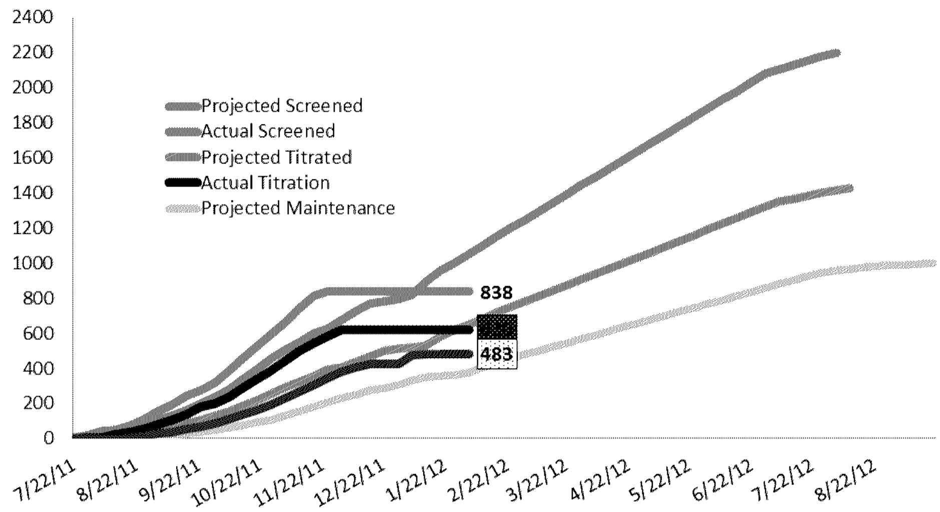
Hydrocodone

- A 505(b)(1) application approach will be utilized with a single pivotal study (HYD2002) with a "right-of-reference" to the Abbott NDA.
- FDA letter Nov 2011 requesting additional hearing testing.
  - HYD3003 safety study paused. Procedures, plans put in place to restart March 2012. We will add 200 patients.
  - FDA Type A Meeting: March 13, 2012
- HYD2002 initiate March 2012.

We remain on track for NDA submission.

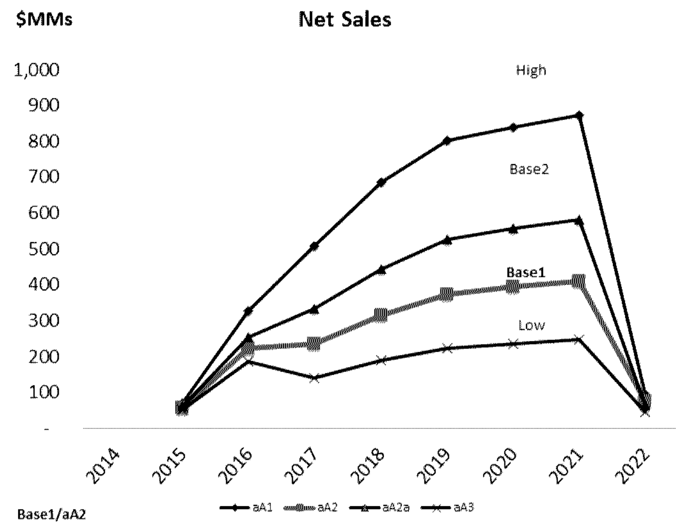
HYD3003 Current Screening

838 screened, 620 titrated, 483 maintenance, 84 (17%) discontinued in maintenance



Market Assessment Scenarios

U.S. Only



Base1/aA2

P&L Highlights ($mms)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Gross sales	$ -	$ -	$ -	$ 68.1	$ 274.9	$ 299.5	$ 412.2	$ 494.7	$ 519.8	$ 541.6	$ 92.8	$ 37.2
Net sales	-	-	-	56.3	221.8	235.7	316.1	374.4	393.4	409.9	76.4	30.6
Gross margin	-	-	-	47.3	186.1	197.3	263.9	312.2	328.0	354.1	68.4	27.4
Selling and promotion	1.0	3.4	6.0	77.1	143.6	144.6	129.4	95.0	54.2	13.9	1.1	1.2
Research and development	78.8	40.7	19.8	12.5	20.3	19.5	20.5	17.2	18.0	19.0	1.8	1.9
Total operating expenses	79.8	44.1	26.8	94.9	174.1	174.8	163.0	127.0	87.6	57.7	5.3	4.0
Operating income / (loss)	(79.8)	(44.1)	(26.8)	(47.5)	12.1	22.5	100.9	185.1	240.4	296.4	63.2	23.4

Scenarios	Vicodin CR Launch	Other Single Entity HYD products on the market
High Case	No	0
Base 1 Case	No	1 before Purdue
Base 2 Case	No	1 after Purdue
Low Case	No	2 before Purdue

IP Assumptions

- Exclusivity expiry @ 2021-Q4
- 3 years of Hatch-Waxman data exclusivity, expiry 2018-Q3
- Grunenthal patents expiry early 2024
- Low ABUK patents expiry 2025

<u>Hydrocodone Issued Patents</u>:
US 6,733,783 Expiry October 2021
US 7,514,100 Expiry October 2021

Managed Care Assumptions

Assumed having approximately 20% of commercial lives on Tier 2 without restrictions. Its managed care reduction in the sales forecast is 35% based on physician responses to the product if it was placed on Tier 3.

HYD Financial Summary

Financial Metrics	Product
Product	HYD (Hydrocodone QD) (20mg, 30mg, 40mg, 60mg, 80mg, 100mg, 120mg)
Launch	Q3-2015
IP Exclusivity (expiry)	Q4-2021
Indication (target)	Indicated for the management of moderate to severe pain when a continuous, around-the-clock analgesic is needed for an extended period of time.
Project Current Phase	Phase 3
Prelaunch R&D	≈$157 million
Peak Sales (Base1)	$542 million (Gross) / $410 million (Net)
Sales Force PDE	705,000 p.a. (1^{st} full-year, Base1 Case)
Deal Terms (3^{rd}-Party)	Assume PEO formulation used. **Grunenthal IP:** NDA Approval € 3 million Sales Royalty 3-5% (tiered net sales) **McGinity Agreement with Abbott (assumption):** Upfront $5 million Exclusivity License $3 million NDA Filing $1 million NDA Approval $4 million Sales Royalty 3.0%-3.5% (net sales) Royalty ended Q4-2020
NPV (Base1 Case)	Purdue $105 million (65% of total) IRR @ 23% Partner $56 million (35% of total)
NPV (Risk-Adjusted)	Purdue $181 million (76% of total) Partner $58 million (24% of total)
Price/Rx (launch year)	≈$18.29 / tablet or $549 / Rx Price Increase @ 3% p.a.

