



Jim Blacka, DVM  
Vice President Sales

Novartis Animal Health US, Inc.  
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May 16, 2012

Ms. Caryn Fry  
Account Coordinator, Costco Pharmacy Division  
999 Lake Drive  
Issaquah, WA 98027

Dear Ms. Fry:

It has come to our attention that Costco stores are dispensing Novartis Animal Health US, Inc. veterinary products. As Novartis Animal Health US, Inc. markets its products exclusively through licensed veterinarians, the products in Costco's possession were obtained without our knowledge.

Of greater importance, however, is the following information that we have received suggesting that Costco stores may be dispensing Novartis Animal Health US, Inc. veterinary products in a potentially unsafe manner inconsistent with federal regulations governing prescription products. While we recognize that these events may be isolated, given the serious nature of the conduct reported, we request that Costco take immediate corrective action.

- We have been informed that customers have received prescription products manufactured by Novartis Animal Health US, Inc. without a veterinary prescription. We ask that you follow the appropriate guidelines set forth by the FDA for dispensing prescription products that apply to Novartis Animal Health veterinary products in the US.
- We have also learned that a Costco store in Honolulu, HI is dispensing Novartis Animal Health US, Inc. prescription products in plastic bags, without the approved FDA packaging or labeling. In addition, the accompanying "Client Information Sheet" provided by Costco, (attached) contains claims for our Interceptor® product that are inconsistent with the FDA label for this product. (e.g. "for use in treating certain types of mange"). Under certain circumstances, such misrepresentation by Costco of the intended and FDA-approved use may constitute unlawful promotion by Costco pharmacies. We therefore request that you adhere to the approved label information on prescription animal health products and advise pet owners to speak with their veterinarian should they have questions about the product that may impact their pet's health.

Novartis Animal Health US, Inc. is dedicated to safeguarding the health and improving the lives of animals. Ensuring that our products are used appropriately, in the context of a veterinarian-client relationship, is essential to this objective. Accordingly, in view of these reports, we have serious concerns that our products are not being dispensed or recommended in accordance with our product label and have taken steps to inform the appropriate regulatory authorities of our concerns. We appreciate your prompt attention to these concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jim Blacka', written over a light blue horizontal line.

Jim Blacka, DVM  
Vice President, Sales