



NOVARTIS PHARMACEUTICALS CORPORATION
East Hanover, NJ 07936

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Minnesota Board of Pharmacy
2829 University Avenue Southeast, Suite 530
Minneapolis, Minnesota 55414-3251

***Re: Novartis Pharmaceuticals Corporation 2007 Annual Report
Pursuant to Minnesota Statute §151.47***

Dear Sir or Madam:

In connection with the obligations set forth in Minnesota Statute §151.47(f) (Wholesale Drug Distributor Annual Report) I forward to you, on behalf of Novartis Pharmaceuticals Corporation (NPC), the State of Minnesota Payments to Practitioners Reporting Form for **January 1, 2007 through December 31, 2007** (hereinafter "2007 Report"). Subject to the description of methodologies and assumptions set forth below, the attached report is true, accurate and complete to the best of our knowledge and belief, and is based on a good faith understanding of the applicable Minnesota reporting requirements.

As background, NPC has been working diligently through its information technology systems to accurately capture in a comprehensive manner economic benefits provided to each Healthcare Professional ("HCP") and Healthcare Organization ("HCO"). NPC has created an aggregate spend technology solution that, among other things, helps automate the marketing expense reporting obligations of various states, including that of Minnesota. NPC's technology solution is being phased in over a three year period, and NPC is committed to enhancing its system to have the flexibility to meet any state reporting obligations and aggregate data in the most accurate manner possible.

NPC has used the following methodologies and assumptions in compiling the 2007 Report:

Events Organized through Outside Vendors: Where NPC has made payments to third party vendors for organizing events involving HCPs on behalf of NPC, the 2007 Report reflects such payments made by only those third party vendors that are set up to provide expenditure data to NPC. NPC has begun to implement technology solutions to capture, in a manner that can be reported to Minnesota, these types of payments made to practitioners that are not currently captured by our system.

Payments to Social Security Number vs. Tax ID Number: In some limited instances, payments for honoraria and out-of-pocket expenditures for practitioners' activities are made not directly to the practitioner but to a business (e.g., a practitioner's professional corporation) or other healthcare organization, at the practitioner's request. The 2007 Report includes only the direct spend for honoraria and out-of-pocket expenditure reimbursements made to a practitioner if the W9 form which they have submitted specifies their Social Security Number. If, on their W9, the practitioner requests that payments be made to an entity with a Tax Identification Number ("TIN"),

those payment are not included in this 2007 Report. The NPC aggregate spend system is currently not capable of matching the practitioner with the TIN to which the payment was made.

We consider this cover letter and the information contained in the attached 2007 Report to be confidential. NPC reserves the right to resubmit the 2007 Report if necessary to correct and/or supplement this submission.

If you have any questions or require further clarification regarding this report, please do not hesitate to contact me at 862-778-7075.

Sincerely,

Tracy A. Hegarty, MPH
Manager Healthcare Compliance
Novartis Pharmaceuticals Corporation

Attachment