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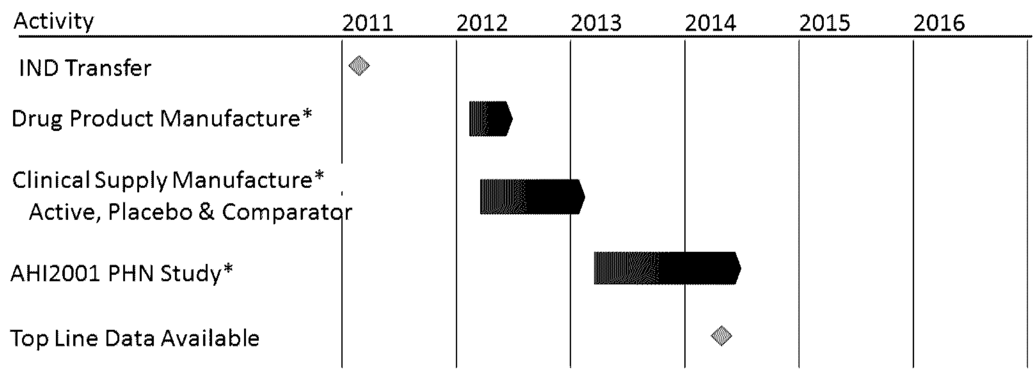
Fatty Acid Amide Hydrolase (FAAH) Inhibitor [AHI]

Infinity/
Purdue

AHI IPI-940

AHI Provisional Project Plan

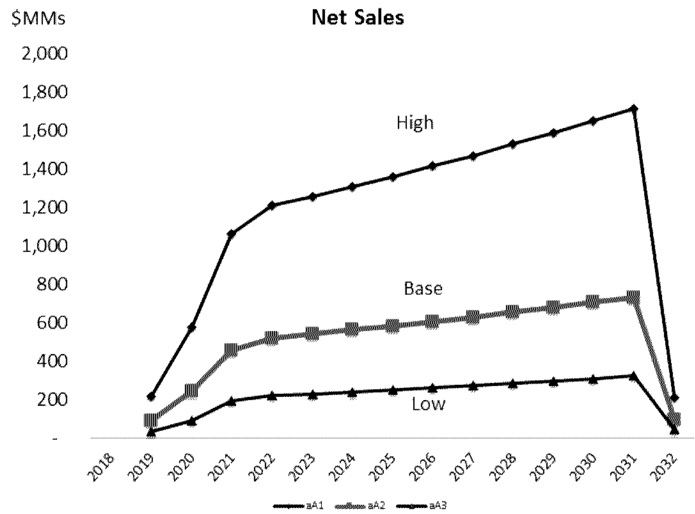


AHI (Fatty Acid Amide Hydrolase)

- Clinical supplies manufactured at Pharmaceutics International Inc (Pii)
  - Rejected due to contamination (paint chips, hair)
    - July 2011
    - October 2011
- Clinical supplies at Pii rejected due to being exposed to a contaminating product known to be a health hazard – Jan 2012
- Last of the API
- New API and clinical supplies – 9-12 months

Market Assessment Scenarios

U.S. Only



Base

P&L Highlights ($mms)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Gross sales	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 118.1	$ 314.5	$ 588.8	$ 696.6	$ 725.2	$ 754.8	$ 785.6
Net sales	-	-	-	-	-	-	-	90.4	242.1	456.0	520.6	538.0	561.3	580.4
Gross margin	-	-	-	-	-	-	-	68.5	174.2	318.2	354.8	368.6	380.9	392.8
Selling and promotion	-	-	-	-	1.1	3.7	6.6	102.2	258.9	274.6	239.5	228.0	233.6	228.5
Research and development	11.9	11.9	30.6	47.1	82.6	88.0	44.0	19.5	9.5	27.2	23.1	23.5	24.0	24.4
Total operating expenses	11.9	11.9	30.6	47.1	83.7	91.8	50.5	129.6	282.5	329.3	293.7	283.6	290.9	285.4
Operating income / (loss)	(11.9)	(11.9)	(30.6)	(47.1)	(83.7)	(91.8)	(50.5)	(61.1)	(108.3)	(14.1)	61.1	82.0	90.0	107.5

High	(aA1)
Since FAAH is an early stage product and no market research has been done share is varied between the cases. In addition the High Case assumes an indication in Fibromyalgia and the Base Case assumes some use in Fibromyalgia.	

Base	(aA2)
Launch in Q2-2019. IP expiry in Q4-2031. Indication is targeted for neuropathic pain. Base Case assumes some use in Fibromyalgia. Market basket includes neuropathic back pain, diabetic neuropathy, HIV/AIDS neuropathic pain, post-herpetic neuralgia patients Fibromyalgia in base and high case.	

Low	(aA3)
Lower share than the Base case	

IP Assumptions

- 5 years of NCE exclusivity, expiry 2024-Q3

Issued US patent
- No. 7,947,663 that covers a genus encompassing IPI-940. The 20-year term will expire September 3, 2028 (includes 327 days of PTA).
- Related patent applications are pending that will cover IPI-940 as a species, and methods of use thereof.
- Included from Oct-2027—expected average of patent term extension from clinical development (3 years) and FDA review (1 year).

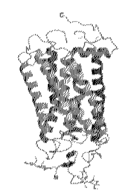
Managed Care Assumptions

This is at very early stage of development; a 15% total rebate rate assumption is assumed.

