Strategic Pillar #3

1. Establish Hysingla ER as Brand of Choice for Proactive Converters
2. Increase Hydrocodone IR to ER Conversion with Focus on Delayers
3. **Align Access Strategy and Targeting to Maximize Profitable Growth**
4. Optimize Purdue Pain Assets to Accelerate Hysingla ER Uptake

a) Drive initial demand and favorable formulary coverage through payer segmentation and by ensuring predictability of payer budgets
   - Educate payers on how Hysingla ER aligns with their approach to IR/ER opioid category management and demonstrate limited impact to budget
   - Harness real-world evidence and value-added collaboration to demonstrate long-term commitment to better patient outcomes

b) Leverage MSL knowledge base / relationships with payers and KOLs to support ADF messaging, drive access and provide input into formulary decisions

c) Ensure access through copay support, access coordination and seamless fulfillment

Strategic Pillar #3

a) Access Strategy and Formulary Coverage

Access Strategy

Pricing, Rebates

- **WAC price and rebate offers set at parity with OxyContin** (peak 26% blended rebate)

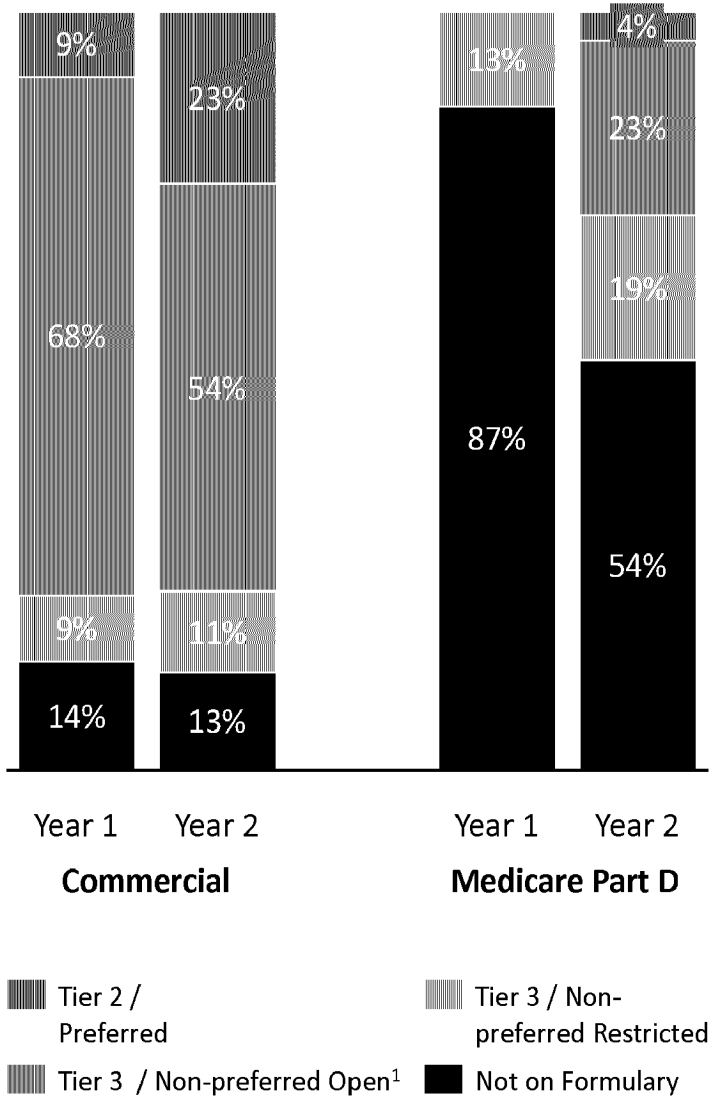
Contracting Strategy

- **Targeted contracting strategy** based on plan segmentation and profitability, i.e.,:
  - Guaranteed generic-to-branded ratio
  - Exclusive contracts (i.e., vs. Teva)
- **Aggressively drive initial demand** to grow volume and facilitate contracting

Payor Messages

- Hysingla ER aligns with current approach to IR/ER opioid category management—**will not grow the branded ERO market**
- **Budget impact of access to Hysingla ER** is limited

Formulary Coverage



Note: 1) Tier 3 Open includes 30-day quantity limits and step edits through hydrocodone IR
Source: Managed Markets team projections

a) Payer Budget Impact Model

Develop Rationale for Switching to Hysingla ER

Identify

Expected patterns of ER hydrocodone use

Analyses of claims data from IR hydrocodone users, with subpopulations based on usage patterns and payer type

Determine

The current APAP burden in IR hydrocodone users

Based on analyses of claims data (prescription use only)

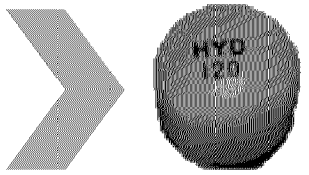
Estimate

Profile and costs of patients with excessive use of IR hydrocodone

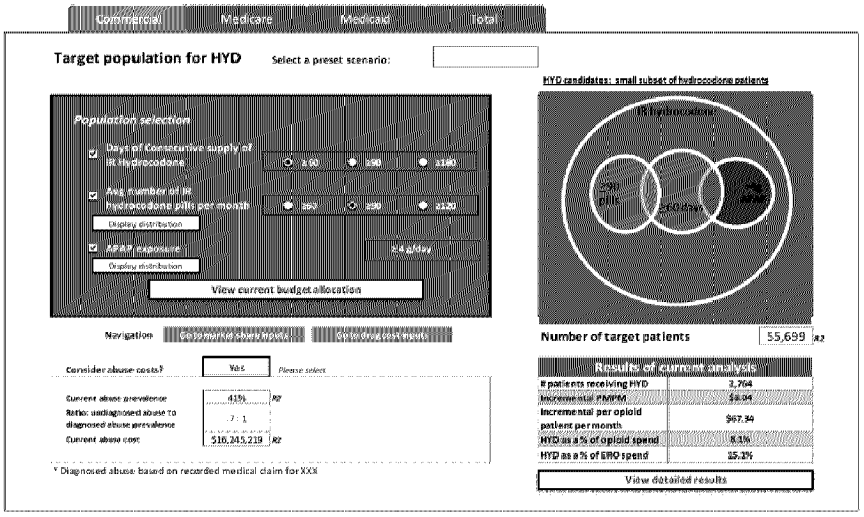
Excess cost of IR hydrocodone patients diagnosed with abuse

Partner to Facilitate Appropriate Patient Access

- HC cost of opioid pop.
- Excess costs of abusers
- Impact PMPM
- APAP overuse
- PA management costs
- Total Hysingla ER budget impact



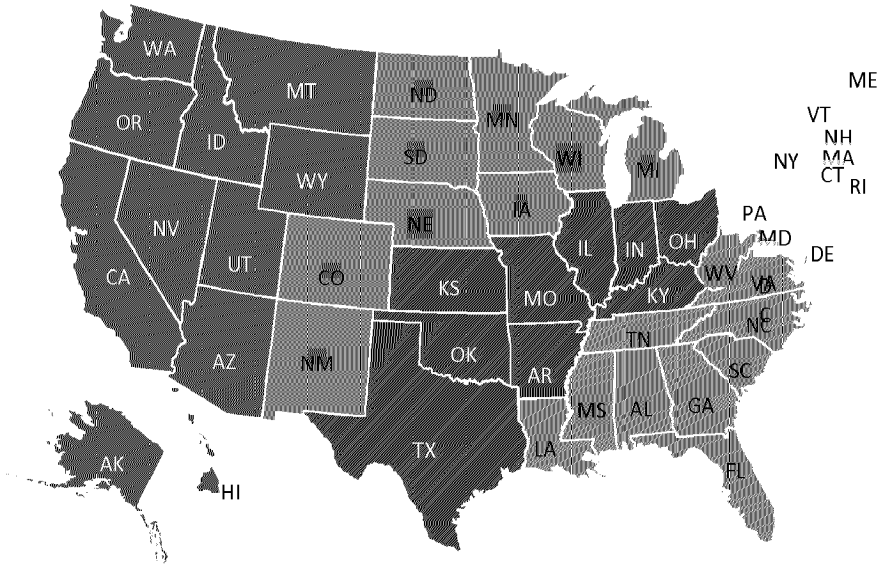
Budget Impact Model



Strategic Pillar #3

b) Managed Care and KOLs

Initial National and Regional Territory Assignments



[redacted] Director

[redacted] Pharm.D.

[redacted] Pharm.D.

