

NOVARTIS AG
 Form 424B5
 November 18, 2015

Use these links to rapidly review the document

[Table of Contents Prospectus Supplement](#)

[TABLE OF CONTENTS](#)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee (1)
3.000% Notes due 2025	\$1,750,000,000	99.010%	\$1,732,675,000	\$174,480.37
Guarantees of 3.000% Notes due 2025(2)				
4.000% Notes due, 2045	\$1,250,000,000	98.029%	\$1,225,362,500	\$123,394.00
Guarantees of 4.000% Notes due 2045(2)				

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933. The total registration fee due for this offering is \$297,874.38.

(2) Pursuant to Rule 457(n) under the Securities Act of 1933, no separate fee is payable with respect to the guarantees of Novartis AG in connection with the notes of Novartis Capital Corporation.

Table of Contents

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-207004

Prospectus Supplement

(to Prospectus dated September 18, 2015)

Novartis Capital Corporation

\$1,750,000,000 3.000% Notes due November 20, 2025

Issue price: 99.010%

\$1,250,000,000 4.000% Notes due November 20, 2045

Issue price: 98.029%

fully and unconditionally guaranteed by

Novartis AG

Interest payable May 20 and November 20

The 3.000% Notes due November 20, 2025, which we refer to as the "2025 notes," will bear interest at a rate of 3.000% per year. The 4.000% Notes due November 20, 2045, which we refer to as the "2045 notes," will bear interest at a rate of 4.000% per year. We will pay interest on each of the 2025 notes and the 2045 notes each May 20 and November 20, commencing on May 20, 2016.

We refer to the 2025 notes and the 2045 notes collectively as the "notes." Unless we redeem the notes earlier, the 2025 notes will mature on November 20, 2025 and the 2045 notes will mature on November 20, 2045. There is no sinking fund for the notes. The notes will rank equally in right of payment with all other senior, unsecured debt obligations of Novartis Capital Corporation. The guarantees of the notes by Novartis AG will rank equally in right of payment with all other senior, unsecured debt obligations of Novartis AG.

We may redeem some or all of the notes of each series at any time and from time to time prior to August 20, 2025 in the case of the 2025 notes and May 20, 2045 in the case of the 2045 notes at the applicable make-whole prices determined in the manner described in this prospectus supplement. We may also redeem some or all of the notes of each series at any time and from time to time on or after August 20, 2025 in the case of the 2025 notes and May 20, 2045 in the case of the 2045 notes at a price equal to 100% of their principal amount plus accrued interest to the redemption date. See "Description of the Notes Optional Redemption of the Notes". Finally, we may redeem the 2025 notes and/or the 2045 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 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 accompanying 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-9 of this prospectus supplement and on page 8 of Novartis AG's annual report on Form 20-F for the year ended December 31, 2014 incorporated herein by reference.

	Price to Public	Underwriting Discount	Proceeds to Issuer
Per 2025 Note	99.010%	0.450%	98.560%
Total	\$1,732,675,000	\$ 7,875,000	\$1,724,800,000
Per 2045 Note	98.029%	0.750%	97.279%
Total	\$1,225,362,500	\$ 9,375,000	\$1,215,987,500

Edgar Filing: NOVARTIS AG - Form 424B5

Plus accrued interest, if any, from November 20, 2015.

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 November 20, 2015.

Joint Book-Running Managers

BofA Merrill Lynch Citigroup J.P. Morgan Credit Suisse Goldman, Sachs & Co. UBS Investment Bank
Co-Managers

Barclays BNP PARIBAS Deutsche Bank Securities HSBC RBS SOCIETE GENERALE
November 17, 2015

Table of Contents

Table of Contents

Prospectus Supplement

	Page
<u>About This Prospectus Supplement</u>	<u>S-1</u>
<u>Where You Can Find More Information</u>	<u>S-1</u>
<u>Incorporation of Certain Documents by Reference</u>	<u>S-1</u>
<u>Presentation of Financial Information</u>	<u>S-3</u>
<u>Summary</u>	<u>S-4</u>
<u>Risk Factors</u>	<u>S-9</u>
<u>Use of Proceeds</u>	<u>S-12</u>
<u>Ratios of Earnings to Fixed Charges</u>	<u>S-12</u>
<u>Capitalization</u>	<u>S-13</u>
<u>Description of The Notes</u>	<u>S-14</u>
<u>Tax Considerations</u>	<u>S-21</u>
<u>Underwriting</u>	<u>S-27</u>
<u>Selling Restrictions</u>	<u>S-29</u>
<u>Legal Matters</u>	<u>S-31</u>
<u>Experts</u>	<u>S-31</u>

Prospectus

<u>About This Prospectus</u>	<u>1</u>
<u>Where You Can Find More Information</u>	<u>1</u>
<u>Incorporation of Certain Documents By Reference</u>	<u>1</u>
<u>Presentation of Financial Information</u>	<u>2</u>
<u>Forward-Looking Statements</u>	<u>3</u>
<u>Use of Proceeds</u>	<u>5</u>
<u>Ratios of Earnings to Fixed Charges</u>	<u>5</u>
<u>Novartis AG</u>	<u>6</u>
<u>Novartis Capital Corporation</u>	<u>7</u>
<u>Novartis Securities Investment Ltd</u>	<u>7</u>
<u>Legal Ownership of Debt Securities</u>	<u>8</u>
<u>Description of Debt Securities</u>	<u>11</u>
<u>Tax Considerations</u>	<u>22</u>
<u>Plan of Distribution</u>	<u>23</u>
<u>Legal Matters</u>	<u>24</u>
<u>Experts</u>	<u>24</u>
<u>Limitations on Enforcement of U.S. Laws</u>	<u>25</u>

Table of Contents

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", "us" and "Group" refer to Novartis AG and its consolidated affiliates unless the context requires otherwise.

This prospectus supplement is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This prospectus supplement is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

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.

Edgar Filing: NOVARTIS AG - Form 424B5

Table of Contents

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.