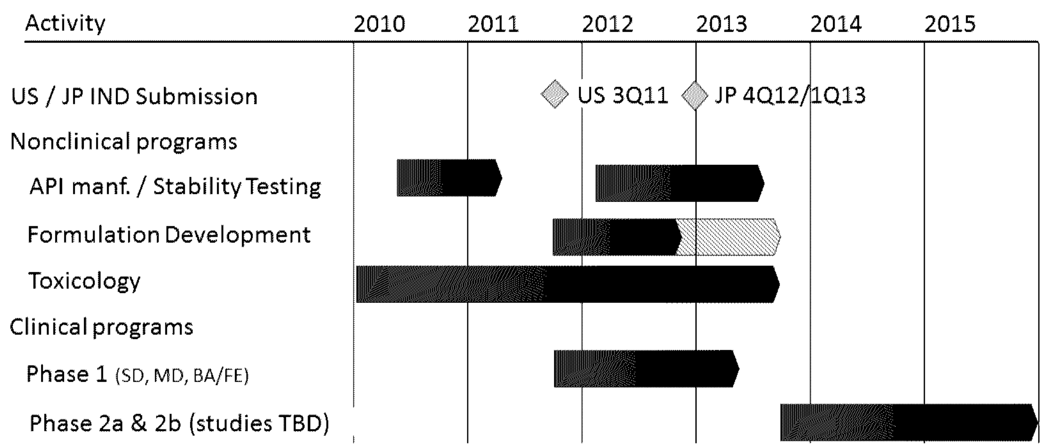
FAAH Financial Summary

Financial Metrics	Product
Product	FAAH (Fatty Acid Amide Hydrolase Inhibitor)
Launch	Q2-2019
IP Exclusivity (expiry)	Q4-2031
Indication (target)	FAAH is proposed to be effective in the treatment of pain. Market assessment targets neuropathic pain.
Project Current Phase	Phase 1
Prelaunch R&D	≈$329 million
Peak Sales (Base)	$996 million (Gross) / $731 million (Net)
Sales Force PDE (Primary Detail Equivalent)	812,319 PDE p.a. (1st full-year, Base Case)
Deal Terms (3rd-Party)	Sales royalties to Infinity: 10%/15%/20% for annual net sales <$100/ ≥$100/≥$200 million
NPV (Base Case)	Purdue $2 million (1% of total) IRR @ 12% Partner $167 million (99% of total)
NPV (Risk-Adjusted)	Purdue $-25 million (n/a% of total) Partner $29 million (n/a% of total)
Price/Rx (launch year)	≈$7.49 / day or $224.70 / Rx Price Increase @ 3% p.a.

ORL-1 (OAG)



ORL-1 Provisional Project Plan



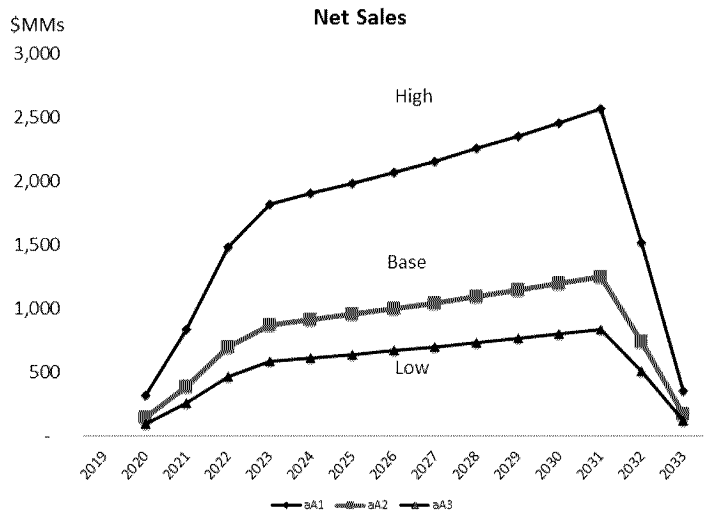
Note: Purdue / Shionogi Collaboration Project

ORL-1 (OAG)

- $3M milestone from Shionogi – Dec 2011
- Single ascending dose study ongoing
  - 3rd cohort completing
  - Data within the next month

Market Assessment Scenarios

U.S. Only



Base

P&L Highlights ($mms)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Gross sales	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 193.8	$ 502.9	$ 901.0	$ 1,155.7	$ 1,207.5
Net sales	-	-	-	-	-	-	-	-	-	147.2	391.5	699.0	870.9	911.7
Gross margin	-	-	-	-	-	-	-	-	-	75.1	201.2	358.9	443.1	464.2
Selling and promotion	-	-	-	-	-	-	1.2	4.9	7.6	102.6	198.1	199.7	178.5	168.3
Research and development	4.1	9.9	11.5	12.3	14.4	17.0	33.8	30.0	11.8	13.8	28.2	35.3	29.6	30.1
Total operating expenses	2.6	8.4	11.5	12.3	14.4	17.0	35.0	34.9	19.4	134.7	259.1	284.3	266.7	259.3
Operating income / (loss)	(2.6)	(8.4)	(11.5)	(12.3)	(14.4)	(17.0)	(35.0)	(34.9)	(19.4)	(59.6)	(57.8)	74.5	176.4	204.9

High	**(aA1)**
Since ORL-1 is an early stage product and no market research has been done share is varied between the cases	
Base	**(aA2)**
Launch in Q3-2020. IP expiry in Q2-2032. Market basket includes only adult population and Neuropathic lower back pain prevalence 25%, diagnosis is rate 61%. Peak share at 4.8mm Rx per year.	
Low	**(aA3)**
Since ORL-1 is an early stage product and no market research has been done share is varied between the cases.	

IP Assumptions

- 5 years of NCE exclusivity, expiry 2025-Q3

<u>Pending Patent Applications:</u>

- PT1385 PCT WO 2009/027820 Expiry August 2028
- PT1422 PCT WO 2010/010458 Expiry July 2029
- Added 3.5 years from year 2029-Q3—expected average of patent term extension from clinical development (2.5 years) and FDA review (1 year)

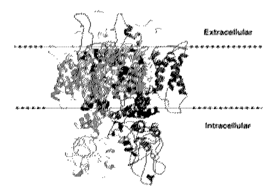
Managed Care Assumptions

This is at very early stage of development; a 15% total rebate rate assumption is assumed.

