If a participant requests to transfer all shares credited to his or her account after a dividend record date but before the date on which the shares purchased with the dividend are credited to the participant's account, the transfer request will be processed; however, the account will not be terminated since the participant may receive additional dividend reinvestment shares which will require the participant to submit a written request to transfer the additional shares.

9. To the extent voting instructions are sought for the shares a participant will have the sole right to provide voting instructions for the full shares held by JPMorgan Chase Bank, N.A. in the participant's account under the Program on the record date for a vote. Voting instructions cannot be provided with respect to fractional shares. JPMorgan Chase Bank, N.A. will not be responsible for any failure to carry out any instructions to vote any of the shares, for the manner in which any such vote is cast or for the effect of any such vote.
10. Although JPMorgan Chase Bank, N.A. will reinvest dividends upon the participant's request, the participant remains responsible for any income taxes payable on such dividends. Dividends paid to JPMorgan Chase Bank, N.A. on behalf of a participant will be reported on Form 1099-Div/1042-s as applicable to the Internal Revenue Service, a copy of which will be sent to each such participant.
11. Any stock dividend or split shares of stock distributed on shares held by JPMorgan Chase Bank, N.A. for a participant will be credited to the participant's account, provided that such stock is of the same type, class and series as the stock represented by shares held under the Program. In the event that rights are made available to subscribe to additional shares, debentures, or other securities, the full shares held for a participant under the Program may be combined with other shares of the same class registered in the name of the participant for purposes of calculating the number of rights to be issued to, or sold on behalf of, such participant.
12. JPMorgan Chase Bank, N.A. shall not be liable in connection with its operation of the Program for any act or omission to act done without gross negligence or willful misconduct including, without limitation, any claims for liability:
 - a. Arising out of failure to terminate a participant's participation in the Program upon the participant's death prior to receipt of written notice of death from an appropriate fiduciary;
 - b. With respect to the prices or times at which shares are purchased or sold for any participant's account. JPMorgan Chase Bank, N.A. will have no responsibility for the market value of shares maintained on behalf of a participant;
 - c. Arising from any act or omission to act by, or any error, delay, default or negligence on the part of, any broker or dealer appointed by JPMorgan Chase Bank, N.A. to effect any purchases or sales of shares.

In the absence of gross negligence or willful misconduct on its part, JPMorgan Chase Bank, N.A., 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 JPMorgan Chase Bank, N.A. be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but

not limited to lost profit) incurred by any person or entity, whether or not foreseeable and regardless of the type of action in which such a claim may be brought, even if JPMorgan Chase Bank, N.A. has been advised of the likelihood of such loss or damage. JPMorgan Chase Bank, N.A. (i) shall 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; (ii) may rely and shall be protected in acting upon any written notice, request, direction, instruction or document believed by it to be genuine and to have been signed, presented or given by the proper party or parties; and (iii) shall 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.

JPMorgan Chase Bank, N.A. shall not be responsible or liable for any failure or delay in the performance of its obligations under this Program caused by any present or future law, rule, regulation, fiat, order or decree of the United States or any other country, or of any governmental or regulatory authority or any securities exchange or market or automated quotation system, or 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 JPMorgan Chase Bank, N.A. shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