[redacted] Pharm.D., BCPS

TBD TBD

[redacted] Pharm.D., BCPS

Launch Activities

Material Preparation

- Full Clinical Slide Presentation
- "Responsive Only" modules based on anticipated inquiries
- Budget Impact Model Materials (from H.O.P.E.)
- State Medicaid packet and testimony

Internal Training & Development

- Review Rules of Engagement, customer-facing strategy and priorities
- Market plan & competition, launch strategy

Execution

- Schedule KOL meetings and begin Hysingla ER-specific support in the field

Feedback & Measures

- MSL presents to internal stakeholders (managed care), HOPE Mock P&T Ad Board, and at assigned conferences

Strategic Pillar #4

1. Establish Hysingla ER as Brand of Choice for Proactive Converters
2. Increase Hydrocodone IR to ER Conversion with Focus on Delayers
3. Align Access Strategy and Targeting to Maximize Profitable Growth
4. **Optimize Purdue Pain Assets to Accelerate Hysingla ER Uptake**

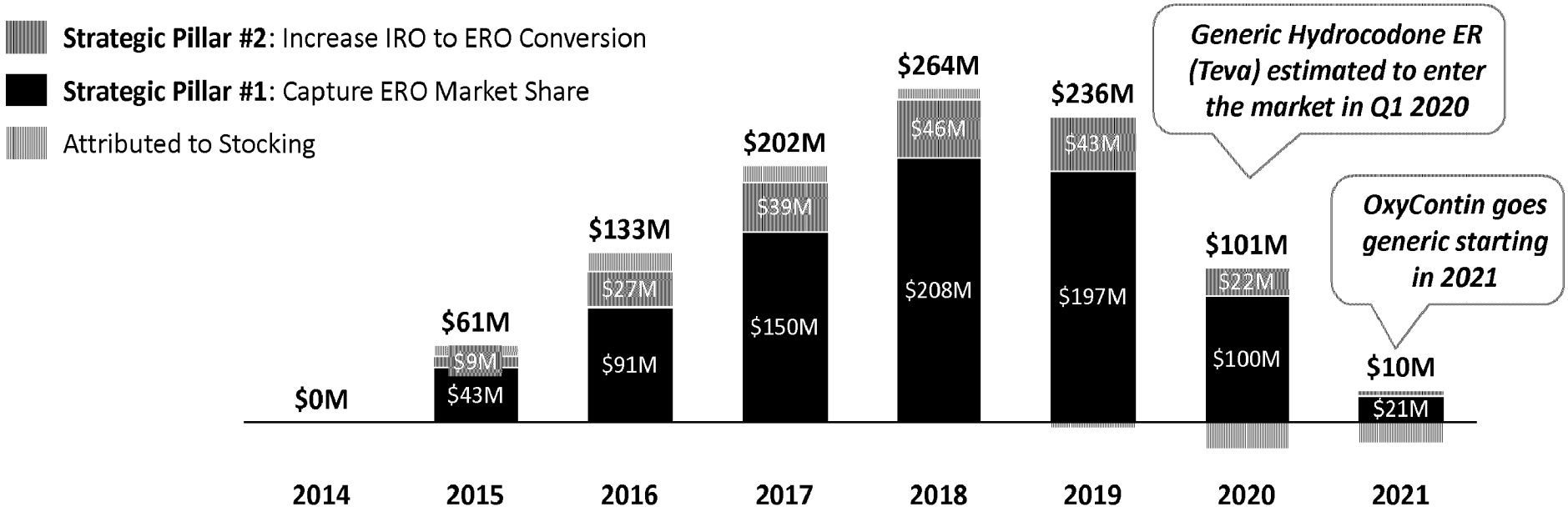
a) Leverage Purdue's existing, experienced sales force to drive uptake with target HCPs, with Hysingla ER at priority position at launch

b) Leverage real-world data to address payer and policy-maker concerns on Hysingla ER use

c) Pursue favorable public policy and regulatory status for Hysingla ER (e.g., ADF special tier status)

Hysingla ER Financial Opportunity

Hysingla ER Net Revenue



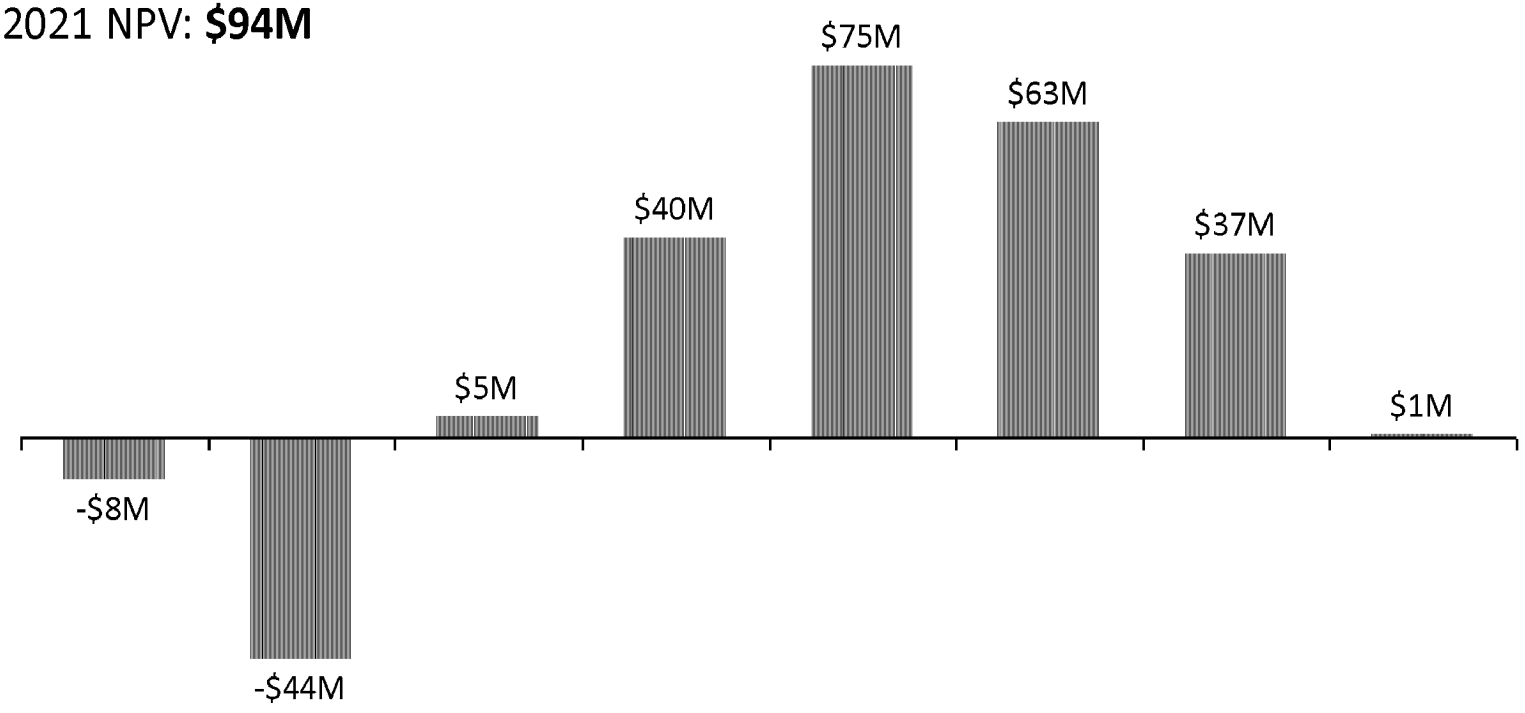
	2014	2015	2016	2017	2018	2019	2020	2021
Hysingla ER share of hydrocodone ERs	0%	62%	66%	57%	53%	45%	22%	4%
Hysingla ER TRxs	0K	224K	491K	793K	928K	820K	407K	88K
Gross Revenue	$0M	$86M	$192M	$312M	$382M	$344M	$148M	$15M

Note: Gross sales include demand and stocking; analysis assumes competitor rebates match Hysingla ER rebates, 43% of total IRO to ERO conversions are hydrocodone familiar, 39% of these conversions go to a branded ERO treatment, the hydrocodone ERO market captures 40% of this branded & familiar opportunity. Price: $327/ avg. Rx in 2015 with annual +3% price increases; Assumes 90% of Hysingla ER market goes generic once either generic OxyContin or Hysingla ER is available; Sources: Butrans Market by Specialty, February OxyContin LRx Report, Peak brand share of new entrants from Source of Business Data (IMS); Monitor Deloitte Analysis

Hysingla ER Profitability

Hysingla ER Net Income
(2014-2021)

2014-2021 NPV: **$94M**



	2014	2015	2016	2017	2018	2019	2020	2021
Profit Margin	N/A	-72%	3%	20%	28%	27%	37%	10%

Notes: Gross sales include demand and stocking; includes cannibalization attributed to Hysingla ER market entry from 2015-2019; Key costs (i.e., marketing, sales force) reduced in 2020 when generic hydrocodone ER (Teva) expected in market; NPV based on 9% discount rate; Sources: 2013 10-Year Plan; Butrans Market by Specialty, Combo and Chronic TRx; February OxyContin LRx Report, Peak brand share of new entrants from Source of Business Data (IMS); Monitor Deloitte Analysis