ORL-1 Financial Summary

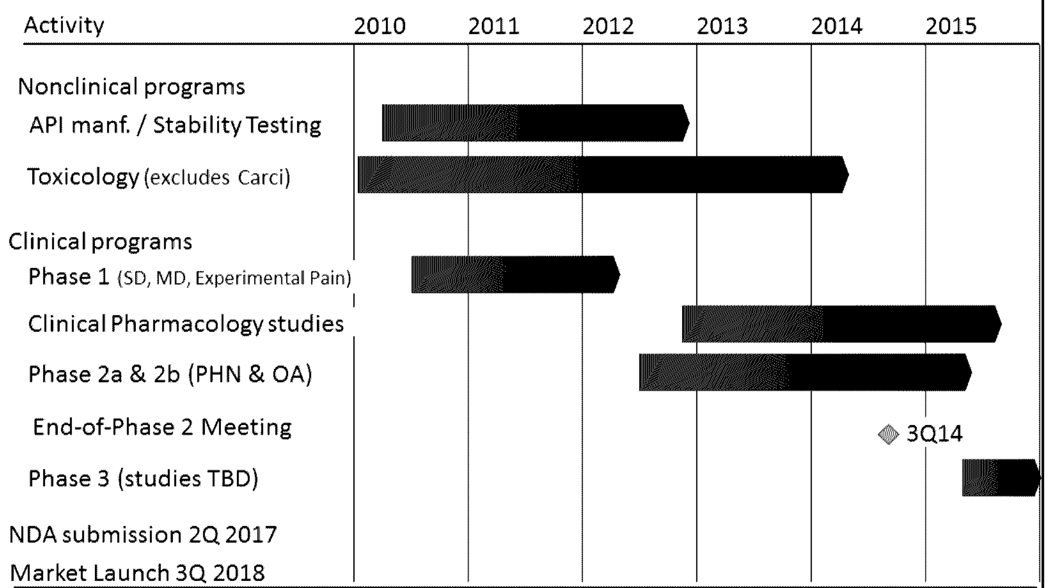
Financial Metrics	**Product**
Product	ORL-1
Launch	Q3-2020 (USA)
IP Exclusivity (expiry)	Q2-2032
Indication (target)	ORL-1 (OAG) is proposed to be effective in the treatment of chronic mild to moderate pain. Clinical development program targets neuropathic pain.
Project Current Phase	Pre-IND
Prelaunch R&D	≈$298 million
Peak Sales (Base)	$1,641 million (Gross) / $1,253 million (Net)
Sales Force PDE (Primary Detail Equivalent)	833,156 PDE p.a. (1st full-year, Base Case)
Deal Terms (3rd-Party)	Shionogi shares 50% of prelaunch R&D costs Shionogi shares 50% of U.S. Sales Force PDE $1.5 million — R&D milestone to Purdue – file IND $1.5 million — R&D milestone to Purdue – initiate Phase 1 study 35% net sales royalty to Shionogi $20 million of sales-based milestones to Shionogi
NPV (Base Case)	Purdue $169 million (39% of total) IRR @ 25% Partner $263 million (61% of total)
NPV (Risk-Adjusted)	Purdue $19 million (41% of total) Partner $28 million (59% of total)
Price/Rx (launch year)	≈$7.95 / tablet or $238.38 / Rx Price Increase @ 3% p.a.

TRPV1 (VND)



TRPV1 Antagonist
(VND)

TRPV1 U.S. Registration Timeline



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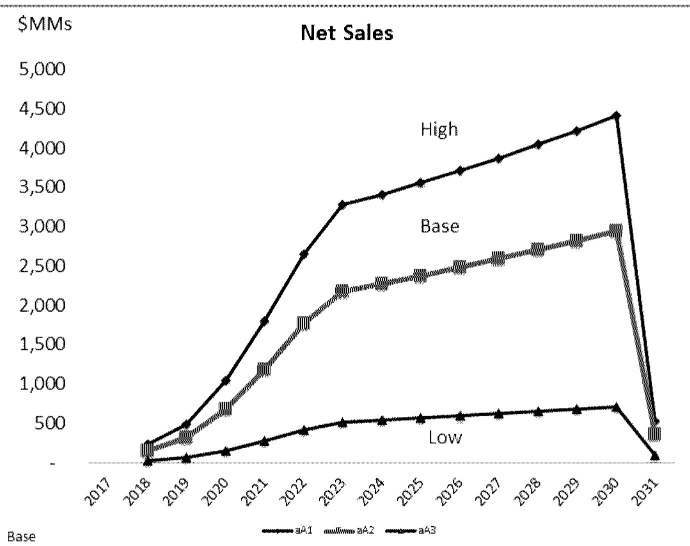
TRPV1 (VND)

- POC experimental pain will complete this month
  - Top line results late 1Q2012
- Phase II POC to initiate 2H 2012
  - Post-herpetic neuralgia
  - Osteoarthritis
- Back up compound – IND 2H 2012

Market Assessment Scenarios

U.S. Only



Base

P&L Highlights ($mm's)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Gross sales	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 194.0	$ 406.5	$ 877.8	$ 1,561.6	$ 2,309.9	$ 2,837.0	$ 2,961.3
Net sales	-	-	-	-	-	-	-	148.0	313.3	679.5	1,181.4	1,765.7	2,177.2	2,274.3
Gross margin	-	-	-	-	-	-	-	116.3	246.8	535.7	927.4	1,388.8	1,713.8	1,790.4
Selling and promotion	-	-	-	-	1.1	3.5	6.6	149.3	259.1	313.1	298.0	309.2	326.6	317.2
Research and development	14.7	21.1	36.7	62.1	63.9	33.6	40.4	20.5	30.7	39.0	36.6	42.4	46.5	32.6
Total operating expenses	14.7	21.1	36.7	62.1	65.0	37.1	47.0	224.9	351.6	425.7	425.5	460.3	495.1	475.0
Operating income / (loss)	(14.7)	(21.1)	(36.7)	(62.1)	(65.0)	(37.1)	(47.0)	(108.6)	(104.8)	110.0	501.9	928.5	1,218.7	1,315.5

High **(aA1)**

Since TRPV1 is an early stage product and no market research has been done; share is varied between the cases.