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, 2014;

Report on Form 6-K furnished to the SEC on February 13, 2015 relating to the FDA priority review granted to Novartis heart failure medicine LCZ696;

Report on Form 6-K furnished to the SEC on March 6, 2015 relating to the FDA approval of first biosimilar Zarxio™ from Sandoz;

Report on Form 6-K furnished to the SEC on April 16, 2015 relating to the FDA approval for Glatopa™ as first generic competitor to MS therapy Copaxone® 20mg;

Report on Form 6-K furnished to the SEC on September 16, 2015 relating to the FDA approval for Novartis' heart failure medicine LCZ696, now called Entresto™, to reduce risk of cardiovascular death and heart failure hospitalization;

Report on Form 6-K furnished to the SEC on October 5, 2015 relating to the appointment of James E. Bradner, MD as President of the Novartis Institutes for BioMedical Research as Mark Fishman retires;

Report on Form 6-K furnished to the SEC on October 5, 2015 relating to the recommendation by the Committee for Medicinal Products for Human Use for the European Union approval of Novartis' new heart failure medicine Entresto™;

Our interim financial report for the third quarter and first nine months of 2015 included as Exhibit 99.2 to our Report on Form 6-K furnished to the SEC on October 27, 2015;

Report on Form 6-K furnished to the SEC on November 4, 2015 relating to the nomination of Elizabeth Doherty and Ton Buechner to the board of directors of Novartis AG;

Report on Form 6-K furnished to the SEC on November 17, 2015 with a modified version of our earnings release for the third quarter and first nine months of 2015;

Report on Form 6-K furnished to the SEC on November 17, 2015 with a statement of computation of the ratio of earnings to fixed charges; and

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

Edgar Filing: NOVARTIS AG - Form 424B5

registration statement:

reports filed under Section 13(a), 13(c) or 15(d) of the Securities Exchange Act of 1934, as amended, 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.

S-2

Edgar Filing: NOVARTIS AG - Form 424B5

Table of Contents

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	Novartis Services, Inc.
Investor Relations	Investor Relations
P.O. Box	230 Park Avenue, 21st Floor
CH-4002 Basel	New York, NY 10169
Switzerland	USA
Tel: + 41 61 324 79 44	Tel: + 1 212 307 1122
Fax: + 41 61 324 84 44	Fax: + 1 212 246 0185
E-mail: investor.relations@novartis.com	E-mail: investor.relations@novartis.com

Novartis Capital Corporation does 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.

S-3

Table of Contents

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 Group. Novartis AG is domiciled in and governed by the laws of Switzerland. Its principal executive office is located at Novartis AG, Lichtstrasse 35, CH-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, 100% of most significant operating companies of the Group. The Group is a multinational group of companies specializing in the research, development, manufacturing and marketing of a broad range of healthcare products, led by innovative pharmaceuticals. We provide innovative healthcare solutions that address the evolving needs of patients and societies worldwide.

Following the completion of the previously-announced portfolio transformation transactions with GlaxoSmithKline plc, Eli Lilly and Company and CSL Limited, the continuing operations of the Group's wholly-owned businesses are organized into three global operating divisions:

Pharmaceuticals: Innovative patent-protected prescription medicines

Alcon: Surgical, ophthalmic pharmaceutical and vision care products

Sandoz: Generic pharmaceuticals

We have leading positions globally in each of these three areas of our continuing operations. To maintain our competitive positioning across these growing segments of the healthcare industry, we place a strong focus on innovating to meet the evolving needs of patients around the world, growing our presence in new and emerging markets, and enhancing our productivity to invest for the future and increase returns to shareholders.

We separately report the financial results of our Corporate activities as part of our continuing operations. Income and expenses relating to Corporate include the costs of the Group headquarters and those of corporate coordination functions in major countries. In addition, Corporate includes other items of income and expense which are not attributable to specific segments such as certain expenses related to post-employment benefits, environmental remediation liabilities, charitable activities, donations and sponsorships.

Our divisions are supported by Novartis Business Services and the Novartis Institutes for BioMedical Research:

Novartis Business Services (NBS) was launched in July 2014 with the transfer of over 7,000 associates, and started operations in January 2015 as a shared services organization. NBS is designed to enhance profitability by harmonizing high-quality services at better price across the Group and its divisions.

The Novartis Institutes for BioMedical Research (NIBR) was created in 2003, and is headquartered in Cambridge, Massachusetts. Almost 6,200 full-time equivalent scientists and associates at NIBR conduct research into various disease areas at sites located in the US, Switzerland, UK, Italy, Singapore and China.

Table of Contents

Our shares are listed in Switzerland on the SIX Swiss Exchange under the symbol "NOVN" and our American Depositary Shares are listed on the New York Stock Exchange under the symbol "NVS." Our Group companies employed approximately 120,000 full-time equivalent associates as of September 30, 2015 and sold products in more than 150 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 230 Park Avenue, 21st Floor, New York, New York 10169, USA, and its telephone number is + 1 212 307 1122.

S-5

Table of Contents

The Offering

Notes	<p>\$1,750,000,000 principal amount of 2025 notes (the "2025 notes")</p> <p>\$1,250,000,000 principal amount of 2045 notes (the "2045 notes")</p>
Issuer	Novartis Capital Corporation
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	<p>The 2025 notes will mature on November 20, 2025.</p> <p>The 2045 notes will mature on November 20, 2045.</p>
Interest Rate	<p>The 2025 notes will bear interest at a rate of 3.000% annually.</p> <p>The 2045 notes will bear interest at a rate of 4.000% annually.</p>
Interest Payment Dates	For each of the 2025 notes and the 2045 notes, every May 20 and November 20, commencing on May 20, 2016. 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 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 2025 notes and the 2045 notes, every May 5 and November 5.
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 Redemption	<p>Prior to August 20, 2025 (the "2025 par call date") in the case of the 2025 notes and May 20, 2045 (the "2045 par call date" and, together with the 2025 par call date, the "par call dates" and each a "par call date") in the case of the 2045 notes, the notes of each series will be redeemable at our option, in whole or in part, at any time and from time to time at a redemption price equal to the greater of:</p> <p>100% of the principal amount of the notes to be redeemed; and</p> <p>the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed that would be due if the applicable series of notes matured on the applicable par call date,</p> <p>together with, in each case, accrued interest to the date of redemption.</p>

Table of Contents

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 0.15% in the case of the 2025 notes and 0.20% in the case of the 2045 notes.