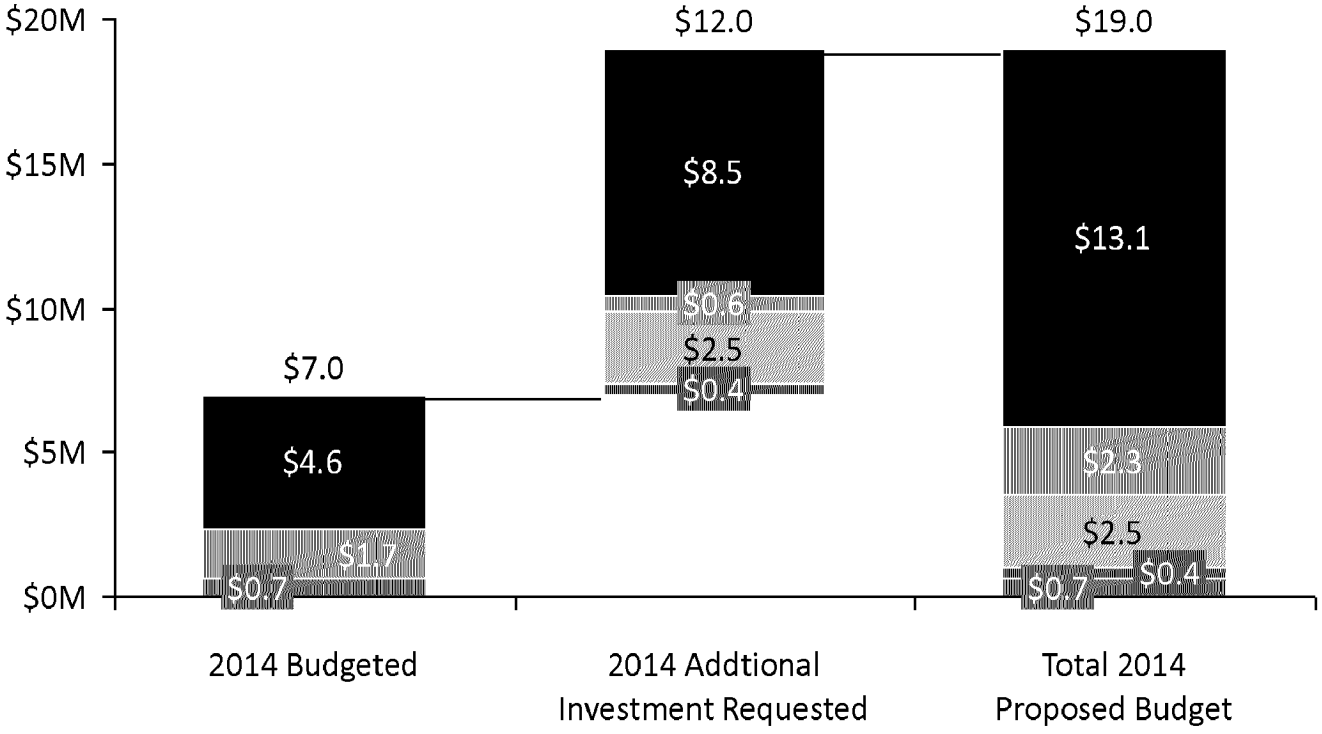
Hysingla ER P&L

(000s)	2014	2015	2016	2017	2018	2019	2020	2021	Total
Gross Sales	-	**85,990**	**191,882**	**312,098**	**381,730**	**344,094**	**148,383**	**15,382**	**$1,479,559**
Net Sales	-	**61,257**	**133,195**	**201,620**	**263,542**	**236,448**	**101,498**	**9,877**	**$1,007,436**
Gross Profit	-	52,917	114,922	176,146	235,247	210,994	90,614	8,835	$889,676
Selling & Promotion	11,600	81,333	77,699	75,793	73,930	72,113	22,114	-	$414,582
% of net sales		*133%*	58%	*38%*	*28%*	*31%*	*22%*		41%
Other Expenses (R&D, Legal, G&A, Health Care Reform Fees)	1,400	20,227	19,256	22,291	25,236	19,524	11,314	7,367	$126,614
Product Contribution	**$(13,000)**	**$(48,643)**	**$17,967**	**$78,062**	**$136,081**	**$119,357**	**$57,186**	**$1,469**	**$348,479**
% net sales		*-79%*	*13%*	*39%*	*52%*	*50%*	*56%*	*15%*	*35%*
Cannibalization Impact	-	19,603	11,022	16,029	21,201	21,960	-	-	$89,814
Product Contribution Post Cannibalization	**$(13,000)**	**$(68,246)**	**$6,946**	**$62,033**	**$114,880**	**$97,397**	**$57,186**	**$1,469**	**$258,665**
% of net sales		-111%	*5%*	*31%*	*44%*	*41%*	*56%*	*15%*	*26%*

NPV: $94M

Note: Gross sales include demand and stocking; includes cannibalization attributed to Hysingla ER market entry from 2015-2019; Key costs (i.e., marketing, sales force) reduced in 2020 when generic hydrocodone ER (Teva) expected in market; Selling & Promotion includes ~$48M per year of sales expense (1/3 cost of the current 525 sales reps)

2014 Investment Request



Marketing / Agency	Launch Strategy / Brand Planning	$1.7	$5.0	$6.7
	Creative, Sales Aids, Advertising, Conventions	$1.4	$1.0	$2.4
	Managed Markets, Fulfillment, REMS	$0.6	$1.5	$2.1
	Other Promotional Support	$0.9	$1.0	$1.9
FAMR	Market Research	$1.7	$0.6	$2.3
Education	Unbranded Education Campaign	-	$2.5	$2.5
HOPE	Cost and Time Series Analyses	-	$0.4	$0.4
Publications	Publication Plan	$0.7	-	$0.7

Note: Does not include $1M in amortization of milestones in 2014 in P&L

2015 S&P Investment Request

1. Establish Hysingla ER as Brand of Choice for Proactive Converters

Name	$M
KOL Program	$7.6M
Ads, Print, Direct Mail, PTN	$4.1M
eMarketing	$3.5M
Agency Fee (half)	$1.8M
Virtual Rep Call Cntr.	$0.3M
Other (e.g., analytics)	$1.5M
Publications Plan	$0.7M
Total	**$19.5M**

2. Increase Hydrocodone IR to ER Conversion with Focus on Delayers

Name	$M
Unbranded HCP, Patient	$5.0M
Agency Fee (half)	$1.8M
Physicians Interactive	$1.7M
Patient Identification	$0.8M
Telemarketing	$0.5M
Other (e.g., analytics)	$1.5M
Total	**$11.3M**

3. Align Access Strategy and Targeting to Maximize Profitable Growth

Name	$M
Savings Card Admin	$2.3M
Adherence Prog.	$1.1M
H.O.P.E.	$2.8M
Total	**$6.2M**

4. Optimize Purdue Pain Assets to Accelerate Hysingla ER Uptake

Name	$M
Conventions	$2.0M
Special Promotions	$1.5M
Sales Force (share of existing team)	$47.4M
Total	**$50.9M**

Cost Center	Marketing	Sales	Other Launch Support	Overall
Total $M	$34M	$47M	$7M	**$88M**

Recommendations

Launch Hysingla ER with a focus on driving share within two priority HCP segments

Fund additional investment ($12M incremental in 2014) to build foundation for Hysingla ER launch and to generate momentum in the limited timeframe as the first-to-market hydrocodone ER with ADF

Appendix

Hysingla ER P&L – Detailed

(000s)		2014	2015		2016		2017		2018		2019		2020		2021	
Gross Sales			**$85,990**		**$191,882**		**$312,098**		**$381,730**		**$344,094**		**$148,383**		**$15,382**	
Fee for Service	*% gross*		1,720	*2%*	3,838	*2%*	6,242	*2%*	7,635	*2%*	6,882	*2%*	2,968	*2%*	308	*2%*
Sales Discounts & Allowances	*% gross*		7,019	*8%*	9,594	*5%*	12,484	*4%*	11,452	*3%*	10,323	*3%*	4,451	*3%*	461	*3%*
Patient Savings Cards Disc.	*% gross*		6,019	*7%*	8,535	*4%*	11,705	*4%*	-	*0%*	-	*0%*	-	*0%*	-	*0%*
Rebates on Factory Sales	*% gross*		9,975	*12%*	36,720	*19%*	80,047	*26%*	99,102	*26%*	90,442	*26%*	39,466	*27%*	4,735	*31%*
Net Sales			**61,257**		**133,195**		**201,620**		**263,542**		**236,448**		**101,498**		**9,877**	
COGS/Shipping & Warehsg	*% gross*		3,440	*4%*	7,675	*4%*	12,484	*4%*	15,269	*4%*	13,764	*4%*	5,935	*4%*	615	*4%*
Royalty	*% net*		4,901	*8%*	10,597	*8%*	12,990	*6%*	13,025	*5%*	11,689	*5%*	4,949	*5%*	427	*4%*
Gross Profit			**52,917**	*62%*	**114,922**	*60%*	**176,146**	*56%*	**235,247**	*62%*	**210,994**	*61%*	**90,614**	*61%*	**8,835**	*57%*
Selling & Promotion	*% net*	11,600	81,333	*133%*	77,699	*58%*	75,793	*38%*	73,930	*28%*	72,113	*31%*	22,114	*22%*	-	
Marketing Expense		11,600	33,933		28,877		25,506		22,135		18,764		5,629		-	
Sales Force Expense			47,400		48,822		50,287		51,795		53,349		16,485		-	
Other Expenses		1,400	20,227		19,256		22,291		25,236		19,524		11,314		7,367	
Amort. of Milestones		1,000	1,600		1,600		1,600		1,600		1,600					
Redacted																
General & Admin	*% net*		1,907	*3%*	3,552	*3%*	5,781	*3%*	7,685	*3%*	7,256	*3%*	3,689	*4%*	773	*8%*
R&D		400	14,220		10,752		10,381		10,018		4,970		5,107		5,251	
Product Contribution	*% net*	**$(13,000)**	**$(48,643)**	*-79%*	**$17,967**	*13%*	**$78,062**	*39%*	**$136,081**	*52%*	**$119,357**	*50%*	**$57,186**	*56%*	**$1,469**	*15%*
Cannibalization			19,603		11,022		16,029		21,201		21,960					
OxyContin Impact			17,158		9,178		13,393		17,912		18,645					
Butrans Impact			2,445		1,844		2,637		3,289		3,315					
Net Product Contribution	*% net*	**$(13,000)**	**$(68,246)**	*-111%*	**$6,946**	*5%*	**$62,033**	*31%*	**$114,880**	*44%*	**$97,397**	*41%*	**$57,186**	*56%*	**$1,469**	*15%*
Net Income	*% net*	**$(8,450)**	**$(44,360)**	*-72%*	**$4,515**	*3%*	**$40,321**	*20%*	**$74,672**	*28%*	**$63,308**	*27%*	**$37,171**	*37%*	**$955**	*10%*