Base **(aA2)**

Assumed successful launch in Q3-2018. IP until 2030 with generics entering in Q1-2031. Market basket includes all oral opioids, tramadol, NSAIDs and COX-2s factored to exclude neuropathic pain and fibromyalgia usage. Peak share estimated at 3% of chronic Rx's and 2% of acute Rx's (acute vs. chronic based on 30 days or more at 80% compliance). Price assumed at a 15% premium to Ultram ER average Rx price. 3% annual price increase.

Low **(aA3)**

Since TRPV1 is an early stage product and no market research has been done; share is varied between the cases.

IP Assumptions

- 5 years of NCE exclusivity, expiry 2023-Q3

Pending Patent Applications:

- PT1232 - PCT WO 2005/009988 Expiry July 2024
- PT1360 – PCT WO 2008/132600 Expiry Q2-2028 (for V116517)
- PT1219 – expiry June 2032 (for V120083)
- PT1492 – expiry June 2032 (for (120083)
- Added 3 years from year 2028-Q2—expected average of patent term extension from clinical development (2 years) and FDA review (1 year)

Managed Care Assumptions

This is at very early stage of development; a 15% total rebate rate assumption is assumed.

TRPV1 Financial Summary

Financial Metrics	**Product**
Product	TRPV1 (USA)
Launch	Q3-2018
IP Exclusivity (expiry)	Q4-2030
Indication (target)	The target indication is the treatment of mild-to-moderate chronic inflammatory [or neuropathic pain].
Project Current Phase	Phase 1
Prelaunch R&D	≈$278 million
Peak Sales (Base)	$3,821 million (Gross) / $2,946 million (Net)
Sales Force PDE (Primary Detail Equivalent)	873,142 PDE p.a. (1st full-year, Base Case)
Deal Terms (3rd-Party)	Shionogi withdrew from the development program in 4/2009. 7% net sales royalty to Shionogi $20 million of sales-based milestones to Shionogi
NPV (Base Case)	Purdue $1,213 million (85% of total) IRR @ 39% Partner $221 million (15% of total)
NPV (Risk-Adjusted)	Purdue $125 million (80% of total) Partner $31 million (20% of total)
Price/Rx (launch year)	≈$7.87 / tablet or $236.22 / Rx Price Increase @ 3% p.a.

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Market Access Activities

Ed Mahony

FINANCIAL SUMMARY

Financial Summary – 10-Year Highlights

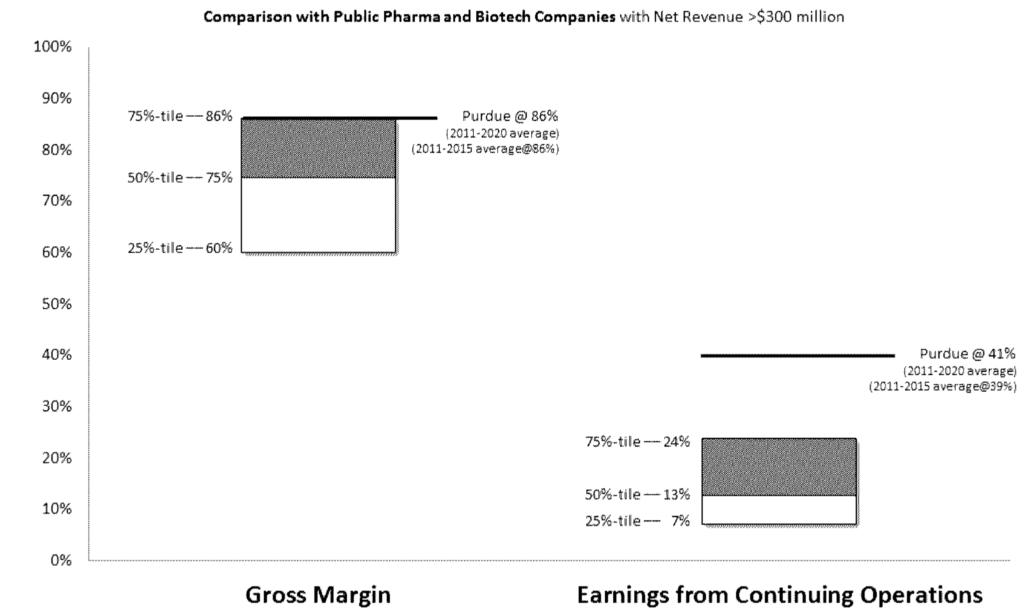
10-Year Plan Update
February 2012

($MM)

	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Budget	2013 Estimate	2014 Estimate	2015 Estimate	2016 Estimate	2017 Estimate	2018 Estimate	2019 Estimate	2020 Estimate
Gross Branded Product Sales	$1,195.0	$2,559.5	$3,012.1	$3,127.9	$2,971.2	$3,167.9	$3,086.7	$2,966.8	$3,463.0	$4,020.5	$4,265.4	$2,805.1	$3,269.9	$2,336.6
Net Branded Sales	979.5	2,099.6	2,425.3	2,378.2	2,202.9	2,351.5	2,278.4	2,178.9	2,575.8	3,013.9	3,124.6	2,323.7	2,575.8	1,861.3
Operating Margin (before Incentive, Settlements & Other Items)	**531.4**	**1,459.0**	**1,701.4**	**1,624.2**	**1,191.2**	**1,083.6**	**985.2**	**837.7**	**1,082.3**	**1,368.1**	**1,477.1**	**988.1**	**1,176.8**	**754.0**
Operating Margin % Net Branded Sales	*54.3%*	*69.5%*	*70.2%*	*68.3%*	*54.1%*	*46.1%*	*43.2%*	*38.4%*	*42.0%*	*45.4%*	*47.3%*	*42.5%*	*45.7%*	*40.5%*
Pre-Tax Profit / (Loss)	610.4	1,353.7	1,592.0	1,512.1	1,139.8	890.3	812.7	703.3	997.8	1,303.4	1,410.2	919.7	1,107.5	710.1
EBITDA	607.1	1,367.4	1,613.9	1,545.2	1,167.4	940.2	862.5	753.2	1,047.7	1,353.3	1,460.0	969.6	1,157.3	759.9
Tax Distributions	(260.1)	(538.9)	(708.2)	(651.4)	(537.3)	(406.8)	(365.7)	(316.5)	(449.0)	(586.5)	(634.6)	(413.9)	(498.4)	(319.5)
Total Equity (all Companies in Pharmaceutical Group reported to Management Revisions)	742.2	667.8	615.7	577.0	537.9	640.7	660.0	660.0	660.0	660.0	660.0	660.0	660.0	660.0
Total Equity (US Operating Companies - Bank Reporting Group)	800.1	681.2	590.3	527.0	487.9	590.7	600.0	600.0	600.0	600.0	600.0	600.0	600.0	600.0
Unrestricted Cash	427.1	428.3	374.6	437.1	606.5	544.1	600.9	580.6	615.6	662.4	691.4	528.1	642.5	606.6

