

NOVARTIS AG
Form 424B5
February 03, 2009

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Registration No. 333-153696

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement together with the accompanying prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**Subject to Completion
Preliminary Prospectus Supplement dated February 3, 2009**

Prospectus Supplement

(To Prospectus dated September 26, 2008)

Novartis Capital Corporation

\$ _____ % Notes due _____, 2014

fully and unconditionally guaranteed by

Novartis AG

Issue price: _____ %

Novartis Securities Investment Ltd.

\$ _____ % Notes due _____, 2019

fully and unconditionally guaranteed by

Novartis AG

Issue price: _____ %

Interest payable _____ and _____

The _____ % Notes due _____, 2014, which we refer to as the "2014 notes," will bear interest at a rate of _____ % per year. The _____ % Notes due _____, 2019, which we refer to as the "2019 notes," will bear interest at a rate of _____ % per year. We will pay interest on each of the 2014 notes and the 2019 notes each _____ and _____, commencing on _____, 2009.

We refer to the 2014 notes and the 2019 notes collectively as the "notes." Unless we redeem the notes earlier, the 2014 notes will mature on _____, 2014, and the 2019 notes will mature on _____, 2019. There is no sinking fund for the notes. The notes will rank

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equally in right of payment with all our other senior, unsecured debt obligations.

We may redeem some or all of the notes at any time and from time to time at the redemption prices determined in the manner described in this prospectus supplement. We may also redeem the 2014 notes and/or the 2019 notes before their stated maturity at a price equal to 100% of their principal amount plus accrued interest to the redemption date in the event of certain changes in withholding taxes applicable to payments of interest on the relevant notes in Switzerland, the United States (in the case of the 2014 notes), Bermuda (in the case of the 2019 notes) or any other Relevant Taxing Jurisdiction (as defined in the accompanying prospectus).

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

Investing in the notes involves risks. See "Risk factors" beginning on page S-8 of this prospectus supplement and on page 6 of Novartis AG's annual report on Form 20-F for the year ended December 31, 2008 incorporated herein by reference.

	Price to Public	Underwriting Discount	Proceeds to Issuer
Per 2014 note	%	%	%
Total		\$	\$
Per 2019 Note	%	%	%
Total		\$	\$

Interest on the notes will accrue from _____, 2009, to the date of delivery.

The underwriters expect to deliver the notes to purchasers in book-entry form only through the facilities of The Depository Trust Company, or "DTC," for the accounts of its participants, including Clearstream Banking, *société anonyme*, or "Clearstream," and Euroclear Bank S.A./N.V., or "Euroclear," against payment in New York, New York on or about _____, 2009.

Joint Book-Running Managers

J.P. Morgan

**Banc of America
Securities LLC**

Citi

**Goldman,
Sachs & Co.**

, 2009

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ABOUT THIS PROSPECTUS SUPPLEMENT

No person has been authorized to provide you with information that is different from what is contained in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus, and, if given or made, such information must not be relied upon as having been authorized. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the notes to which they relate or an offer to sell or the solicitation of an offer to buy such notes by any person in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus supplement and the accompanying prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus supplement or that the information contained in this prospectus supplement and the accompanying prospectus is correct as of any time subsequent to its date.

As used in this prospectus supplement and the accompanying prospectus, the terms "we," "our" and "us" refer to Novartis AG and its consolidated subsidiaries unless the context requires otherwise.

The distribution or possession of this prospectus supplement and the accompanying prospectus in or from certain jurisdictions may be restricted by law. You should inform yourself about and observe any such restrictions, and neither we nor any of the underwriters accepts any liability in relation to any such restrictions. See "Underwriting."

WHERE YOU CAN FIND MORE INFORMATION

We file annual reports with and furnish other reports and information to the Securities and Exchange Commission, or the "SEC." You may read and copy any document we file with or furnish to the SEC at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may also obtain documents we file with or furnish to the SEC on the SEC website at www.sec.gov. The address of the SEC's internet site is provided solely for the information of prospective investors and is not intended to be an active link. Please visit this website or call the SEC at 1-800-732-0330 for further information about its public reference room. Reports and other information concerning our business may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" information contained in documents we file with or furnish to the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus.