NPV: $94M

Note: Gross sales include demand and stocking; includes cannibalization attributed to Hysingla ER market entry from 2015-2019; Key costs (i.e., marketing, sales force) reduced in 2020 when generic hydrocodone ER (Teva) expected in market

Framework for Hysingla ER Launch Readiness

Positioning → **Hysingla ER Strategies** → **Value Proposition**

Positioning statement

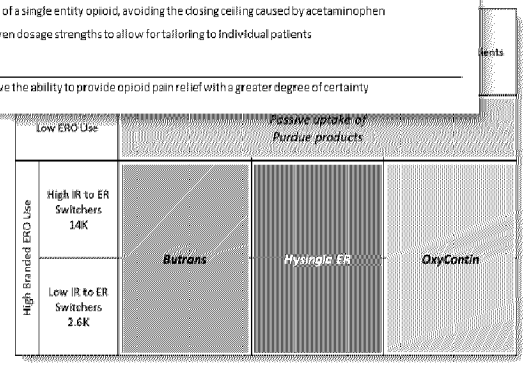
TO
- Chronic pain patients who require uninterrupted pain relief and are on or have used hydrocodone opioids to manage their condition

***HYD* IS THE BRAND OF**
- Extended release opioid

THAT
- Is the optimal* hydrocodone formulation for consistent and seamless transition from IR to ER

BECAUSE
- The only Q24h formulation of hydrocodone with abuse-deterrent properties
- The familiarity of hydrocodone, a commonly used opioid
- The flexibility of a single entity opioid, avoiding the dosing ceiling caused by acetaminophen
- A range of seven dosage strengths to allow for tailoring to individual patients

SO THAT
- Physicians have the ability to provide opioid pain relief with a greater degree of certainty



Market Map

Strategic Pillars

1. Establish Hysingla ER as Brand of Choice for Proactive Converters
2. Increase Hydrocodone IR to ER Conversion with Focus on Delayers
3. Align Access Strategy and Targeting to Maximize Profitable Growth
4. Optimize Purdue Pain Assets to Accelerate Hysingla ER Uptake


Payor / Policy

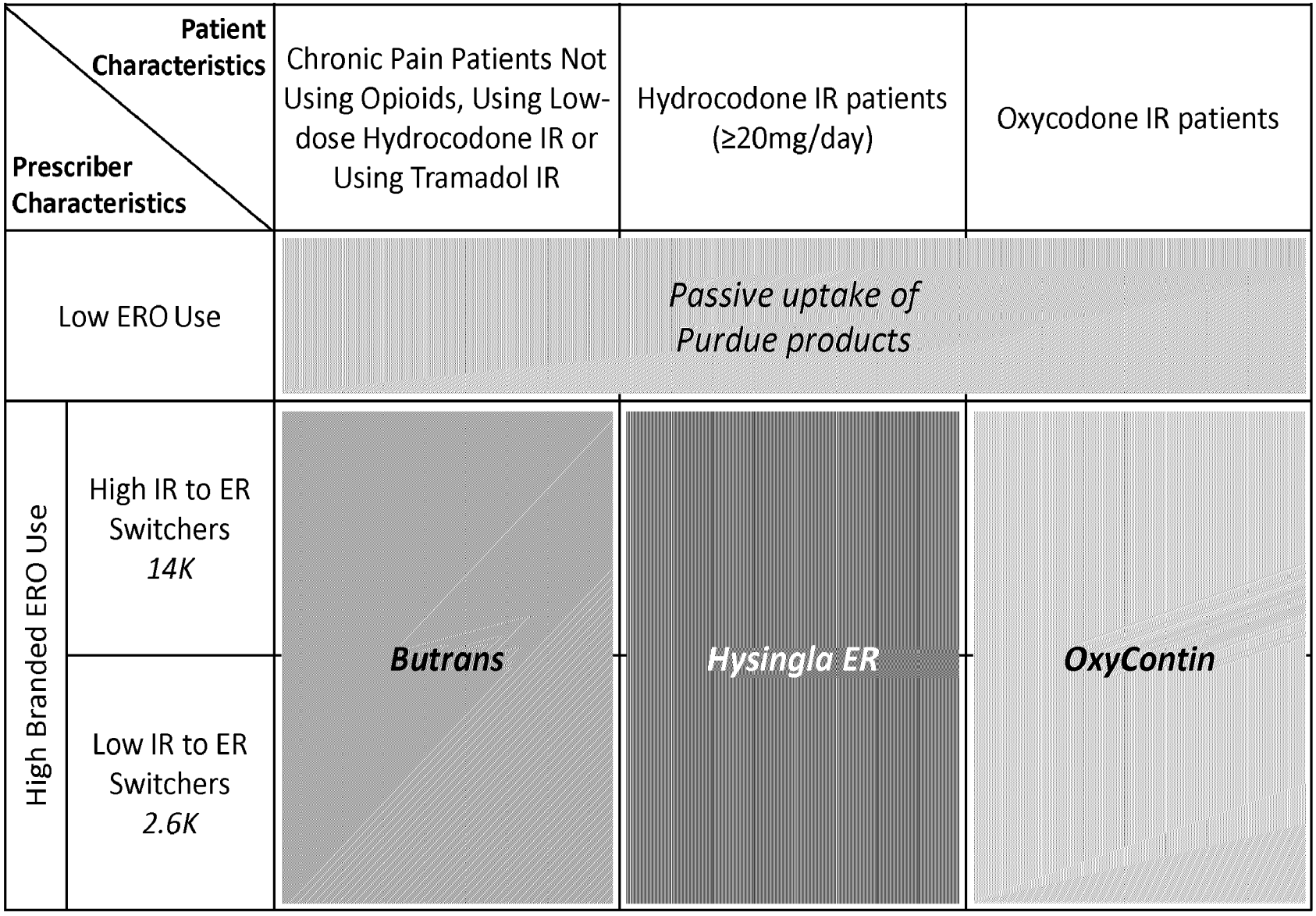

Patient


Provider


IDN

- Positioning serves as the foundation for brand strategy
- Brand strategy consists of four strategic pillars for Hysingla ER that will bring the positioning to life
- Strategic pillars outline how Hysingla ER's value proposition will be made clear to all stakeholders