Comparison with Public Pharma and Biotech Companies (1)

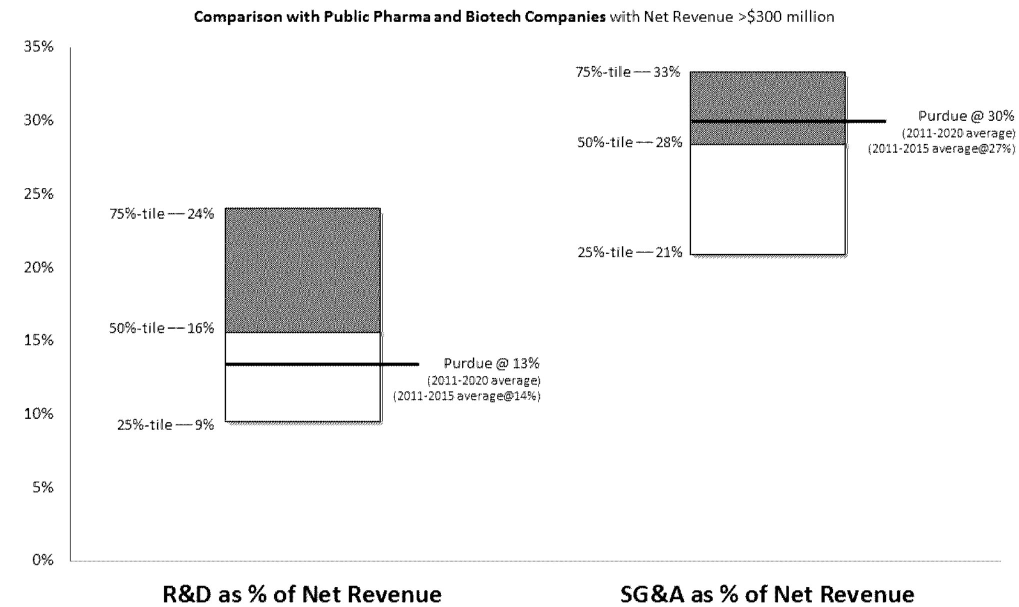
Gross Margin and Operating Margin



Note: Data from public companies within the S&P and NASDAQ indexes are based on last twelve months performance. Purdue's data are based on average of 2011-2020.

Comparison with Public Pharma and Biotech Companies (2)

R&D and SG&A as % of Net Revenue



Note: Data from public companies within the S&P and NASDAQ indexes are based on last twelve months performance. Purdue's data are based on average of 2011-2020.

Pipeline Portfolio Financial Summary

2/7/2012
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Line	Fundamental: Project Name	Timing: Projected Year of Approval/ Launch	To-Go: Direct Costs to Next Stage-Gate	2012: Direct Costs	2012: Indirect Costs	2012: Total	Prelaunch R&D: 2012 to Approval	2012	2013	2014	2015+
			$ millions				$MMs				
1	Targin (ONU) - Pain Only (14)	2014	22.1	29.4	4.7	34.1	52.0	34.1	17.9		
2	Butrans (2nd Gen)	2015	1.3	3.9	1.6	5.5	31.7	5.5	15.5	10.7	
3	Targin (ONU) - OIC (15 sNDA)	2015	36.1	48.1	7.0	55.1	159.7	55.1	67.8	36.8	
4	HYD (Hydrocodone QD)	2015	115.5	67.6	11.2	78.8	160.1	78.8	40.7	19.8	20.9
5	Butrans (higher doses) [4]	2017	14.0	14.0	4.2	18.2	165.1	18.2	74.6	72.3	
6	TRPV1 (Purdue)	2018	34.9	15.8	8.2	24.0	339.4	24.0	42.0	46.4	227.0
7	ORL-1 (Purdue-Shionogi) [3]	2020	6.2	6.2	4.0	10.2	186.3	10.2	15.1	14.2	146.8
8	FAAH (Infinity)	2019	7.9	3.8	8.1	11.9	329.3	11.9	11.9	30.5	275.0

Line	Project Name	Financial Metrics (1): Peak Gross Sales	# Year from Launch Till First P&L Positive	Net Present Value (NPV)	Internal Rate of Return (IRR)	Additional Net Sales (AUC)[2] till Generic Competition	Free Cash Flows (AUC) till Generic Competition*	Free Cash Flows (AUC) : Prelaunch R&D-to-Go	Number of Years from Launch till Generic Competition	IP: Assumed IP Exclusivity (till end of)
		$MMs	Yrs	$MMs	%	$MMs	$MMs		Yrs	
1	Targin (ONU) - Pain Only (14)	382.6	2.5	81.2	27.5%	1,082.0	152.7	2.9	5.3	2019-Q4
2	Butrans (2nd Gen)	692.0	3.0	257.1	81.3%	1,474.3	571.6	18.0	4.3	2019-Q4
3	Targin (ONU) - OIC (15 sNDA)	781.3	2.5	70.0	27.2%	1,078.5	245.0	1.5	4.5	2019-Q4
4	HYD (Hydrocodone QD)	541.6	1.0	105.4	23.0%	2,007.7	387.1	2.4	6.3	2021-Q4
5	Butrans (higher doses) [4]	1,437.5	3.2	220.3	65.6%	1,296.5	490.5	3.0	2.8	2019-Q4
6	TRPV1 (Purdue)	3,821.1	1.5	1,213.8	39.0%	24,453.9	7,379.1	21.7	12.3	2030-Q4
7	ORL-1 (Purdue-Shionogi) [3]	1,640.8	2.0	168.7	25.0%	11,451.4	1,582.7	8.5	11.8	2032-Q2
8	FAAH (Infinity)	996.5	3.0	1.7	12.1%	6,988.7	704.2	2.1	12.5	2031-Q4

Note:
1. Financials from Base case are provided above
2. AUC - Area under the curve
3. R&D costs present 50% of the total costs for Purdue since ORL-1 is a 50/50 program with Shionogi. Financial return represents Purdue's share
* include one additional year post generics entrance and release of working capital
4. 2013 and 2014 include the costs of starting and completing the Butrans higher doses phase 3 studies IF justified following the completion of the qtc study. The 10 year plan does not include the costs of these studies.