At any time on or after the 2025 par call date in the case of the 2025 notes and the 2045 par call date in the case of the 2045 notes, the notes of each series will be redeemable at our option, in whole or in part, at any time and from time to time at a redemption price equal to 100% of the principal amount of the notes to be redeemed on that redemption date, together with, in each case, accrued interest to the date of redemption.

See "Description of the Notes Optional Redemption of the Notes."

Tax Redemption

In the event of changes in withholding taxes applicable to payments of interest on the notes in Switzerland or any other Relevant Taxing Jurisdiction (but excluding, for this purpose, the United States), we may redeem the notes of each series 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 of each series 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 notes will rank equally in right of payment with all other senior, unsecured debt obligations of Novartis Capital Corporation.

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 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 and "Description of the Notes Payment of Additional Amounts" below.

Repayment

The notes will not be subject to repayment at the option of the holder prior to maturity.

Table of Contents

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 and "Description of the Notes Events of Default" below.
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 under the same CUSIP number unless such further notes are fungible with the notes for U.S. federal income tax purposes. Any additional 2025 notes issued in this manner will be consolidated with and will form a single series with the 2025 notes being offered hereby. Any additional 2045 notes issued in this manner will be consolidated with and will form a single series with the 2045 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, which may include the refinancing of existing short- and long-term indebtedness.
Trustee; Principal Paying Agent; Transfer Agent	HSBC Bank USA, National Association.

S-8

Table of Contents

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, 2014 and the extensive risk factors relating to our business described therein beginning on page 8 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 active trading markets.

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 secondary markets for your notes develop, they 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 markets 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 markets for the notes or that active public markets 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 markets 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 prices.

Neither Novartis Capital Corporation nor Novartis AG is prohibited from issuing further debt.

There is no restriction on the amount of debt Novartis Capital Corporation 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 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 its aggregate total \$9.0 billion U.S. Commercial Paper Programs.

We may redeem the notes.

We may redeem the 2025 notes and/or the 2045 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.

Table of Contents

The notes will rank junior to any secured debt of Novartis Capital Corporation and the guarantees will rank junior to the secured debt of Novartis AG.

The notes will be unsecured obligations of Novartis Capital Corporation and will rank equal in right of payment to all other existing and future unsecured indebtedness of Novartis Capital Corporation. The 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 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 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 has 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 notes are obligations of Novartis Capital Corporation and 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 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, including for 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

Table of Contents

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*).

Table of Contents**USE OF PROCEEDS**

We estimate the net proceeds from the sale of the notes to be approximately \$2,940,322,500 after deducting underwriting discounts and net expenses of the offering. We intend to use the net proceeds for general corporate purposes outside of Switzerland, which may include the refinancing of existing short- and long-term indebtedness.

RATIOS OF EARNINGS TO FIXED CHARGES

The following table sets forth our unaudited 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.

Nine Months Ended September 30,		Year Ended December 31,				
2015	2014	2014	2013 ⁽¹⁾	2012 ⁽¹⁾⁽²⁾	2011 ⁽¹⁾⁽²⁾	2010 ⁽¹⁾
13.4	15.4	14.2	14.3	14.2	12.4	13.7

(1) Figures for 2013, 2012, 2011 and 2010 differ from previously published information and have been restated to reflect the implications of the presentation of continuing operations as described in more detail for the years 2013 and 2012 under Item 18. Financial Statements Note 30 in our Annual Report on Form 20-F for the year ended December 31, 2014.

(2) Figures for 2012 and 2011 have been restated to reflect the adoption of revised IAS19 on *Employee Benefits*.

For purposes of determining the ratio of earnings to fixed charges, earnings have been calculated by adding (i) income before taxes (after eliminating our share of income 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 of one-third of the total rental expense. For the nine-month period ended September 30, 2015, we have assumed rental expenses equal to 75% of the total expected rental expense for the full year 2015. For the nine-month period ended September 30, 2014, we have assumed rental expenses equal to 75% of the total actual rental expense for the full year 2014.

Table of Contents**CAPITALIZATION**

The following table sets forth our consolidated capitalization (including short-term debt and non-controlling interests) as of September 30, 2015, on an actual basis and on an as adjusted basis to give effect to the sale of the notes (after deducting underwriting discounts).

	As of September 30, 2015	
	Actual	As Adjusted
	(unaudited)	(unaudited)
	(in \$ millions)	
Equity		
Share capital ⁽¹⁾	\$ 991	\$ 991
Treasury shares ⁽²⁾	(90)	(90)
Reserves	75,811	75,811
Issued share capital and reserves attributable to shareholders of Novartis AG	76,712	76,712
Non-controlling interests	73	73
Total equity	76,785	76,785
Indebtedness		
Short-term indebtedness:		
Interest bearing accounts of associates	1,717	1,717
Bank and other financial debt	933	933
Commercial paper	4,753	4,753
Current portion of non-current financial debt	1,861	1,861
Fair value of derivative financial instruments	25	25
Long-term indebtedness:		
5.125% \$3,000 million notes due 2019 of Novartis Securities Investment Ltd	2,993	2,993
4.250% EUR 1,500 million notes due 2016 of Novartis Finance S.A.	1,682	1,682
4.400% \$1,000 million notes due 2020 of Novartis Capital Corporation	994	994
2.400% \$1,500 million notes due 2022 of Novartis Capital Corporation	1,488	1,488
3.700% \$500 million notes due 2042 of Novartis Capital Corporation	488	488
3.400% \$2,150 million notes due 2024 of Novartis Capital Corporation	2,129	2,129
4.400% \$1,850 million notes due 2044 of Novartis Capital Corporation	1,823	1,823
0.750% EUR 600 million notes due 2021 of Novartis Finance S.A.	667	667
1.625% EUR 600 million notes due 2026 of Novartis Finance S.A.	669	669
0.250% CHF 500 million notes due 2025 of Novartis AG	515	515
0.625% CHF 550 million notes due 2029 of Novartis AG	565	565
1.050% CHF 325 million notes due 2035 of Novartis AG	334	334
Liabilities to banks and other financial institutions	924	924
Finance lease obligations	2	2
Less current portion of non-current financial debt	(1,861)	(1,861)
2025 notes offered hereby		1,725
2045 notes offered hereby		1,216
Total indebtedness⁽³⁾	22,701	25,642
Total capitalization⁽³⁾	\$ 99,486	\$ 102,427

(1)

Edgar Filing: NOVARTIS AG - Form 424B5

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. Subsequent changes in share capital were converted at appropriate historical exchange rates.