Each document incorporated by reference is current only as of the date of such document, and the incorporation by reference of such documents is not intended to create any implication that there has been no change in our affairs since the date of the relevant document or that the information contained in such document is current as of any time subsequent to its date. Any statement contained in such incorporated documents is deemed to be modified or superseded for the purpose of this prospectus supplement and the accompanying prospectus to the extent that a subsequent statement contained in another document we incorporate by reference at a later date modifies or supersedes that statement. Any such statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement and the accompanying prospectus.

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We hereby incorporate by reference into this prospectus supplement and the accompanying prospectus the documents listed below. Unless otherwise noted, all of the documents listed below have the SEC file number 001-15024:

Annual Report on Form 20-F for the year ended December 31, 2008;

Each of the following documents that we file with or furnish to the SEC after the date of this prospectus supplement from now until we terminate the offering of securities under this prospectus supplement, the accompanying prospectus and the registration statement:

Reports filed under Section 13(a), 13(c) or 15(d) of the Exchange Act, and

Reports filed or furnished on Form 6-K that indicate that they are incorporated by reference in this prospectus supplement or the accompanying prospectus.

You may obtain copies of these documents in the manner described above. You may also request copies of these documents (excluding exhibits) at no cost by contacting us as follows:

Novartis International AG
Investor Relations
P.O. Box
CH - 4002 Basel
Switzerland
Tel: +41 61 324 79 44
Fax: +41 61 324 84 44
E-mail: investor.relations@novartis.com

Novartis Finance Corporation
Investor Relations
608 Fifth Avenue
New York, NY 10020
USA
Tel: +1 212 307 1122
Fax: +1 212 830 2405
E-mail: investor.relations@novartis.com

Novartis Capital Corporation and Novartis Securities Investment Ltd. do not, and will not, file separate reports with the SEC.

PRESENTATION OF FINANCIAL INFORMATION

We present our consolidated financial statements in U.S. dollars and in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. When we refer to "\$," we mean U.S. dollars. Except where noted, all financial information is presented in accordance with IFRS.

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SUMMARY

This summary highlights selected information from this prospectus supplement, the accompanying prospectus and the documents incorporated by reference and does not contain all of the information that may be important to you. You should carefully read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference.

Novartis AG

Novartis AG was incorporated on February 29, 1996 under the laws of Switzerland as a stock corporation (*Aktiengesellschaft*) with an indefinite duration. On December 20, 1996, our predecessor companies, Ciba-Geigy AG and Sandoz AG, merged into this new entity, creating the Novartis Group. Novartis AG is domiciled in and governed by the laws of Switzerland. Its principal office is located at Novartis AG, Lichtstrasse 35, 4056 Basel, Switzerland, and its telephone number is +41 61 324 1111.

Novartis AG is organized as a holding company which owns, directly or indirectly, all significant operating companies of the Novartis Group. The Novartis Group is a multinational group of companies specializing in the research, development, manufacturing and marketing of innovative healthcare products and provides healthcare solutions that address the evolving needs of patients and societies worldwide with a broad portfolio that includes innovative medicines, preventive vaccines and diagnostic tools, generic pharmaceuticals and consumer health products.

Our businesses are divided on a worldwide basis into the following four operating divisions:

Pharmaceuticals (brand-name patented pharmaceuticals)

Vaccines and Diagnostics (human vaccines and blood-testing diagnostics)

Sandoz (generic pharmaceuticals)

Consumer Health (over-the-counter medicines, animal health medicines, and contact lenses and lens-care products)

Our shares are listed in Switzerland on the "EU-Compatible" segment of the SIX Swiss Exchange under the symbol "NOVN.VX" and our American Depositary Shares are listed on the New York Stock Exchange under the symbol "NVS." We employed approximately 96,700 full-time equivalent associates as of December 31, 2008 and have operations in approximately 140 countries around the world.

Novartis Capital Corporation

Novartis Capital Corporation is a finance subsidiary indirectly owned 100% by Novartis AG and was incorporated as a corporation under the laws of Delaware on July 23, 2008. It exists for the purpose of issuing debt securities, the proceeds of which will be invested by it in marketable securities or advanced to, or otherwise invested in, subsidiaries or affiliates of Novartis AG. The principal office of Novartis Capital Corporation is located at 608 Fifth Avenue, New York, New York 10020, USA, and its telephone number is +1 212 307 1122.

Novartis Securities Investment Ltd.