NPV Comparison with Last 10-Year Plan

$ millions			10-Year Plan 2011-Sep	10-Year Plan 2012-Feb	
Project	**Launch**	**IP Exclusivity**	**NPV ($MM, Base Case)**	**NPV ($MM, Base Case)**	**Comments**
Intermezzo	Q2-2012	Q4-2019	$223	$264	Higher price increased NPV
Butrans	Q1-2011	Q4-2019	$1,218	$455	
1^{st} Gen: (5, 10, 20mg)	Q2-2015	Q4-2016	(all 3 programs)	(all 3 programs)	Sales projections for higher doses/strengths removed from plan.
1^{st} Gen: (15, 25, 30, 40mg)	Q1-2017	Q4-2019			
2^{nd} Gen: (5-40mg)	Q2-2015	Q4-2019			
Targin (ONU) – Pain→OIC	Q3-2014	Q4-2019	$187	$151	Increased in R&D costs
Targin (ONU) – Pain + OIC	Q2-2015	Q4-2019			
HYD	Q3-2015	Q4-2021	$264	$105	More conservative sales projection
TRPV1	Q3-2018	Q4-2030	$1,213	$1,213	Unchanged
FAAH	Q2-2019	Q4-2031	$24	$2	Delay of 9 months due to API contamination
ORL-1	Q3-2020	Q2-2032	$169	$169	Unchanged
Total			$3,298	$2,359	
			YTY Change:	($939)	

John Stewart

WRAP UP AND DISCUSSION

Confidential 115

Gross Sales by Product

10-Year Plan *Updated as of 2/2/2012*

Summary of Product Gross Sales and Scenario *$000s*

Products	2009A	2010A	2011A	2012B	2013	2014	2015	2016	2017	2018	2019	2020
OxyContin/ORF/OIR	2,890,731	2,997,775	2,781,018	2,877,361	2,595,416	2,476,797	2,423,896	2,392,633	2,380,122	227,896	144,787	100,460
Butrans [1st Gen: (5, 10, 20mg)]			73,531	135,808	231,309	308,335	475,304	530,545	54,610	37,310	27,847	20,525
Intermezzo				49,185	156,433	307,030	438,036	540,135	531,414	520,338	519,986	77,107
Dilaudid	32,838	35,081	24,842	23,738	23,150	22,546	22,112	21,710	21,530	21,195	20,883	20,595
MS Contin	16,860	15,101	13,339	13,620	12,408	12,217	12,049	11,910	11,900	11,827	11,784	11,774
Ryzolt	10,842	16,510	11,168	391	300	300	-	-	-	-	-	-
Laxatives	44,576	48,140	51,134	51,853	52,109	52,765	53,108	53,374	54,055	54,408	54,680	55,386
Slow-Mag	4,703	4,585	5,352	4,940	4,798	4,921	4,948	4,952	5,079	5,107	5,110	5,241
Betadine/Betasept	9,951	10,925	11,121	10,975	10,799	10,802	10,805	10,808	10,812	10,810	10,808	10,806
Uniphyl	1,774	(207)	-	-								
Others	(99)	(37)	(344)	-								
Subtotal - Marketed Products	3,012,176	3,127,873	2,971,161	3,167,870	3,086,723	3,195,713	3,440,259	3,566,067	3,069,521	888,889	795,886	301,892
Targin (ONU) - Pain, then OIC						46,043	229,673	454,474	604,331	691,660	790,676	78,945
Butrans [2nd Gen: (5, 10, 20mg)]									567,035	618,448	664,116	49,857
HYD							68,064	274,932	299,509	412,177	494,695	519,806
TRPV1										193,961	406,485	877,816
FAAH											118,084	314,455
ORL-1												193,814
Subtotal - Pipeline	-	-	-	-	-	46,043	297,737	729,407	1,470,875	1,916,246	2,474,057	2,034,694
TOTAL - MARKETED & PIPELINE	**3,012,176**	**3,127,873**	**2,971,161**	**3,167,870**	**3,086,723**	**3,241,756**	**3,737,996**	**4,295,473**	**4,540,395**	**2,805,135**	**3,269,942**	**2,336,586**

Risk-Adjusted Summary of Product Gross Sales and Scenario

Products	Probability	2009A	2010A	2011A	2012B	2013	2014	2015	2016	2017	2018	2019	2020
Marketed Products	100%	3,012,176	3,127,873	2,971,161	3,167,870	3,086,723	3,195,713	3,440,259	3,566,067	3,069,521	888,889	795,886	301,892
Targin (ONU) - Pain, then OIC	80%	-	-	-	-	-	36,834	183,739	363,579	483,465	553,328	632,541	63,156
Butrans [2nd Gen: (5, 10, 20mg)]	75%	-	-	-	-	-	-	-	-	425,276	463,836	498,087	37,393
HYD	80%	-	-	-	-	-	-	54,451	219,946	239,607	329,742	395,756	415,845
TRPV1	15%	-	-	-	-	-	-	-	-	-	29,094	60,973	131,672
FAAH	15%	-	-	-	-	-	-	-	-	-	-	17,713	47,168
ORL-1	15%	-	-	-	-	-	-	-	-	-	-	-	29,072
Subtotal - Pipeline		-	-	-	-	-	36,834	238,190	583,525	1,148,348	1,376,000	1,605,070	724,307
TOTAL - MARKETED & PIPELINE (Risk-Adjusted)		**3,012,176**	**3,127,873**	**2,971,161**	**3,167,870**	**3,086,723**	**3,232,547**	**3,678,449**	**4,149,592**	**4,217,869**	**2,264,889**	**2,400,955**	**1,026,199**