- (2) Treasury shares were converted at appropriate historical exchange rates.
- (3) Unaudited.

S-13

Table of Contents

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 February 10, 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 2025 notes and the 2045 notes will each be a series of our debt securities. Novartis Capital Corporation will issue the 2025 notes in an initial aggregate principal amount of \$1,750,000,000. The 2025 notes will mature on November 20, 2025. Novartis Capital Corporation will issue the 2045 notes in an initial aggregate principal amount of \$1,250,000,000. The 2045 notes will mature on November 20, 2045. The notes of each series 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, Novartis Capital Corporation 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 Novartis Capital Corporation.

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 November 20, 2015, 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 2025 notes and the 2045 notes twice a year, on May 20 and November 20, commencing on May 20, 2016, to the person in whose name a 2025 note or a 2045 note, respectively, is registered at the close of business on the May 5 or November 5 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 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 2025 notes or the 2045 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 or another Relevant Taxing Jurisdiction from any payment made on the 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 and "Payment of Additional Amounts" below.

Table of Contents

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 Redemption of the Notes

At any time prior to August 20, 2025 (the "2025 par call date") in the case of the 2025 notes and May 20, 2045 (the "2045 par call date" and, together with the 2025 par call date, the "par call dates" and each a "par call date") in the case of the 2045 notes, Novartis Capital Corporation may redeem the notes of the relevant series, in each case 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 that would be due if the applicable series of notes matured on the applicable par call 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 0.15% in the case of the 2025 notes and 0.20% in the case of the 2045 notes, plus, in each case, accrued and unpaid interest thereon to, but excluding, the date of redemption.

At any time on or after the 2025 par call date in the case of the 2025 notes and the 2045 par call date in the case of the 2045 notes, Novartis Capital Corporation may redeem the notes of the relevant series, in each case in whole or in part, at its option at any time and from time to time at a redemption price equal to 100% of the principal amount of the notes to be redeemed on that redemption date, 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 (assuming the applicable series of notes matured on the applicable par call date) 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 (assuming the applicable series of notes matured on the applicable par call date).

"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.

Table of Contents

"Reference Treasury Dealer" means (i) each of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Credit Suisse Securities (USA) LLC, Goldman, Sachs & Co. and UBS Securities LLC (or their respective affiliates that are Primary Treasury Dealers) and their respective successors; provided, however, that if any of the 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 the case of notes that are not represented by a global security.

Payment of Additional Amounts

Notwithstanding any of the provisions described under "Description of Debt Securities Covenants Payment of Additional Amounts" in the accompanying prospectus, no additional amounts will be payable with respect to Taxes:

for or on account of any withholding or deduction imposed under the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any U.S. Treasury Regulations or other guidance issued or agreements entered into thereunder, any official written interpretations thereof or any law implementing an intergovernmental approach thereto; or

that are imposed on a payment to an individual or a residual entity and are required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 or any subsequent meeting of the ECOFIN Council on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive.

Optional Redemption for Tax Reasons

In the event of changes in withholding taxes applicable to payments of interest on the notes in Switzerland or another Relevant Taxing Jurisdiction (but excluding, for the purposes of this section, the United States), Novartis Capital Corporation may redeem the 2025 notes or the 2045 notes, in each case in whole (but not in part) at any time, at a price equal to 100% of their principal amount plus

Table of Contents

accrued interest to the redemption date. See "Description of Debt Securities Optional Redemption for Tax Reasons" in the accompanying prospectus.

Events of Default

Instead of the events of default described under "Description of Debt Securities Events of Default" in the accompanying prospectus, an event of default with respect to the notes means only any one of the following events:

default in payment of the principal (or premium, if any) of any debt security of that series when due (including as a sinking fund installment), and the continuance of that default for more than two business days;

default in payment of interest on, or any additional amounts (as described under "Description of Debt Securities Covenants Payment of Additional Amounts" in the accompanying prospectus and under " Payment of Additional Amounts" above) payable in respect of, any debt security of that series when due and payable, and the continuance of that default for 30 days;

default in performing any other covenant in the indenture with regard to that series for 90 days after the receipt of written notice from the trustee or from the holders of 25% in principal amount of the debt securities of that series;

(i) any indebtedness of, or guaranteed by, Novartis Capital Corporation or Novartis AG is not paid at its stated maturity or (as the case may be) within any originally applicable grace period; or (ii) any such indebtedness, or guarantee, of Novartis Capital Corporation or Novartis AG (as the case may be) becomes due and payable prior to its stated maturity by reason of an event of default; *provided* that (x) the amount of indebtedness referred to in clauses (i) and/or (ii) above individually or in the aggregate exceeds \$350,000,000 (or its equivalent in any other currency or currencies); and (y) there shall not be deemed to be a default (i) where Novartis Capital Corporation or Novartis AG in good faith claims a right of set-off or otherwise contests its obligations to pay or (ii) if such acceleration is annulled or such payment or repayment is made within 10 days after the receipt of written notice from the trustee or from the holders of 25% in principal amount of the debt securities of that series;

an encumbrancer or a receiver or a person with similar functions appointed for execution (in Switzerland a *Liquidator* or *Konkursverwalter*) taking possession of the whole or any substantial part of the assets or undertaking of Novartis Capital Corporation or Novartis AG or a distress, execution or other process being levied or enforced upon or sued out against a substantial part of the property or assets of Novartis Capital Corporation or Novartis AG and not being paid, discharged, removed or stayed within 30 days;

Novartis Capital Corporation or Novartis AG stopping payment or ceasing business (except in each case in circumstances previously approved by the holders of a majority in principal (or, if any debt securities are original issue discount securities, such portion of the principal of such debt securities of such series as may then be accelerated pursuant to the terms of such debt securities) of the outstanding debt securities of all series affected (all such series voting as one class));

Novartis Capital Corporation becoming bankrupt or insolvent or entering into a provisional or definitive moratorium or making a general assignment for the benefit of its creditors;

Novartis AG becoming bankrupt or insolvent (or being obliged to notify the court of its financial situation in accordance with Article 725 (2) of the Swiss Code of Obligations) or entering into a provisional or definitive moratorium (*provisorische or definitive Nachlassstundung*) or making a general arrangement with its creditors (*Nachlassvertrag*);

Table of Contents

an order being made or effective resolution passed for the winding-up or dissolution of Novartis Capital Corporation or Novartis AG except (i) a winding-up or dissolution, the terms of such winding-up or dissolution having previously been approved by the holders of a majority in principal (or, if any debt securities are original issue discount securities, such portion of the principal of such debt securities of such series as may then be accelerated pursuant to the terms of such debt securities) of the outstanding debt securities of all series affected (all such series voting as one class) or (ii) a winding-up or dissolution in connection with any consolidation, merger or sale in accordance with the provisions described under "Description of Debt Securities Consolidation, Merger or Sale" in the accompanying prospectus; or

if the guarantee with respect to the relevant series of debt securities ceases to be, or is claimed by Novartis AG not to be, in full force and effect.

