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Mr. Alan Teixeira
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International Accounting Standards Board
30 Cannon Street
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Letter of Comment No: 193
File Reference: 1204-001

October 28, 2005

Exposure Draft of Proposed Amendments to IFRS 3, Business Combinations

Dear Mr. Teixeira

I refer to the Industrie-Holding letter dated October 28, 2005.

Novartis is in agreement with this letter's comments except that we have the following preferred option to Question 10 concerning how to account for the adjustment on taking control of a previously acquired non-controlling interest.

We consider that it is inappropriate to record the full adjustment straight to the income statement.

Since the full identified tangible and intangible assets and liabilities need to be consolidated following obtaining control, the consolidated results post-obtaining control will be 100% charged with the depreciation and amortization on these , typically stepped-up assets.

We therefore suggest that instead of recording the full step-up to fair value on the existing non-controlling stake to the income statement that it should initially be recorded in equity and recycled to the income statement over the period at which the assets are being depreciated or amortized. We consider that this will produce a fairer presentation of the impact of acquiring control.

Yours sincerely,

NOVARTIS INTERNATIONAL AG

M.B. Cheetham

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