Novartis Securities Investment Ltd. is a finance subsidiary indirectly owned 100% by Novartis AG and was incorporated as a limited liability company under the laws of Bermuda on September 25, 2001 for an indefinite duration. It exists for the purpose of issuing debt securities, the proceeds of which will be invested by it in marketable securities or advanced to, or otherwise invested in, subsidiaries or affiliates of Novartis AG. The principal office of Novartis Securities Investment Ltd. is located at 131 Front Street, Hamilton, HM12, Bermuda, and its telephone number is +1 441 296 8025.

Table of Contents**The Offering**

Notes	\$ principal amount of 2014 notes, \$ principal amount of 2019 notes.
Issuer	Novartis Capital Corporation will issue the 2014 notes and Novartis Securities Investment Ltd. will issue the 2019 notes.
Guarantees	Novartis AG will fully and unconditionally guarantee the payment of principal, interest and additional amounts, if any, payable in respect of the notes.
Maturity	The 2014 notes will mature on , 2014. The 2019 notes will mature on , 2019.
Interest Rate	The 2014 notes will bear interest at a rate of % annually. The 2019 notes will bear interest at a rate of % annually.
Interest Payment Dates	For each of the 2014 notes and the 2019 notes, every and , commencing , 2009. If an interest payment date or redemption date, or the maturity date, as the case may be, for the notes would fall on a Saturday, Sunday or a day on which banking institutions in the City of New York, Luxembourg, Luxembourg or Zurich, Switzerland, are authorized or obligated by law, regulation or executive order to be closed, then the interest payment date, redemption date or maturity date, as the case may be, will be postponed to the next succeeding business day, but no additional interest shall be paid unless we fail to make payment on such next succeeding business day.
Regular Record Dates for Interest	For each of the 2014 notes and the 2019 notes, every and
Calculation of Interest	Interest on the notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months.
Optional Make-Whole Redemption	The notes will be redeemable at our option, in whole or in part, at any time and from time to time. See "Description of the Notes Optional Make-Whole Redemption of the Notes." Upon redemption, we will pay a redemption price equal to the greater of: 100% of the principal amount of the notes to be redeemed and the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed, together with, in each case, accrued interest to the date of redemption.

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The present value will be determined by discounting the remaining principal and interest payments to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months), using the Treasury Rate (as defined in this prospectus supplement) plus % in the case of the 2014 notes and % in the case of the 2019 notes.

Tax Redemption

In the event of changes in withholding taxes applicable to payments of interest on the 2014 notes in Switzerland, the United States or any other Relevant Taxing Jurisdiction, we may redeem the 2014 notes in whole (but not in part) at any time, at a price equal to 100% of their principal amount plus accrued interest to the redemption date.

In the event of changes in withholding taxes applicable to payments of interest on the 2019 notes in Switzerland, Bermuda or any other Relevant Taxing Jurisdiction, we may redeem the 2019 notes in whole (but not in part) at any time, at a price equal to 100% of their principal amount plus accrued interest to the redemption date.

See "Description of Debt Securities Optional Redemption for Tax Reasons" in the accompanying prospectus.

Denominations

The notes will be issued only in book-entry form, in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Ranking

The 2014 notes will rank equally in right of payment with all other senior, unsecured debt obligations of Novartis Capital Corporation.

The 2019 notes will rank equally in right of payment with all other senior, unsecured debt obligations of Novartis Securities Investment Ltd.

The guarantees will rank equally in right of payment with all other senior, unsecured debt obligations of Novartis AG.

Payment of Additional Amounts

Subject to certain exceptions, if we are required to withhold or deduct any amount for or on account of any withholding tax in Switzerland, the United States or another Relevant Taxing Jurisdiction from any payment made on the 2014 notes, we will pay additional amounts on those payments so that the amount received by noteholders will equal the amount that would have been received if no such taxes had been applicable.

Subject to certain exceptions, if we are required to withhold or deduct any amount for or on account of any withholding tax in Switzerland, Bermuda or another Relevant Taxing Jurisdiction from any payment made on the 2019 notes, we will pay additional amounts on those payments so that the amount received by noteholders will equal the amount that would have been received if no such taxes had been applicable.

See "Description of Debt Securities Covenants Payment of Additional Amounts" in the accompanying prospectus.