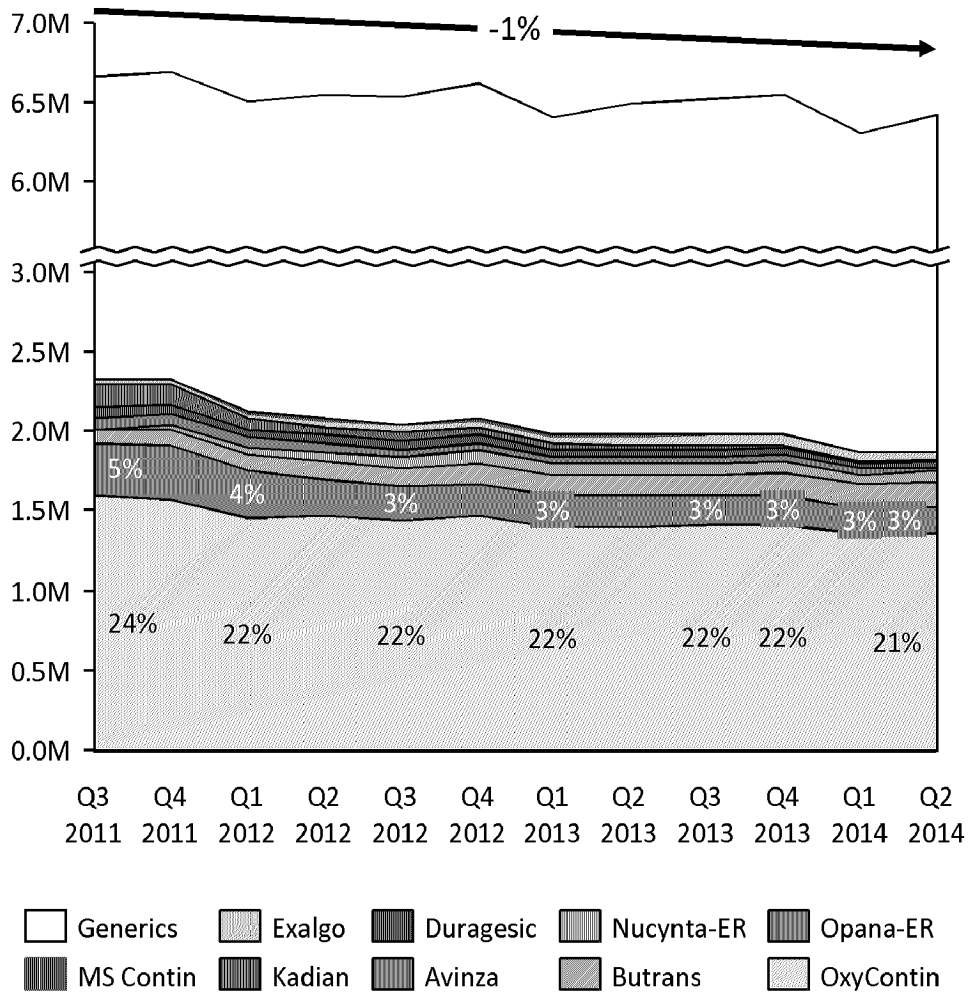
Positioning for Purdue's Pain Portfolio



Source: IMS Health, Purdue Pharma analysis, Monitor Deloitte analysis

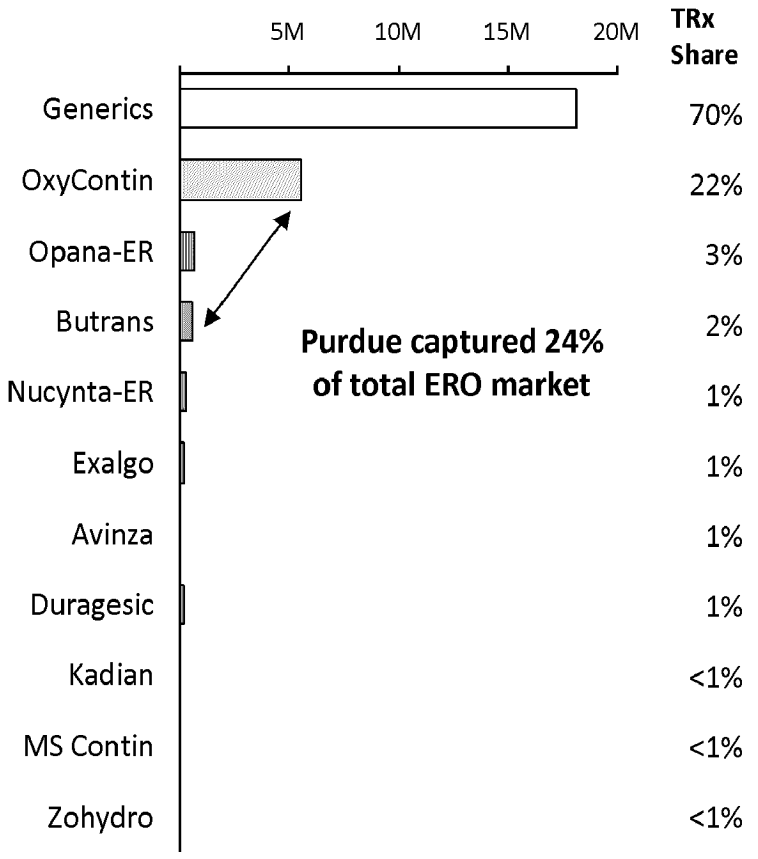
Current Branded ERO Market Environment

Share



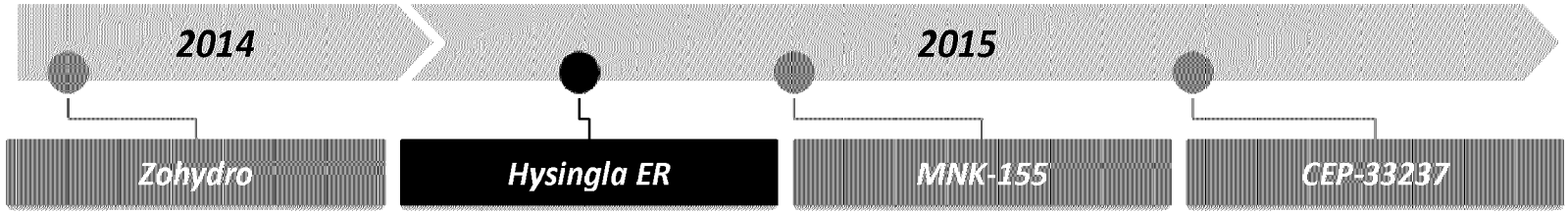
TRx

(3Q13 – 2Q14)



Source: IMS Health

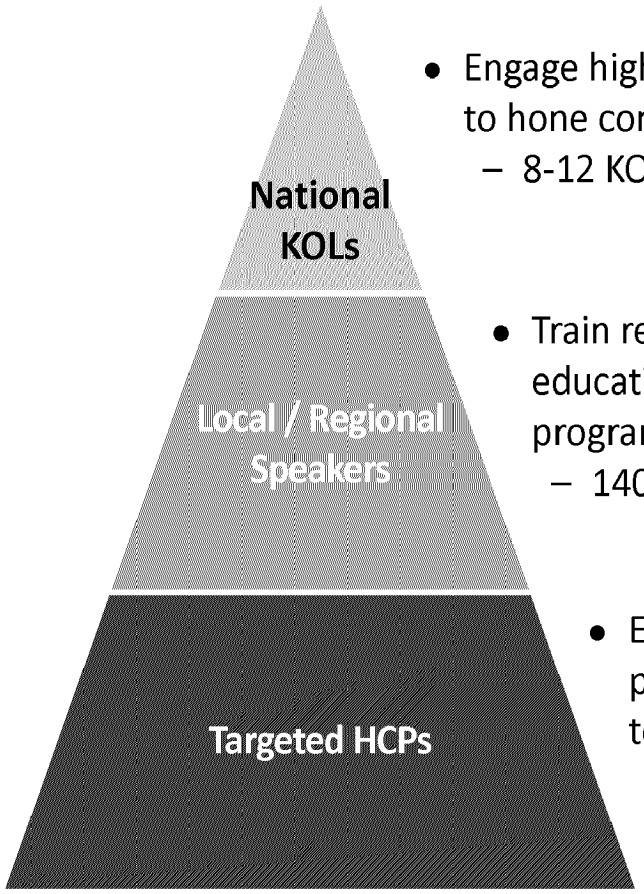
Hydrocodone ER Competition



	Zogenix	Purdue	Mallinckrodt	Teva
Launch	March 2014	Q1 2015	Q2 2015	Q4 2015
Abuse Deterrence	None *(ADF to launch Q4 2016[1])*	**Physical abuse deterrence** *(ADF label pending)*		
Label / Product Properties	• Q12 dosing • 6 dose strengths • No APAP	• **Q24 dosing** • 7 dose strengths • No APAP	• Likely indicated for acute post-op pain • Combined IR and ER pharmacokinetics • Contains APAP	• Q12 dosing • 4-5 dose strengths • No APAP
Loss of Exclusivity	ADF version post Q4 2021	Q4 2022	No exclusivity / patent overlap with competitors	Q1 2020 *(if launched in 2015)*

Note: 1) An abuse deterrent formulation of Zohydro will likely launch in 2015 but without an ADF indication

b) KOL Engagement Strategy



Description

- Engage high-profile KOLs at regular advisory boards to hone commercial strategies for the brand
  - 8-12 KOLs
- Train regional thought leaders to provide education on Hysingla ER at in-person speaker programs
  - 140-150 Speakers
- Engage select HCPs through local speakers program and web conferences / teleconferences
  - 9,900 HCPs through speakers program
  - 1,000 HCPs through web conferences

Total Reach

~11,000 HCPs

(70% of target HCPs)

b) Publication Plan (for Publications and Presentations)

Phase 1: Pre-Launch *(2013-2014)*

- Public health and economic value of abuse-deterrent opioid formulations
  - Costs to employers
  - Use of opioids with ADF to address opioid abuse
- Hydrocodone / APAP products – some patients prescribed high doses, long-term treatment, risks of toxicity
  - Exposure to high doses of acetaminophen is common despite risks of toxicity
- Introduce Hysingla ER as a drug in development to the scientific community

Phase 2: Peri-Launch *(1Q-2Q 2015)*

- Efficacy, effectiveness, tolerability, and safety
  - Double-blind pivotal trial
  - Open-label 12-month trial
  - Incoming Vicodin users
  - Hysingla ER's ADF
  - Doing guidelines
  - Once-daily pharmacologic profile
  - Information for payers

Phase 3: Post-Launch *(3Q 2015-2016)*

- Long-term effectiveness and safety
  - Open-label 18-month data
- No signal of hearing disturbances
- Tolerability and effective analgesia in multiple patient populations
- Comprehensive pharmacologic profile
  - Lack of PK effect with food
  - PK in special populations
  - Review of clinical pharmacology program
- Abuse deterrence in community settings
- Pharmacoeconomics (HOPE)

Target Groups for Presentations and Publications

Pain medicine specialists
- American Acad. of Pain Mgmt.
- American Acad. of Pain Med.
- American Pain Society
- Etc.