Further Issuances

We are initially offering the 2025 notes in the aggregate principal amount of \$1,750,000,000 and the 2045 notes in the aggregate principal amount of \$1,250,000,000. 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 applicable notes 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 under the same CUSIP number unless such further notes are fungible with the notes for U.S. federal income tax purposes. Any additional 2025 notes issued in this manner will be consolidated with and will form a single series with the 2025 notes being offered hereby. Any additional 2045 notes issued in this manner will be consolidated with and will form a single series with the 2045 notes being offered hereby.

Trustee, Principal Paying Agent and Transfer Agent

HSBC Bank USA, National Association is the trustee under the indenture, and the principal corporate trust office of the trustee in The City of New York is also designated as the principal paying agent, registrar, transfer agent and calculation agent for the notes. We may at any time designate additional agents or rescind the designation of any agents or approve a change in the office through which any agent acts.

Book-Entry System

We will issue the notes of each series in the form of one or more fully registered global securities. We will deposit these global securities with, or on behalf of, DTC and register these securities in the name of DTC's nominee. Direct and indirect participants in DTC will record beneficial ownership of the notes by individual investors. The transfer of ownership of beneficial interests in a global security will be effected only through records maintained by DTC or its nominee, or by participants or persons that hold through participants.

Investors may elect to hold beneficial interests in the global securities through either DTC, Clearstream or Euroclear if they are participants in these systems, or indirectly through organizations which are participants in these systems. Beneficial interests in the global securities will be held in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Upon receipt of any payment in respect of a global security, DTC or its nominee will immediately credit participants' accounts with amounts proportionate to their respective beneficial interests in the principal amount of the global security as shown in the records of DTC or its nominee. Payments by participants to owners of beneficial interests in a global security held through participants will be governed by standing instructions and customary practices and will be the responsibility of those participants.

Table of Contents

DTC holds securities of institutions that have accounts with it or its participants. Through its maintenance of an electronic book-entry system, DTC facilitates the clearance and settlement of securities transactions among its participants and eliminates the need to deliver securities certificates physically. DTC's participants include securities brokers and dealers, including the underwriters of this offering, banks, trust companies, clearing corporations and other organizations. DTC is partially owned by some of these participants or their representatives. Access to DTC's book-entry system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. DTC agrees with and represents to its participants that it will administer its book-entry system in accordance with its rules and bylaws and requirements of law. The rules applicable to DTC and its participants are on file with the SEC.

Clearstream and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositaries, which in turn will hold interests in customers' securities accounts in the depositaries' names on the books of DTC. At the present time, Citibank, N.A. acts as U.S. depositary for Clearstream and JPMorgan Chase Bank, N.A. acts as U.S. depositary for Euroclear, or, collectively, the "U.S. Depositaries."

Clearstream holds securities for its participating organizations, or "Clearstream Participants," and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries.

Clearstream is registered as a bank in Luxembourg and as such is subject to regulation by the *Commission de Surveillance du Secteur Financier* and the *Banque Centrale du Luxembourg*, which supervise and oversee the activities of Luxembourg banks. Clearstream Participants are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations, and may include the underwriters or their affiliates. Indirect access to Clearstream is available to other institutions that clear through or maintain a custodial relationship with a Clearstream Participant. Clearstream has established an electronic bridge with Euroclear as the operator of the Euroclear System, or the "Euroclear Operator," in Brussels to facilitate settlement of trades between Clearstream and the Euroclear Operator.

Distributions with respect to the notes of a series held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures, to the extent received by the U.S. Depositary for Clearstream.

Euroclear holds securities and book-entry interests in securities for participating organizations, or "Euroclear Participants" and facilitates the clearance and settlement of securities transactions between Euroclear Participants, and between Euroclear Participants and participants of certain other securities intermediaries through electronic book-entry changes in accounts of such participants or other securities intermediaries. Euroclear provides Euroclear Participants with, among other things, safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services.

Euroclear Participants are investment banks, securities brokers and dealers, banks, central banks, supranationals, custodians, investment managers, corporations, trust companies and certain other organizations and may include the underwriters or their affiliates. Non-participants in Euroclear may hold and transfer beneficial interests in a global security through accounts with a Euroclear Participant or any other securities intermediary that holds a book-entry interest in a global security through one or more securities intermediaries standing between such other securities intermediary and Euroclear.

Table of Contents

Distributions with respect to notes of a series held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by the U.S. Depository for Euroclear.

Transfers between Euroclear Participants and Clearstream Participants will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Cross-market transfers between DTC's participating organizations, or the "DTC Participants," on the one hand, and Euroclear Participants or Clearstream Participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its U.S. Depository; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (European time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its U.S. Depository to take action to effect final settlement on its behalf by delivering or receiving interests in the global security in DTC, and making or receiving payment in accordance with normal procedures for same-day fund settlement applicable to DTC. Euroclear Participants and Clearstream Participants may not deliver instructions directly to their respective U.S. Depositories.

Due to time zone differences, the securities accounts of a Euroclear Participant or Clearstream Participant purchasing an interest in a global security from a DTC Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear Participant or Clearstream Participant during the securities settlement processing day (which must be a business day for Euroclear or Clearstream) immediately following the settlement date of DTC. Cash received in Euroclear or Clearstream as a result of sales of interests in a global security by or through a Euroclear Participant or Clearstream Participant to a DTC Participant will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

The information in this section concerning DTC, Euroclear and Clearstream and their book-entry systems has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy of that information.