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Repayment	The notes will not be subject to repayment at the option of the holder prior to maturity.
Events of Default	The events of default are subject to a number of important qualifications and exceptions. See "Description of Debt Securities Events of Default" in the accompanying prospectus.
Sinking Fund	None.
Book-Entry Issuance; Settlement; Clearance	We will issue the notes as global notes in book-entry form registered in the name of DTC or its nominee. The sale of the notes will settle in immediately available funds through DTC. Investors may hold interests in a global note through organizations that participate, directly or indirectly, in the DTC system. Those organizations will include Clearstream and Euroclear in Europe.
Governing Law	The notes and the guarantees will be governed by the laws of the State of New York.
Further Issuances	We may from time to time, without the consent of the holders of a series of notes, create and issue further notes of the same series having the same terms and conditions in all respects as the notes of that series being offered hereby, except for the issue date, the issue price and the first payment of interest thereon. We will not issue any further notes of a series unless such further notes have no more than a <i>de minimis</i> amount of original issue discount or such issuance would constitute a "qualified reopening" for U.S. federal income tax purposes. Additional 2014 notes issued in this manner will be consolidated with and will form a single series with the 2014 notes being offered hereby. Additional 2019 notes issued in this manner will be consolidated with and will form a single series with the 2019 notes being offered hereby.
Listing	The notes will not be listed on any securities exchange or interdealer market quotation system.
Use of Proceeds	We intend to use the net proceeds from the sale of the notes for general corporate purposes outside of Switzerland.
Trustee; Principal Paying Agent; Transfer Agent	HSBC Bank USA, National Association.
Expected Ratings	<p>The 2014 notes and the 2019 notes are each expected to be rated:</p> <p>Moody's: Aa2 Standard & Poor's: AA-</p> <p>A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.</p>

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RISK FACTORS

Investing in the notes involves risks. You should carefully consider the risks relating to the notes described below, as well as the other information included in or incorporated by reference into this prospectus supplement and the accompanying prospectus, including our annual report on Form 20-F for the year ended December 31, 2008 and the extensive risk factors relating to our business described therein beginning on page 6 thereof, before making a decision to invest in the notes.

Risks Relating to the Notes

The notes will not be listed and may not have an active trading market.

The notes will not be listed or displayed on any securities exchange or included in any interdealer market quotation system, and there may be little or no secondary market for your notes. Even if a secondary market for your notes develops, it may not provide significant liquidity and we expect that transaction costs in any secondary market would be high. As a result, the difference between bid and asked prices for your notes in any secondary market could be substantial. Underwriters, broker-dealers and agents that participate in the distribution of the notes may make a market in the notes as permitted by applicable laws and regulations but will have no obligation to do so, and any such market-making activities with respect to the notes may be discontinued at any time without notice. Therefore, there can be no assurance as to the liquidity of any trading market for the notes or that an active public market for the notes will develop. See "Plan of Distribution" in the accompanying prospectus.

General market conditions and other factors could adversely affect market prices for the notes.

Market prices for the notes can be expected to vary with changes in market and economic conditions, including prevailing interest rates and the market for similar securities, our financial condition and prospects, changes in our credit ratings (whether real or anticipated) and other factors that generally influence the market prices of securities. As a result, the notes could trade at prices that may be lower than the initial offering price.

Neither issuer nor Novartis AG is prohibited from issuing further debt.

There is no restriction on the amount of debt Novartis Capital Corporation or Novartis Securities Investment Ltd. may issue that ranks equally with the notes or on the amount of debt or guarantees Novartis AG may issue that ranks equally with the guarantees. The issuance of any such debt or guarantees may reduce the amount recoverable by you in the event of a liquidation or bankruptcy.

In particular, we may from time to time, without the consent of the holders of a series of notes, create and issue one or more additional series of debt securities through the accompanying prospectus or create and issue further notes of the same series having the same terms and conditions in all respects as the applicable notes being offered hereby, except for the issue date, the issue price and the first payment of interest thereon. See "Description of the Notes – Further Issuances." In addition, Novartis Capital Corporation or Novartis Securities Investment Ltd. may from time to time, without the consent of the holders of a series of notes, issue additional debt, and Novartis AG may among other things issue additional guarantees, including pursuant to our €15 billion Euro Medium Term Note Programme or our \$5.5 billion U.S. Commercial Paper Program.

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We may redeem the notes.