Primary care / supportive care
- American Academy of Family Practitioners
- American Assoc. of NPs
- American Academy of PAs

Managed care / payers
- American Acad. of Managed Care Pharmacy
- CPDD
- ISPOR

Strategic Pillar #2

a) IRO to ERO Switching Triggers

Primary Triggers for Switching

- Too many pills per day (limit for most physicians of 6-8)
- Dose too high and pain not managed sufficiently
- Break-through pain or "highs and lows"
- Running out of pills prior to the end of the prescription
- Acute pain becomes chronic (lasts longer than 3 months)

Primary Triggers for NOT Switching

- Provider unwilling to initiate ERO (unfamiliarity with EROs, pain not deemed "severe enough," higher scrutiny of CII vs. CIII)
- Inconsistent process for reassessing pain
- Patient viewed as well-controlled / not complaining
- Prohibitive insurance (e.g., branded ERO is NOF)
- Previous ERO failure (e.g., inadequate pain relief, adverse drug event)

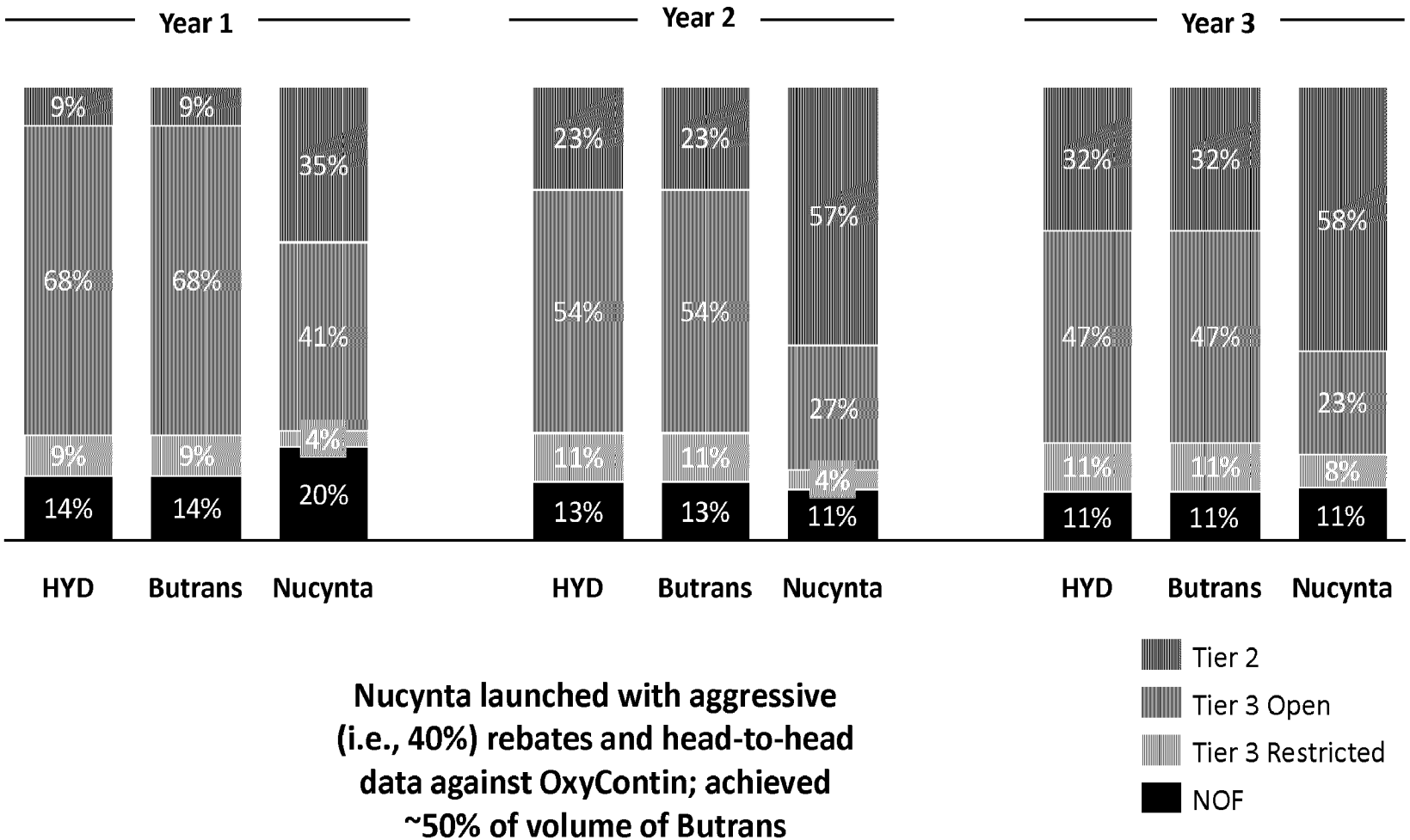
Who switches and when?

- **HCPs who are comfortable prescribing EROs** are most likely to switch to an ERO **once an IRO has been proven ineffective**
- **Pain Management specialists** (i.e., pain management, anesthesiologist, PM&R, Rehabilitation Medicine) frequently modify opioid usage to a combination of immediate and extended release opioids **upon referral from inappropriately-dosed IROs**
- **Neurologists** switch **as a last resort,** after other agents (e.g., Lyrica, gabapentin) have been tried. Extended release opioids are frequently viewed as an **add-on therapy**

Source: Purdue Market Research: "Patient Flow and switching triggers/ Barriers" Bell Falla, 2010

Strategic Pillar #3

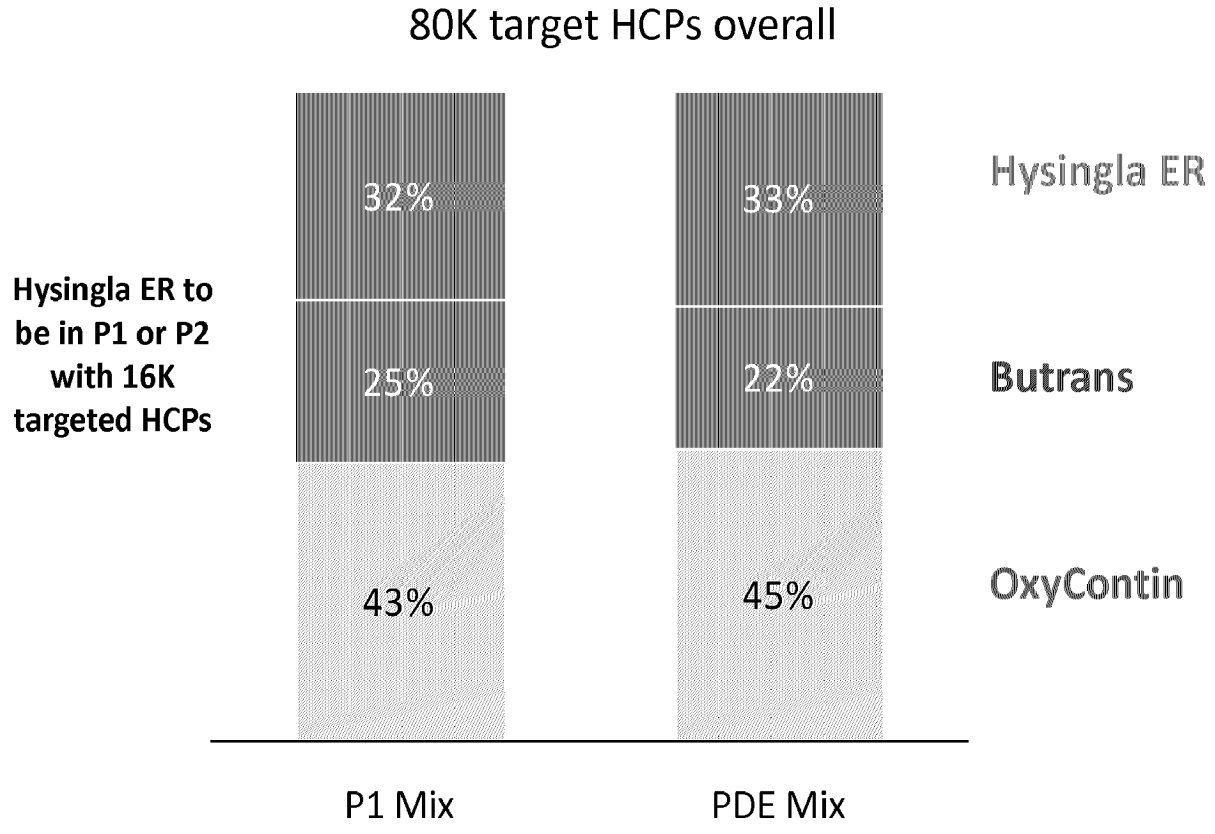
a) Post-launch Commercial Formulary Coverage Comparison