None of us, any of the underwriters and the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of securities among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures and they may discontinue the procedures at any time.

Same-Day Settlement and Payment

Initial settlement for the notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System.

Table of Contents

TAX CONSIDERATIONS

The following summary of material considerations relating to U.S. federal income tax, Swiss tax and the European Union Savings Directive is based upon laws, regulations, decrees, rulings, administrative practice and judicial decisions in effect at the date of this prospectus supplement. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming. Any such changes or interpretations could affect the tax consequences to holders of the notes, possibly on a retroactive basis, and could alter or modify the statements and conclusions set forth herein. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of the notes. Prospective purchasers of the notes are advised to consult their own tax advisors as to the tax consequences, under the tax laws of the country of which they are resident, of a purchase of notes including, without limitation, the consequences of the receipt of interest and (if applicable) any premium on, and of the sale or redemption of, the notes or any interest therein.

The summary in respect of Swiss tax considerations does not deal with the position of certain classes of noteholders, such as dealers, and relates only to those persons who are the absolute beneficial owners of the notes and who hold the notes as an investment.

United States Taxation

The following discussion summarizes the material U.S. federal income tax consequences associated with the purchase, ownership and disposition of the notes. This discussion is limited to the initial purchaser of the notes and addresses only "U.S. holders" or "non-U.S. holders" (each as defined below) that hold the notes as capital assets within the meaning of section 1221 of the Code. The following discussion is not exhaustive of all possible tax considerations. This summary is based upon the Code, regulations promulgated under the Code by the U.S. Treasury Department ("Treasury") (including proposed and temporary regulations), rulings, current administrative interpretations and official pronouncements of the Internal Revenue Service (the "IRS"), and judicial decisions, all as currently in effect and all of which are subject to differing interpretations or to change, possibly with retroactive effect. It does not address considerations that may be relevant to an investor that is subject to special tax rules, such as certain financial institutions (e.g., a bank or thrift), real estate investment trust, regulated investment company, insurance company, pass-through entity (including an entity that is treated as a partnership for U.S. federal income tax purposes), dealer in securities or currencies, trader in securities or commodities that elects mark-to-market treatment, person that will hold notes as a hedge against currency risk or as a position in a "straddle" or conversion transaction, tax-exempt organization, certain former citizens or long-term residents of the United States, a person whose "functional currency" is not the U.S. dollar, or a person subject to the alternative minimum tax.

You are a "U.S. holder" for the purposes of this discussion if you are a beneficial owner of notes who, for U.S. federal income tax purposes, is treated as:

an individual who is a citizen or resident of the United States;

a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States, any state thereof, or the District of Columbia;

an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more U.S. persons (within the meaning of the Code) or (2) has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

Table of Contents

You are a "non-U.S. holder" for the purposes of this discussion if you are a beneficial owner of notes who, for U.S. federal income tax purposes, is treated as:

a nonresident alien individual;

a foreign corporation;

an estate that is not subject to U.S. federal income tax on a net income basis; or

a trust if (1) no U.S. court can exercise primary supervision over the trust's administration or no U.S. person and no group of such persons is authorized to control all substantial decisions of the trust, and (2) the trust has no election to be treated as a U.S. person in effect.

If a partnership (or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds or is the beneficial owner of the notes, the tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. A beneficial owner of a note that is a partnership, and partners in such a partnership should consult their tax advisors as to the tax consequences of an investment in the notes.

No rulings from the IRS have or will be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the notes or that any such position would not be sustained by a court of competent jurisdiction. You should consult your tax advisor regarding the tax consequences of holding notes, including the relevance to your particular situation of the considerations discussed below, as well as the relevance to your particular situation of state, local, non-U.S., or other tax laws.

U.S. Holders

Payments or Accruals of Interest

Payments or accruals of interest on a note will be taxable to you as ordinary interest income at the time that you receive or accrue such amounts (in accordance with your regular method of tax accounting). Interest income on the notes will be treated as U.S. source income for U.S. federal income tax purposes, which may be relevant in calculating a U.S. holder's foreign tax credit limitation.

Sale, Exchange or Other Taxable Disposition of Notes

Upon the sale, exchange or other taxable disposition of a note, you generally will recognize gain or loss equal to the difference between the amount realized on the disposition (less any accrued interest, which will be taxable as ordinary income, as described above) and your tax basis in such note (generally, its cost less any principal payments previously received). Any such gain or loss generally will be U.S.-source capital gain or loss and will be long-term capital gain or loss (which long-term capital gain is generally subject to taxation at reduced rates for non-corporate taxpayers) if you have held the note for more than one year. The deductibility of capital losses is subject to limitations.

Medicare Tax

A U.S. holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax on the lesser of (1) the U.S. holder's "net investment income" in the case of individuals, and the "undistributed net investment income" in the case of estates and trusts for the relevant taxable year and (2) the excess of the U.S. holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual's circumstances) (the "Medicare tax"). A holder's net investment income will generally include its interest income and its net gains from the disposition of debt securities, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of

Table of Contents

certain passive or trading activities). If you are a U.S. holder that is an individual, estate, or trust, you are urged to consult your own tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the notes.

Information Reporting and Backup Withholding

A paying agent must file information returns with the IRS in connection with payments on the notes made within the United States, or through certain U.S.-relevant financial intermediaries, to certain United States persons. If you are a United States person, you generally will not be subject to U.S. backup withholding tax on such payments if you provide your taxpayer identification number to the paying agent. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that the required information is timely furnished to the IRS. You also may be subject to information reporting and backup withholding tax requirements with respect to the proceeds from a sale of the notes. If you are not a United States person, you may have to comply with certification procedures to establish that you are not a United States person in order to avoid information reporting and backup withholding tax requirements.