We may redeem the 2014 notes and/or the 2019 notes, in whole or in part, at our option at any time and from time to time. See "Description of the Notes – Optional Make-Whole Redemption of the Notes" below and "Description of Debt Securities – Optional Redemption for Tax Reasons" in the accompanying prospectus.

The notes will rank below any secured debt of the respective issuer and the guarantees will rank below the secured debt of Novartis AG.

The notes will be unsecured obligations of Novartis Capital Corporation and Novartis Securities Investment Ltd. and will rank equal in right of payment to all other existing and future unsecured indebtedness of Novartis Capital Corporation or Novartis Securities Investment Ltd., respectively. The 2014 notes will be subordinated to all existing and future secured indebtedness of Novartis Capital Corporation to the extent of the assets securing that indebtedness. The 2019 notes will be subordinated to all existing and future secured indebtedness of Novartis Securities Investment Ltd. to the extent of the assets securing that indebtedness. The guarantees by Novartis AG will be subordinated to all existing and future secured indebtedness of Novartis AG to the extent of the assets securing that indebtedness. If Novartis Capital Corporation, Novartis Securities Investment Ltd. or Novartis AG incurs additional indebtedness and secures such indebtedness with its assets, your rights to receive payments under the notes and the guarantees will be subordinated to the rights of the holders of such future secured indebtedness. As of the date of this prospectus supplement, neither Novartis AG nor Novartis Capital Corporation nor Novartis Securities Investment Ltd. had any secured indebtedness.

Because Novartis AG is a holding company and conducts substantially all of its operations through subsidiaries, your right to receive payments under the guarantees is structurally subordinated to the liabilities of our subsidiaries.

Novartis AG is organized as a holding company, and substantially all of its operations are carried on through subsidiaries. The ability of Novartis AG to meet its financial obligations is dependent upon the availability of cash flows from our domestic and foreign subsidiaries and affiliated companies through dividends, intercompany advances, management fees and other payments.

The 2014 notes are obligations of Novartis Capital Corporation and the 2019 notes are obligations of Novartis Securities Investment Ltd. and, in each case, are guaranteed exclusively by Novartis AG. The subsidiaries of Novartis AG are separate and distinct legal entities, and have no obligation to pay any amounts due on the guarantees or to provide us with funds for its payment obligations. Our right to receive any assets of any of our subsidiaries, as an equity holder of such subsidiaries, upon their liquidation or reorganization, and therefore the right of the holders of the notes to participate in those assets through the guarantees, will be effectively subordinated to the claims of that subsidiary's creditors. The guarantees do not restrict the ability of our subsidiaries to incur additional indebtedness or other liabilities. Even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

The right to receive payments under the guarantees of Novartis AG may be adversely affected by Swiss bankruptcy laws.

Novartis AG is incorporated under the laws of Switzerland. Accordingly, bankruptcy proceedings with respect to Novartis AG are likely to proceed under, and to be governed primarily by, Swiss bankruptcy law. The procedural and substantive provisions of such bankruptcy laws are, in certain

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cases, more favorable to secured creditors than comparable provisions of United States law. These provisions afford debtors and unsecured creditors only limited protection from the claims of secured creditors and it may not be possible for us or other unsecured creditors to prevent or delay the secured creditors from enforcing their security to repay the debts due to them under the terms that such security was granted.

Enforcement claims or court judgments against Novartis AG must be converted into Swiss francs.

Enforcement claims or court judgments against Novartis AG under Swiss debt collection or bankruptcy proceedings may only be made in Swiss francs and any foreign currency amounts must accordingly be converted into Swiss francs. With respect to enforcing creditors, any such foreign currency amounts will be converted at the exchange rate prevailing on (i) the date of instituting the enforcement proceedings (*Betreibungsbegehren*), (ii) the date of the filing for the continuation of the bankruptcy procedure (*Fortsetzungsbegehren*) or (iii) the date on which any amounts claimed first became due and payable (*Verfallzeit*), whichever date is more favorable for the creditors. With respect to non-enforcing creditors, foreign currency amounts will be converted at the exchange rate prevailing at the time of the adjudication of bankruptcy (*Konkurseröffnung*).

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We estimate the net proceeds from the sale of the notes to be approximately \$ _____ after deducting underwriting discounts and expenses of the offering. We intend to use the net proceeds for general corporate purposes outside of Switzerland.