13. JPMorgan Chase Bank, N.A. reserves the right to amend or modify the provisions of this agreement at any time by mailing a copy of such amendment or modification to the participant. Such amendments or modifications become effective 30 days after the mailing, unless a different time period is required by law.
14. The Tax Equity and Fiscal Responsibility Act of 1982 imposes certain reporting obligations upon brokers and other middlemen. As a result, JPMorgan Chase Bank, N.A. will be required to report to the Internal Revenue Service and the participant any sale of shares effected on behalf of a participant.
15. JPMorgan Chase Bank, N.A. may, in its sole discretion, use a broker-dealer of its choice, which may but need not be affiliated with JPMorgan Chase Bank, N.A., to execute purchase or sale transactions. In that event, the participant should recognize that brokerage trading fees assessed in connection with those transactions will be paid to such broker-dealers. JPMorgan Chase Bank, N.A. will furnish the name of the broker-dealer utilized in purchase or sale transactions within a reasonable time upon request from the participant.
16. JPMorgan Chase Bank, N.A. provides no advice and makes no recommendations with respect to any security that is eligible for the Program or any purchase or sale transaction initiated by a participant. Any decision to purchase or sell any security that is eligible for Program participation must be made by the individual participant, based upon his or her own research and judgment.
17. JPMorgan Chase Bank, N.A. is a transfer agent registered with the Board of Governors of the Federal Reserve System pursuant to Section 17A of the Securities Exchange Act of 1934. The Program accounts and securities are not insured by the Federal Deposit Insurance Corporation, the Securities Investor Protection Corporation, or similar agency.
18. Senior officers, directors, or shareholders holding 5% of the shares of an issuer whose securities are the subject of the Program are not eligible to participate in the Program. By signing and mailing the Program enrollment form or initiating a transaction, including a certificate deposit, the participant shall be deemed to represent that he or she is not such a senior officer, director, or 5% holder.
19. The Program and the agency agreement between JPMorgan Chase Bank, N.A. and each participant, including these Terms and Conditions, shall be governed by the laws of the State of New York. The signing and mailing of the Program enrollment form or the initiation of a transaction, including a certificate deposit, through the Program shall constitute an offer by an individual shareholder to establish a principal-agency relationship with JPMorgan Chase

Bank, N.A. Acceptance shall occur in the offices of JPMorgan Chase Bank, N.A. upon receipt by JPMorgan Chase Bank, N.A. of such forms or requests.

Each participant in the Program irrevocably agrees that any legal suit, action or proceeding against or involving JPMorgan Chase Bank, N.A., arising out of or based upon the Program, the agency agreement between JPMorgan Chase Bank, N.A. or the transactions contemplated hereby, may only be instituted in a state or federal court in New York, New York, and by participating in the Program each participant irrevocably waives any objection which it may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding.

20. If any tax or other governmental charges (including, without limitation, financial transaction taxes, penalties and/or interest) shall become payable on account of the creation, cancellation, purchase, sale or transfer of any shares, or any distributions on shares, such tax or other governmental charge shall be payable by the participant and either deducted from amounts provided for share purchases, amounts received on the sale of shares or from distributions, as applicable, or invoiced and/or billed to, and deducted from, participant accounts, in each case at the discretion of the administrator.
21. The terms and conditions applicable to the shares are set forth in the deposit agreement entered into among the issuer, JPMorgan Chase Bank, N.A., as depositary and all holders from time to time of ADRs issued thereunder (the "Deposit Agreement")¹. The obligations of holders of shares under such Deposit Agreement are applicable to participants and the limitations on the liability of JPMorgan Chase Bank, N.A., as depositary (the "Depositary") and its agents apply to the shares held under the Program. In addition to such provisions, by enrolling in the Program each participant agrees that the following provisions apply to the shares held under the Program as if such provisions were a part of the Deposit Agreement governing such shares:
- (a) Notwithstanding anything to the contrary contained in the Deposit Agreement or any ADR (or the terms applicable to shares), the Depositary shall not be responsible for, and shall incur no liability in connection with or arising from, any act or omission to act on the part of the custodian acting under the Deposit Agreement (the "Custodian") except to the extent that the Custodian has (i) committed fraud or willful misconduct in the provision of custodial services to the Depositary or (ii) failed to use reasonable care in the provision of custodial services to the Depositary as determined in accordance with the standards prevailing in the jurisdiction in which the Custodian is located;
- (b) If any tax or other governmental charge (including any penalties and/or interest) shall become payable by or on behalf of the Custodian or the Depositary with respect to any shares, ADRs or the underlying securities of the issuer or any distribution thereon, such tax or other governmental charge shall be paid by the holder of such shares to the Depositary and by holding or having held any shares, the holder agrees to indemnify, defend and save harmless each of the Depositary and its agents in respect thereof;
- (c) Each direct and indirect holder of shares (including participants) agrees to indemnify the Depositary and the Custodian and any of their respective directors, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit obtained;
- (d) In connection with the conversion of foreign currency into U.S. dollars under the Deposit Agreement, the Depositary shall deduct out of such foreign currency the fees and expenses charged by it and/or its agent (which may be a division, branch or affiliate) so appointed in connection with such conversion;
- (e) The Depositary anticipates reimbursing Novartis for certain expenses incurred by Novartis that are related to the establishment and maintenance of the American Depositary Receipt program under the Deposit Agreement (the "ADR facility") upon such terms and conditions as Novartis and the Depositary may agree from time to time. The Depositary may make available to Novartis a set amount or a portion of the Depositary fees charged in respect of such ADR facility or otherwise upon such terms and conditions as Novartis and the Depositary may agree from time to time;