Non-U.S. Holders

Except as described below under "FATCA Withholding", under current U.S. federal income tax law,

- (a) payments on a note to a non-U.S. holder (as defined above) will not be subject to U.S. federal income tax (including withholding tax), provided that, with respect to payments of interest, (i) the non-U.S. holder does not actually or constructively own 10% or more of the combined voting power of all classes of our stock, (ii) the non-U.S. holder is not a controlled foreign corporation related to us, directly or indirectly through stock ownership, (iii) the non-U.S. holder is not a bank extending credit to us in the ordinary course of its trade or business, (iv) interest paid on the note is not effectively connected with the non-U.S. holder's conduct of a trade or business in the United States and (v) the beneficial owner provides a statement signed under penalty of perjury that includes its name and address and certifies that it is a non-U.S. holder in compliance with applicable requirements (or satisfies certain documentary evidence requirements for establishing that it is a non-U.S. holder); and
- (b) a holder of a note that is a non-U.S. holder will not be subject to U.S. federal income tax on gain realized on the sale, exchange or redemption of the note, unless (i) such gain is effectively connected with the conduct by the holder of a trade or business in the United States or (ii) in the case of gain realized by an individual holder, the holder is present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are satisfied.

Payments on a note owned by a non-U.S. holder will not be subject to information reporting requirements or backup withholding tax if the statement described in clause (a) of the preceding paragraph is duly provided to the paying agent.

Payment on a note by the U.S. office of a custodian, nominee or other agent of the beneficial owner of such note will be subject to information reporting requirements and backup withholding tax unless the beneficial owner timely certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

Information reporting requirements and backup withholding tax will not apply to any payment of the proceeds of the sale of a note effected outside the United States by a foreign office of a foreign "broker" (as defined in applicable U.S. Treasury regulations), provided that such broker (i) derives less

Table of Contents

than 50% of its gross income for certain periods from the conduct of a trade or business in the United States, (ii) is not a controlled foreign corporation for U.S. federal income tax purposes and (iii) is not a foreign partnership that, at any time during its taxable year, is more than 50% (by income or capital interest) owned by U.S. persons or is engaged in the conduct of a U.S. trade or business. Payment of the proceeds of the sale of a note effected outside the United States by a foreign office of any other broker will not be subject to backup withholding tax, but will be subject to information reporting requirements unless such broker has documentary evidence in its records that the beneficial owner is a non-U.S. holder and certain other conditions are met, or the beneficial owner otherwise establishes an exemption. Payment of the proceeds of a sale of a note by the U.S. office of a broker will be subject to information reporting requirements and backup withholding tax unless the beneficial owner certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

FATCA Withholding

The Foreign Account Tax Compliance Act provisions of the Hiring Incentives to Restore Employment Act (generally referred to as "FATCA"), and IRS guidance impose a 30% U.S. federal withholding tax on payments of (i) interest made after June 30, 2014 and (ii) gross proceeds from sales, exchanges or other taxable dispositions of interest-bearing obligations occurring after December 31, 2018, in each case, to certain "foreign financial institutions" and "nonfinancial foreign entities", as defined in the Code, if certain disclosure or certification requirements related to U.S. accounts or ownership are not satisfied. In addition, an intergovernmental agreement between the United States and the jurisdictions of a foreign financial institution may modify these rules. As noted above, neither the Issuer nor any paying agent nor any other person will be obligated to pay any additional amounts to "gross up" payments to the noteholders or beneficial owners of the notes for or on account of any withholding or deduction imposed under the Code, as amended, any U.S. Treasury Regulations or other guidance issued or agreements entered into thereunder, any official written interpretations thereof or any law implementing an intergovernmental approach thereto.

Noteholders are urged to consult their own tax advisors regarding the application of FATCA with respect to an investment in the notes.

Swiss Taxation

Swiss Withholding Tax

According to the present practice of the Swiss Federal Tax Administration, payments of principal and interest (and discount or premium, if any) or gains in respect of the notes by Novartis Capital Corporation or the Guarantor are not subject to Swiss Withholding Tax (*Verrechnungssteuer*), if the proceeds from the notes are neither directly nor indirectly used in Switzerland.

EU Savings Tax for Swiss Paying Agents

The payment of interest (and discount or premium, if any) in respect of the notes by Novartis Capital Corporation or the Guarantor or the payment of accrued interest upon a sale of the notes by the purchaser may be subject to a deduction of 35% if such payment is made to an EU resident individual (or certain entities or vehicles) via a Swiss paying agent. The deduction is not applied if the recipient of the payment voluntarily elects to have certain information on the payment transmitted to the tax authorities of his state of residence.

Table of Contents

Final Withholding Tax on Swiss Bank Accounts for Another Country

In 2012, Switzerland concluded agreements with the United Kingdom and Austria on a final withholding tax (*Abgeltungssteuer*). The agreements have entered into force on January 1, 2013. The taxation upon entry into force of those agreements is as follows:

Persons resident in the United Kingdom or Austria receiving investment income (such as among others payment of interest under the notes) or realizing capital gains (such as among others on the sale of the notes) on their Swiss bank accounts can either voluntarily disclose their Swiss bank accounts to the tax authorities of the United Kingdom or Austria, or a final withholding tax will be deducted by the Swiss bank on such investment income or capital gains. The Swiss bank will remit the tax to the Swiss Federal Tax Administration which in turn will remit the tax to the British and Austrian tax authorities. The final tax rate is 25% under the agreement with Austria and, depending on the category of income, between 27% and 48% under the agreement with the United Kingdom. In both agreements, this final withholding tax is in fulfillment of the tax obligations towards the United Kingdom or Austria. Both agreements on final withholding taxes provide for a carve-out for interest payments to the extent such interest payments are subject to the EU Savings Tax for Swiss paying agents.

It is expected that as a consequence of the agreement between Switzerland and the European Union regarding the introduction of the automatic exchange of information in tax matters as mentioned below under *European Union Savings Directive* (if and when approved and ratified) the aforementioned agreements on final withholding taxes will be terminated.

Issue or Transfer Stamp Taxes

The issue of notes is not subject to Issue or Transfer Stamp Taxes.

Secondary market transactions in notes may be subject to Transfer Stamp Tax of up to 0.3% of the consideration paid, if a Swiss or Liechtenstein securities dealer (as defined in the Swiss Stamp Tax Act) is involved in the transaction as party or as intermediary.

Redemption of notes is not subject to Issue or Transfer Stamp Taxes.

Personal Income Tax

Under present Swiss tax law, an individual noteholder who is not Swiss tax resident and who, during the tax year, has not engaged in trade or business through a permanent establishment, sole proprietorship or partnership in Switzerland and who is not subject to Swiss taxation for any other reason, will not become subject to Swiss personal income tax on the interest (and discount or premium, if any) or gains from the notes because of the mere acquisition, ownership or disposal of notes.