RATIOS OF EARNINGS TO FIXED CHARGES

The following table sets forth our consolidated ratio of earnings to fixed charges for each of the periods indicated using financial information extracted, where applicable, from our IFRS consolidated financial statements.

	Year Ended December 31,				
2008	2007	2006	2005	2004 ⁽¹⁾	
24.0	21.4	21.7	17.7	18.2	

(1) We adopted a number of new International Financial Reporting Standards from January 1, 2005, not all of which required retrospective application. Data for 2004 is therefore not comparable with 2008, 2007, 2006 and 2005.

For purposes of determining the ratio of earnings to fixed charges, earnings have been calculated by adding (i) income from continuing operations before taxes (after eliminating our share of results from associated companies), (ii) fixed charges and (iii) dividends from associated companies. Fixed charges are defined as the total of (i) interest expense and (ii) an estimate of the interest within rental expense.

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The following table sets forth our consolidated capitalization (including short-term debt and minority interests) as of December 31, 2008, on an actual basis and on an as adjusted basis to give effect to the sale of the notes.

	As of December 31, 2008	
	Actual	As Adjusted (unaudited)
	(in millions \$)	
Equity		
Share capital ⁽¹⁾	\$ 959	\$ 959
Treasury shares ⁽²⁾	(139)	(139)
Reserves	49,468	49,468
Issued share capital and reserves attributable to shareholders of Novartis AG		
	50,288	50,288
Minority interests	149	149
Total equity	50,437	50,437
Indebtedness		
Short-term indebtedness:		
Interest bearing employee accounts	1,080	1,080
Other bank and financial debt	2,430	2,430
Commercial paper	1,330	1,330
Current portion of long-term financial debt	17	17
Fair value of derivative financial instruments	329	329
Long-term indebtedness:		
3.50% CHF 700 million bond 2008/2012 of Novartis Securities Investment Ltd., Hamilton, Bermuda	661	661
3.625% CHF 800 million bond 2008/2015 of Novartis AG	748	748
Liabilities to banks and other financial institutions	781	781
Finance lease obligations	5	5
Less current portion of non current financial debt	(17)	(17)
2014 notes offered hereby		
2019 notes offered hereby		
Total indebtedness	7,364	
Total capitalization	\$57,801	\$

(1) Share capital was converted at the exchange rate of CHF 1.378/U.S. dollar applicable on December 31, 1998, the date on which we switched the presentation currency of our consolidated financial statements from CHF to U.S. dollars.

(2) Treasury shares are converted at appropriate historical exchange rates.

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DESCRIPTION OF THE NOTES

The following description of the particular terms of the notes offered by this prospectus supplement adds information to the description of the general terms and provisions of debt securities under the heading "Description of Debt Securities" of the accompanying prospectus.

General

We will issue the notes pursuant to an indenture, dated as of _____, 2009, among Novartis Capital Corporation, Novartis Securities Investment Ltd. and Novartis Finance S.A., as issuers, HSBC Bank USA, National Association, as trustee, and Novartis AG, as guarantor. The notes will each be a series of our debt securities. Novartis Capital Corporation will issue the 2014 notes in the aggregate principal amount of \$ _____. The 2014 notes will mature on _____, 2014. Novartis Securities Investment Ltd. will issue the 2019 notes in the aggregate principal amount of \$ _____. The 2019 notes will mature on _____, 2019. The notes will be issued only in book-entry form, in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The notes will be fully and unconditionally guaranteed by Novartis AG. If, for any reason, the relevant finance subsidiary does not make any required payment in respect of the notes when due, whether on the normal due date, on acceleration, redemption or otherwise, Novartis AG will cause the payment to be made to or to the order of the trustee. You will be entitled to payment under the guarantees of Novartis AG without taking any action whatsoever against the relevant finance subsidiary.

Interest Payments

The notes will each bear interest at the applicable interest rate shown on the cover of this prospectus supplement and will accrue interest from _____, 2009, or from the most recent date to which interest has been paid (or provided for), to but not including the next date upon which interest is required to be paid.