Nucynta launched with aggressive (i.e., 40%) rebates and head-to-head data against OxyContin; achieved ~50% of volume of Butrans

Note: 1) Tier 3 Open includes 30-day quantity limits and step edits through hydrocodone IR; 2) Coverage is an average of rates during Q1-Q4 of each year post launch
Sources: Fingertip Formulary as of 7/3/14: Formulary Data Trend Report 2010 forward for Butrans, Exalgo, and Nucynta ER; HYD forecast based on Managed Markets team projections

a) Current Sales Force Supports Full Portfolio



Hysingla ER	255K	384K
Butrans	205K	254K
OxyContin	346K	538K

b) Post-Marketing Studies to Support Payer Strategy

Real-world/Epidemiology | Risk Management

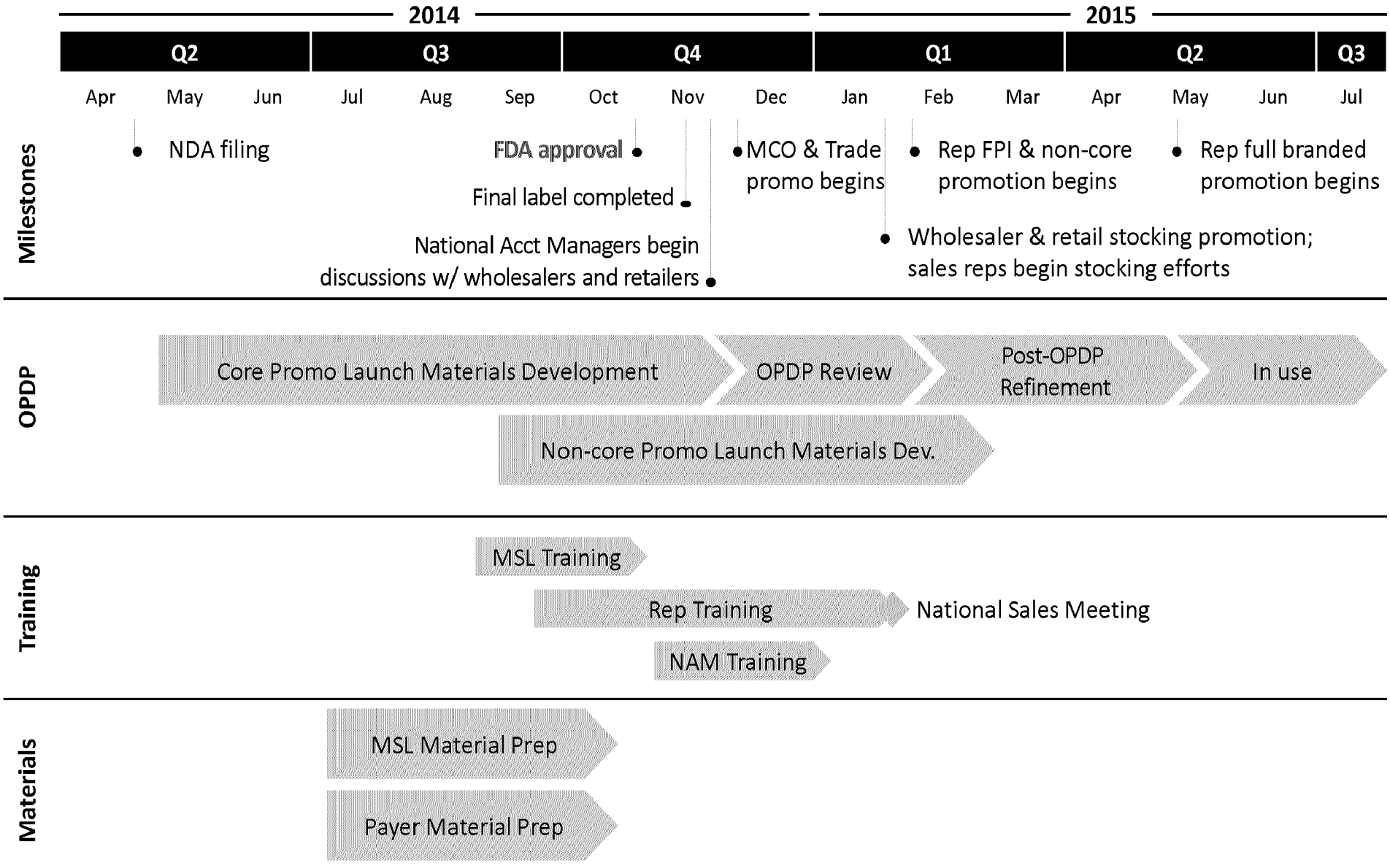
Key Message	Data	Barriers Addressed
Purdue's PEO-based formulation deters abuse of opioids with abuse-deterrent characteristics	• Postmarketing epidemiology studies for reformulated OxyContin demonstrating decreases in abuse	• Concern that large dosage strength tablets of hydrocodone may become widely abused or diverted if Hysingla ER use increases
Purdue's PEO-based formulation decreases resource utilization associated with abuse	• Postmarketing epidemiology studies for reformulated OxyContin demonstrating decreases in diagnosed abuse / addiction / overdose	• Concern that Hysingla ER will increase resource utilization for payers due to increased abuse/addiction
A large number of patients remain on IR hydrocodone-acetaminophen for longer than 90 days and chronically consume unsafe levels of acetaminophen from IR hydrocodone-acetaminophen	• MarketScan commercial and Medicaid insurance claims analyzed within Purdue	• Opinion that ER hydrocodone is not needed because IR hydrocodone is used short term and is generally safe
Patients who use long-term ER opioids can be predicted so that patient segments/pricing can be determined	• MarketScan commercial and Medicaid insurance claims analyzed within Purdue	• Confusion about which patients would be suitable for Hysingla ER and budget impact
Abuse rates of Hysingla ER in the community compare favorably with comparator opioid products and are lower than Zohydro	• FDA-required postmarketing epidemiology studies for Hysingla ER assessing abuse versus other opioids	• Concern that Hysingla ER use will exacerbate the problem of abuse, overdose & death associated with opioids
Prescribers and patients are educated about safe and appropriate use of Hysingla ER by the ER/LA REMS	• REMS Assessments indicating EMS-compliant continuing education courses are widely available and effective	• Concern that Hysingla ER will be prescribed inappropropriately or used unsafely by patients

Strategic Pillar #4

c) Corporate Affairs Support for Hysingla ER

Function	Strategy	Tactical Details
Government Relations	Drive policy initiatives at the federal and state level to support access for Hysingla ER and remove hydrocodone formulations without ADF from the market, if desired	• Introduce and advance state-level legislation that prohibits prescribing of non-ADF medication when an ADF is prescribed
		• Continue informing FDA regulatory policymaking process with respect to value of ADFs and risk of non-ADF generics
Communications	Conduct outreach through the media and other communications channels to promote the value of Hysingla ER as a new therapeutic agent with abuse-deterrent properties	• Generate mass-market, trade outlet and social media publicity around product milestones
		• Conduct regular informational briefings to select reporters, increasing their knowledge of the product class; Hysingla ER specifically, new research data, and related medical and policy issues
		• Leverage paid media to generate awareness of and support for Hysingla ER as a tool for appropriate pain management with abuse deterrent properties
Policy / Alliance Development	Communicate the value of Hysingla ER to key opinion leaders, HCP organizations, and patient advocacy groups; mobilize these groups to support product commercialization	• Develop tools to enable Purdue and its external stakeholders to appropriately and effectively convey the value of ADFs
		• In alignment with the Communications function, rapidly correct misinformation regarding Hysingla ER, its product class and/or the broader area of pain management medication