(f) In connection with the sale of securities under the Deposit Agreement, the Depositary reserves the right to utilize a division, branch or affiliate of JPMorgan Chase Bank, N.A. to direct, manage and/or execute any public and/or private sale of securities. Such division, branch and/or affiliate may charge the Depositary a fee in connection with such sales, which fee is considered an expense of the Depositary contemplated under the fee provisions applicable to shares issued under the Deposit Agreement;

(g) The Depositary shall not be liable for the acts or omissions made by, or the insolvency of, any securities depository, clearing agency or settlement system;

(h) The Depositary shall not be responsible for, and shall incur no liability in connection with or arising from, the insolvency of any Custodian that is not a branch or affiliate of JPMorgan Chase Bank, N.A.;

(i) The Depositary shall not have any liability for the price received in connection with any sale of securities under the Deposit Agreement, the timing thereof or any delay in action or omission to act nor shall it be responsible for any error or delay in action, omission to act, default or negligence on the part of any party retained in connection with any such sale or proposed sale. Further, the Depositary and its agents disclaim to the maximum extent permitted by law any and all liability for the price received in connection with any sale of securities or the timing thereof;

(j) The Depositary shall be under no obligation to inform holders of any interests in shares about the requirements of Swiss laws, rules and/or regulations or any changes therein or thereto;

(k) Notwithstanding anything to the contrary set forth in the Deposit Agreement or any ADR, the Depositary and its agents may fully respond to any and all demands or requests for information maintained by or on its behalf in connection with the Deposit Agreement, any holder or holders of shares (including participants), any shares or otherwise related to any of the foregoing to the extent such information is requested or required by or pursuant to any lawful authority, including without limitation laws, rules, regulations, administrative or judicial process, banking, securities or other regulators;

(l) None of the Depositary or the Custodian shall be liable for the failure by any holder or beneficial owner of shares (including, without limitation, participants) to obtain the benefits of credits on the basis of non-U.S. tax paid against such holder's or beneficial owner's income tax liability;

(m) The Depositary shall not incur any liability for any tax consequences that may be incurred on account of ownership of shares;

(n) The Depositary shall not incur any liability for the content of any information submitted to it by or on behalf of the issuer for distribution or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring an interest in the underlying securities of the issuer, for the validity or worth of such underlying securities of the issuer, for the credit-worthiness of any third party, for allowing any rights to lapse upon the terms of the Deposit Agreement or for the failure or timeliness of any notice from the issuer;

(o) The Depositary shall not be liable for any acts or omissions made by a successor depository; and

(p) Neither the Depositary nor any of its agents shall be liable to holders or beneficial owners of interests in shares (including, without limitation, participants) for any indirect, special, punitive or consequential damages (including, without limitation, lost profits) of any form incurred by any person or entity, whether or not foreseeable and regardless of the type of action in which such a claim may be brought.

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