Interest will be payable on each of the 2014 notes and the 2019 notes twice a year, on _____ and _____, commencing _____, 2009, to the person in whose name a 2014 note or a 2019 note, respectively, is registered at the close of business on the _____ or _____ that precedes the date on which interest will be paid. Interest on the notes will be paid on the basis of a 360-day year consisting of twelve 30-day months. "Business day" means any day other than a Saturday, a Sunday or a day on which banking institutions in the City of New York, Luxembourg, Luxembourg or Zurich, Switzerland are authorized or obligated by law, regulation or executive order to be closed.

If an interest payment date or redemption date, or the maturity date, for the 2014 notes or the 2019 notes, as the case may be, would fall on a day that is not a business day, then the interest payment date or redemption date, or the maturity date, as the case may be, will be postponed to the next succeeding business day, but no additional interest shall be paid unless we fail to make payment on such next succeeding business day.

Covenants

Subject to certain exceptions, if we are required to withhold or deduct any amount for or on account of any withholding tax in Switzerland, the United States or another Relevant Taxing Jurisdiction from any payment made on the 2014 notes, we will pay additional amounts on those payments so that the amount received by noteholders will equal the amount that would have been received if no such taxes had been applicable. Subject to certain exceptions, if we are required to

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withhold or deduct any amount for or on account of any withholding tax in Switzerland, Bermuda or another Relevant Taxing Jurisdiction from any payment made on the 2019 notes, we will pay additional amounts on those payments so that the amount received by noteholders will equal the amount that would have been received if no such taxes had been applicable. See "Description of Debt Securities Covenants Payment of Additional Amounts" in the accompanying prospectus.

As contemplated by the last paragraph under "Description of Debt Securities Defeasance" of the accompanying prospectus, the satisfaction of certain conditions will permit us to omit to comply with some or all of our obligations, covenants and agreements under the indenture with respect to the notes. In addition, we may omit to comply with certain covenants through covenant defeasance. See "Description of Debt Securities Defeasance" in the accompanying prospectus.

Except as described in the accompanying prospectus, the indenture for the notes does not contain any covenants or other provisions designed to protect holders of the notes against a reduction in our creditworthiness in the event of a highly leveraged transaction or that would prohibit other transactions that might adversely affect holders of the notes, including, among other things, through the incurrence of additional indebtedness.

Optional Make-Whole Redemption of the Notes

Novartis Capital Corporation may redeem the 2014 notes and Novartis Securities Investment Ltd. may redeem the 2019 notes, in whole or in part, at its option at any time and from time to time at a redemption price equal to the greater of (i) 100% of the principal amount of the notes to be redeemed on that redemption date; and (ii) as determined by the Quotation Agent (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed on that redemption date (not including any portion of such payments of interest accrued as of the date of redemption), discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, plus % in the case of the 2014 notes and % in the case of the 2019 notes, plus, in each case, accrued and unpaid interest thereon to, but excluding, the date of redemption. Notwithstanding the foregoing, installments of interest on notes to be redeemed that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date according to the notes and the indenture.

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term (as measured from the date of redemption) of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes.

"Comparable Treasury Price" means, with respect to any redemption date, (i) the average of four Reference Treasury Dealer Quotations (as defined below) for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (ii) if the Quotation Agent for the notes obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations, or (iii) if only one Reference Treasury Dealer Quotation is received, the quotation.

"Quotation Agent" means any Reference Treasury Dealer appointed by us.

"Reference Treasury Dealer" means (i) each of J.P. Morgan Securities Inc., Banc of America Securities LLC, Citigroup Global Markets Inc. and Goldman, Sachs & Co. (or their respective affiliates that are Primary Treasury Dealers) and their respective successors; provided, however, that if any of the

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foregoing shall cease to be a primary U.S. government securities dealer in New York City (a "Primary Treasury Dealer"), we will substitute therefor another Primary Treasury Dealer, and (ii) any other Primary Treasury Dealer selected by us.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each registered holder of the notes to be redeemed by us or by the trustee on our behalf. Notice of redemption will be published in a daily newspaper of general circulation in the United States, and we will give notice of any such redemption to any exchange on which the notes are listed. On and after any redemption date, interest will cease to accrue on the notes or portions thereof called for redemption. On or before the redemption date, we will deposit with a paying agent (or the trustee) money sufficient to pay the redemption price of and accrued interest on the notes to be redeemed on that date. If less than all of the notes are to be redeemed, the notes to be redeemed shall be selected by lot by DTC, in the case of notes represented by a global security, or by the trustee by such method as the trustee deems to be fair and appropriate, in th