A Swiss tax resident individual who holds notes as part of his private assets is subject to income tax on the interest (and discount or premium, if any) derived from the notes as part of his overall net income. A gain realized upon a sale of notes by such individual is not subject to income tax.

A Swiss tax resident individual holding notes as part of his Swiss business assets (including a professional securities dealer) is subject to income tax on any interest (and discount or premium, if any) and gain derived from the notes as part of the overall income. Losses incurred on notes by such investors are tax deductible, if certain conditions are met. Similar rules apply to foreign resident individuals, which have a permanent establishment or business in Switzerland with which the notes are effectively connected.

Profit Tax

Under present Swiss tax law, a corporate noteholder who is not a Swiss tax resident and who, during the tax year, has not engaged in trade or business through a permanent establishment or

Table of Contents

partnership in Switzerland and who is not subject to Swiss taxation for any other reason, will not become subject to Swiss profit tax on the interest (and discount or premium, if any) or gain from the notes because of the mere acquisition, ownership or disposal of notes.

A Swiss tax resident corporate entity holding notes is subject to profit tax on any profit (interest, discount, premium and gains) derived from the notes as part of the overall profit. Losses incurred on notes by such investors are tax deductible, if certain conditions are met. Similar rules apply to foreign resident corporate entities, which have a permanent establishment or business in Switzerland with which the notes are effectively connected.

European Union Savings Directive

The European Union has adopted a directive regarding the taxation of savings income (Council Directive 2003/48/EC, the "Directive"). The Directive requires member states of the European Union (each, a "Member State") to provide to the tax authorities of another Member State details of certain payments of interest and other similar income paid by a person to an individual (or certain types of entities) resident in that other Member State, except that Austria and Luxembourg may instead impose a withholding tax system for a transitional period unless during such period they elect otherwise. The Directive does not preclude Member States from levying other types of withholding tax.

The European Community and Switzerland have entered into an agreement on the taxation of savings income by way of a withholding tax system and voluntary declaration in the case of transactions between parties in the Member States and Switzerland. On the basis of such agreement, Switzerland has introduced a withholding tax on interest payments or other similar income paid by a paying agent within Switzerland to EU resident individuals. The withholding tax is to be withheld at a rate of 35%. The beneficial owner of the interest payments may be entitled to a tax credit or refund of the withholding if certain conditions are met.

Prospective purchasers of the notes should consult their advisors concerning the impact of the Directive or any law implementing the Directive or complying with it. If any of Novartis Capital Corporation, Novartis AG, any paying agent or any institution where the notes are deposited are required to withhold any amount as a direct or indirect consequence of the EU Savings Directive, we will not be required to pay any additional amounts relating to such withholding. See "Description of Debt Securities Covenants Payment of Additional Amounts" in the accompanying prospectus.

On May 27, 2015 the Swiss Federal Council initiated the consultation process on the agreement between the European Union and Switzerland regarding the introduction of the automatic exchange of information in tax matters which was signed on the same date, and by which, if approved and ratified, the existing agreement between the European Union and Switzerland on the taxation of savings income will be amended and will reflect the Common Reporting Standard agreed at OECD level. It is currently expected that the agreement regarding the introduction of the automatic exchange of information in tax matters will come into effect on January 1, 2017 and the first set of data thereunder will be exchanged from 2018.

Table of Contents**UNDERWRITING**

Under the terms and subject to the conditions contained in an underwriting agreement dated November 17, 2015, we have agreed to sell to the underwriters named below, for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC are acting as representatives, the following respective principal amounts of the notes:

Underwriter	Principal amount of 2025 Notes	Principal amount of 2045 Notes
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$ 253,750,000	\$ 181,250,000
Citigroup Global Markets Inc.	253,750,000	181,250,000
J.P. Morgan Securities LLC	253,750,000	181,250,000
Credit Suisse Securities (USA) LLC	126,000,000	90,000,000
Goldman, Sachs & Co.	126,000,000	90,000,000
UBS Securities LLC	126,000,000	90,000,000
Barclays Capital Inc.	101,850,000	72,750,000
BNP Paribas Securities Corp.	101,500,000	72,750,000
Deutsche Bank Securities Inc.	101,850,000	72,500,000
HSBC Securities (USA) Inc.	101,850,000	72,750,000
RBS Securities Inc.	101,850,000	72,750,000
SG Americas Securities, LLC	101,850,000	72,750,000
Total	\$ 1,750,000,000	\$ 1,250,000,000

The underwriting agreement provides that the underwriters are obligated to purchase all of the notes if any are purchased. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering of notes may be terminated. The offering of the notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The underwriters propose to offer each series of notes initially at the respective price to public listed on the cover page of this prospectus supplement and to other broker-dealers at the applicable price to public less a selling concession of 0.25% of the principal amount per 2025 note and 0.45% of the principal amount per 2045 note. The underwriters and the other broker-dealers may allow a discount of 0.20% of the principal amount per 2025 note and 0.30% of the principal amount per 2045 note to other broker-dealers. After the initial public offering, the underwriters may change the price to public and concession and discount to broker-dealers.

We estimate that our expenses (which consist of, among other fees, SEC registration fees, rating agency fees and expenses, legal fees and expenses, accounting fees and expenses and printing expenses) for this offering, excluding underwriting discounts, will be approximately \$2 million. The underwriters have agreed to reimburse us for most of our expenses in connection with this offering.

The notes are new issues of securities with no established trading markets. The notes will not be listed on any securities exchange or interdealer market quotation system. One or more of the underwriters intend to make a secondary market for each series of notes. However, they are not obligated to do so and may discontinue making a secondary market for either series of notes at any time without notice. No assurance can be given as to how liquid the trading markets for the notes will be.

Each underwriter has agreed that it will not offer or sell, directly or indirectly, any of the notes in any jurisdiction where such offer or sale is not permitted.

Table of Contents

We have agreed to indemnify the several underwriters against liabilities under the Securities Act of 1933, as amended (the "Securities Act"), or contribute to payments that the underwriters may be required to make in that respect.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. Certain of the underwriters or their affiliates have a lending relationship with us and routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of c