

United States Sentencing Commission
attn. Mr. Michael Courlander
One Columbus Circle, N.E., Suite 2-500
Washington, D.C. 20002-8002

October 4, 2002

Dear Mr. Courlander,

Please find below our comments on the proposed revision of the Sentencing Guidelines, following the Request for Comments by the Advisory Group. Novartis AG, als holding company of the Novartis group, is potentially affected by the planned revision as it is quoted on the N.Y.S.E. The comments are filed on its behalf.

Our comments relate to the fact that, as a foreign company having affiliates all over the world, we have to comply not only with U.S. laws and regulations, but also with numerous and often diverging other national laws and regulations. To a certain extent, our situation is similar to the one facing U.S. Multinationals having affiliates outside the US, the difference being that for us it is not only that many of the affiliates are incorporated outside the U.S. but also Group Headquarters. In some instances, specific requirements in the Sentencing Guidelines may make little sense or even be impossible to fulfil under such diverging foreign laws. This may occur e.g. if the applicable foreign company law assigns different legal responsibilities to the main company officers or provides for a structure of the company that does not correspond to the U.S. model.

The comments are therefore as follows:

"Novartis AG is committed to strenghtening the effectiveness of its Code of Conduct, its Corporate Citizenship Policy and iths ethics and law compliance program. In this connection, we find the elements set forth at 18 USCS Appx Section 8A1.2, comment 3(k)81-7), of value describing the minimum steps an organisation must take in order to have an effective compliance program. In response to the invitation of the Advisory Group on Organisation Guidelines to the United States Sentencing Commission, we propose, however, that any revised version of the Sentencing Guidelines provide sufficient consideration of differences in laws of foreign countries that may govern the conduct or institutions of foreign corporations. Specifically, we propose the addition of language along the lines of the following: "In situations in which, by virtue of the applicability of foreign laws, a foreign company is not able to lawfully completely comply with any specific element of effectiveness set forth in these Guidelines or if such compliance would not have the effect intended by these Guidelines, it shall be sufficient if such company has taken reasonably equivalent steps or adopted reasonably equivalent practices that serve the same objective."

We hope that the above comments will be taken into consideration when redrafting the Sentencing Guidelines, since they adress a concern that both U.S. and foreign Multinationals share. If you are intersted in further details on the problems underlying the above comments, please call or write.

Yours sincerely,

(Peter Tobler)

Group Compliance Officer