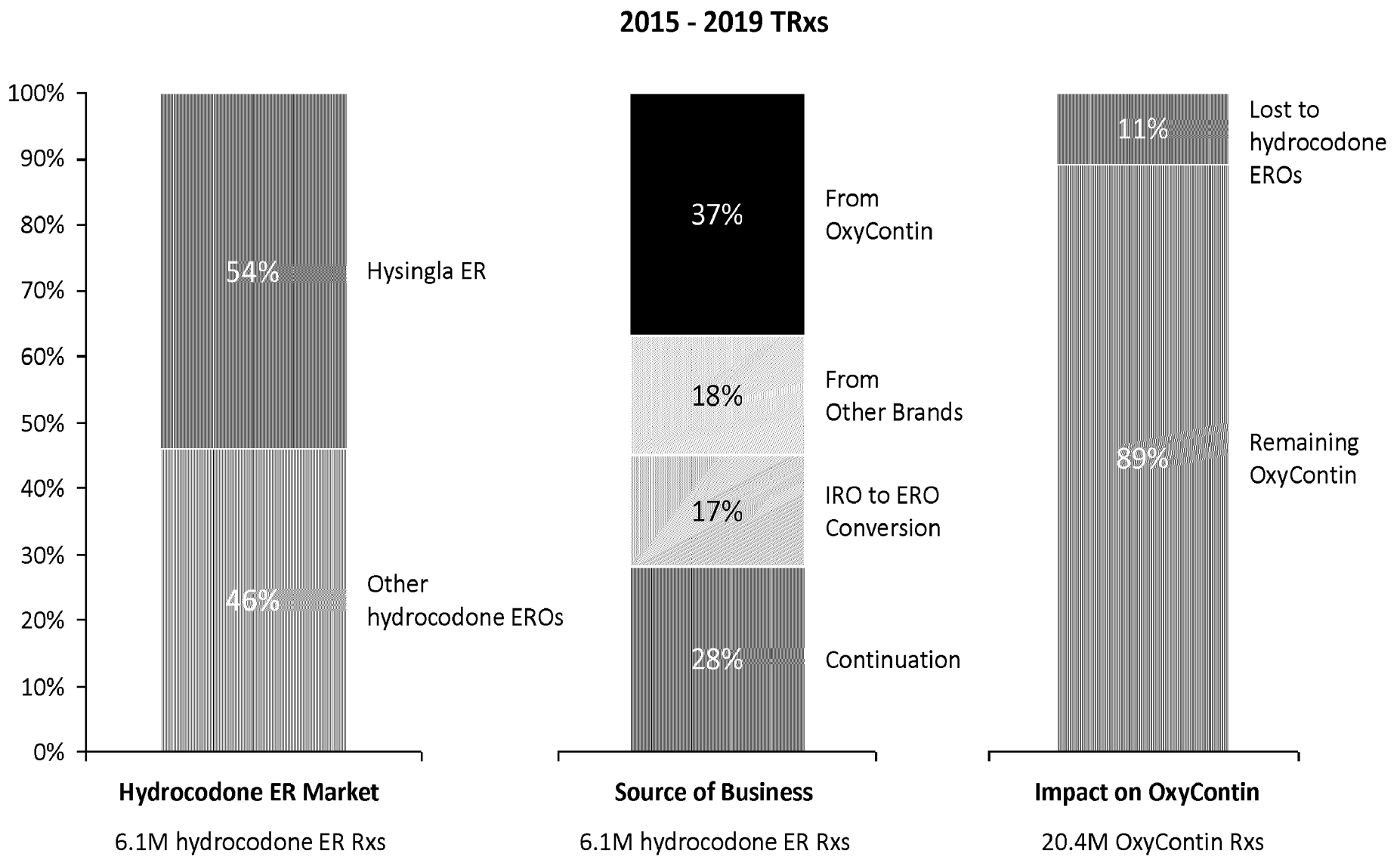
Hysingla ER Launch Rollout Timeline



Confidential - Not for Distribution

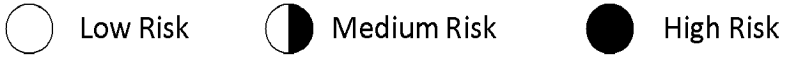
Note: Currently evaluating accelerated launch in Q4 2014

Sources of Business of Hydrocodone EROs – 2015 - 2019



Key Risks

Risk	Downside Potential	Risk Level
Lower Managed Care Coverage	Managed care requires higher rebates and / or lower formulary status Teva achieves better access than Hysingla ER	
Earlier Generic Entry	Generic non-ADF Zohydro launches before 2020 and gains share Teva product goes generic at Hatch Waxman expiry (2018 vs. 2020)	
Lower ERO Market Growth	Hydrocodone ER entry does not increase switching rate from IRO to ERO Hydrocodone products not rescheduled	
No 100mg/120mg Dose Approval	100mg and 120mg dosing not approved	
Higher Competitive Intensity	MNK product receives indication broader than post-op pain Zohydro able to overcome negative press; gains in market share Additional competitive products (e.g., Collegium) enter the market and shift Purdue's focus away from Hysingla ER	



Note: Risk level is a qualitative assessment of probability and likely impact

TAB 4

Materials to be provided at meetings

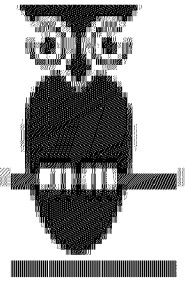
TAB 5

Quarterly Compliance Report to Board of Directors 2Q2014

Bert Weinstein
Vice President, Corporate Compliance
August 14, 2014

PURDUE

Compliance Summary for 2Q2014



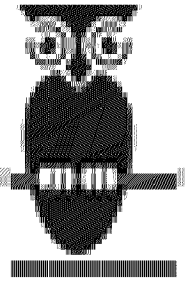
Purdue continues to have strong systems and processes in place to prevent and detect violations of law, regulations and company policies, and to remediate issues before they become significant problems.

No significant compliance issues in the 2nd quarter, or to date in 2014

The following pages report on Purdue's Sunshine Act reporting and on Compliance audits during 2Q2014

Sunshine Act

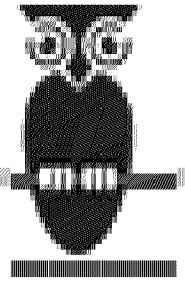
2014 Sunshine Act filing (2013 data)



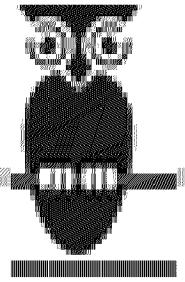
- Sunshine filing timely made in June for six Purdue "Applicable Manufacturer" entities - - see below
- The "General Dollar" amount of $3,774,933 will be the reported spend on the CMS website in September; "Research Dollars" will be reported on a delayed basis in the future to protect confidential R&D information

Applicable Manufacturer	General (# transactions)	Research (# Transactions)	Total Transactions	General Dollars	Research Dollars *	Total Dollars
Purdue Pharma L.P.	22,892	953	23,845	2,732,705.04	6,263,169.61	$8,995,874.65
Rhodes Pharmaceuticals L.P.	1	13	14	87.56	646,708.70	$646,796.26
Purdue Products L.P.	4	0	4	5,669.96	0	$5,669.96
Purdue Neuroscience Company	0	77	77	0	361,266.46	$361,266.46
Purdue Transdermal Technologies L.P.	2420	4	2424	1,036,125.59	9,349.54	$1,045,475.13
Purdue Pharma of Puerto Rico	17	0	17	345.19	0	$345.19
TOTAL	25,334	1,047	26,381	3,774,933.34	7,280,494.31	$11,055,427.65

"Dispute" period for HCPs/Teaching Hospitals

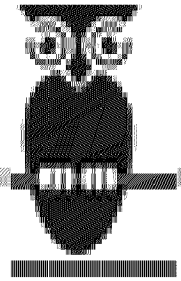


- During the period July 14th - August 27th, HCPs and Teaching Hospitals may view data and raise disputes with CMS as to spend reported by Applicable Manufacturers
- To date, no disputes have been received (perhaps, because, in order to dispute spend, recipients must first register on the CMS website, requiring personal data and a complicated process?)
- Corporate Compliance will manage any disputes with relevant business areas affected to preserve customer relations
- CMS plans to make all Applicable Manufacturers' data public September 30th



Compliance Audits

Compliance Audits Completed – 2Q2014



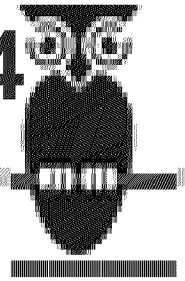
Managed Care

- To provide a level of assurance that Purdue Managed Care Account Executives and Area Managers were performing activities in compliance to the Managed Care SOP.
- No Critical Findings; Findings concerning documentation of issues on FCRs, submission timing of FCRs, accuracy / timing of expense submissions, timing of call note entries, and call note reviews by managers. Remediation is underway

Aggregate Spend - Commercial

- To verify that Sales Representatives were properly documenting expenses related to Health Care Professionals
- No Critical Findings; Findings concerning data and documentation accuracy and manager oversight. This was a follow up audit from 2013, to assure accurate state and federal spend reports.

Compliance Audits In Progress – 2Q2014



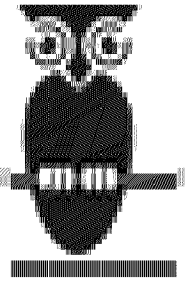
Speaker Programs

- To assess compliance with speaker program procedures and company guidelines
- Report pending – preliminary findings include: size of speaker bureau may be too large for the number of programs; but significant improvements from 2011 Compliance audit

Contracts with HCPs and payment at FMV

- To assess compliance with contracting and fair market value procedures
- Report pending - No Critical Findings; found a small percentage of transactions did not have a Statement of Work associated with the HCP's contract

Questions?



If there are any questions or comments, please contact Bert Weinstein at [redacted]@pharma.com, or at [redacted]

TAB 7

Materials to be provided at meetings