Gross Sales Variance Analysis from Last 10-Year Plan

Gross Sales Comparison of 10-Year Plans

Updated as of 2/2/2012

$000s

NON-RISK ADJUSTED

Marketed Products - Gross Sales	2009A	2010A	2011A	2012B	2013	2014	2015	2016	2017	2018	2019	2020
10-Year Plan, presented in 2011-September	3,012,176	3,127,873	2,995,252	3,060,228	3,124,606	3,127,873	3,187,973	3,195,599	2,558,010	382,933	286,921	233,526
10-Year Plan, presented in 2012-January	3,012,176	3,127,873	2,971,161	3,167,870	3,086,723	3,195,713	3,440,259	3,566,067	3,069,521	888,889	795,886	301,892
Variance - Higher/(Lower)				107,642	(37,883)	67,840	252,286	370,468	511,511	505,957	508,964	68,366
Components of Variance												
OxyContin				64,686	714	(368)	(399)	(593)	-	-	-	-
Butrans [1st Gen: 5 to 20mg]				5,808	(182,118)	(226,552)	(182,801)	(166,618)	(17,508)	(12,068)	(8,778)	(6,579)
Intermezzo (newly approved)				49,185	156,439	307,080	438,086	540,135	531,414	520,338	519,986	77,107
Ryzolt				(10,530)	(10,106)	(9,615)	-	-	-	-	-	-
Others				(1,505)	(2,806)	(2,655)	(2,550)	(2,456)	(2,394)	(2,314)	(2,244)	(2,162)
Total Variance				107,642	(37,883)	67,840	252,286	370,468	511,511	505,957	508,964	68,366

Pipeline Products - Gross Sales	2009A	2010A	2011A	2012B	2013	2014	2015	2016	2017	2018	2019	2020
10-Year Plan, presented in 2011-September	-	-	-	-	-	45,195	615,620	1,370,638	2,488,583	3,185,901	3,920,221	2,825,455
10-Year Plan, presented in 2012-January	-	-	-	-	-	46,043	297,737	729,407	1,470,875	1,916,246	2,474,057	2,034,694
Variance - Higher/(Lower)				-	-	848	(317,883)	(641,232)	(1,017,708)	(1,269,655)	(1,446,164)	(790,761)
Components of Variance												
Butrans (Higher Doses; 1st and 2nd Gen)			-	-	-	-	(330,081)	(635,904)	(823,858)	(895,096)	(939,322)	(89,710)
ONU			-	-	-	848	3,753	5,308	6,046	9,475	9,347	(85,837)
HYD			-	-	-	-	8,444	(10,636)	(199,897)	(265,950)	(319,818)	(340,827)
FAAH			-	-	-	-	-	-	-	(118,084)	(196,370)	(274,386)
Others			-	-	-	-	-	-	-	-	-	-
Total Variance			-	-	-	848	(317,883)	(641,232)	(1,017,708)	(1,269,655)	(1,446,164)	(790,761)

Total Products - Gross Sales	2009A	2010A	2011A	2012B	2013	2014	2015	2016	2017	2018	2019	2020
10-Year Plan, presented in 2011-September	3,012,176	3,127,873	2,995,252	3,060,228	3,124,606	3,173,068	3,803,594	4,566,237	5,046,593	3,568,833	4,207,142	3,058,981
10-Year Plan, presented in 2012-January	3,012,176	3,127,873	2,971,161	3,167,870	3,086,723	3,241,756	3,737,996	4,295,473	4,540,395	2,805,135	3,269,942	2,336,586
Variance - Higher/(Lower)				107,642	(37,883)	68,688	(65,597)	(270,764)	(506,197)	(763,698)	(937,200)	(722,394)

Financial Schedules

NON-RISK ADJUSTED

Profit and Loss Statement (Combined Marketed+Pipeline Products)

Non-Risk Adjusted

($000's)	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Budget	2013	2014	2015	2016	2017	2018	2019	2020
Gross Branded Product Sales	$2,569,476	$3,012,143	$3,127,873	$2,871,161	$3,167,870	$2,058,720	$3,241,768	$3,737,966	$4,296,473	$4,640,095	$2,805,158	$2,289,942	$2,228,606
OxyContin Settlements	0	0	0	0	0	0	(275,000)	(275,000)	(275,000)	(275,000)	0	0	0
Fee for Service	(38,987)	(65,648)	(67,202)	(74,507)	(79,812)	(76,300)	(73,384)	(86,837)	(99,796)	(105,788)	(68,994)	(80,181)	(56,691)
Discounts and Allowances	(78,774)	(86,133)	(60,828)	(57,848)	(73,496)	(67,327)	(72,003)	(67,417)	(89,612)	(99,033)	(66,022)	(89,936)	(60,637)
Patient Savings Card Discounts	(4,014)	(11,722)	(16,749)	(15,572)	(30,411)	(39,820)	(42,170)	(52,712)	(70,731)	(81,422)	(86,821)	(111,797)	(88,673)
Additional Oxy Rebates on Final Proposed Rule	0	0	0	(95,920)	(74,836)	(77,405)	(76,890)	(75,823)	(73,718)	(72,287)	(9,640)	(1,050)	(759)
Rebates on Branded Sales	(342,153)	(455,090)	(621,633)	(524,394)	(557,823)	(547,425)	(521,396)	(605,452)	(702,678)	(782,312)	(250,630)	(411,176)	(268,487)
Rebates as % of Gross Branded Sales	13.4%	15.1%	19.9%	20.0%	20.0%	20.2%	20.2%	12.7%	19.3%	20.0%	9.3%	12.5%	11.8%
NET BRANDED REVENUES	2,095,546	2,413,545	2,361,461	2,202,920	2,351,490	2,278,448	2,178,914	2,575,755	3,013,936	3,124,573	2,323,729	2,575,762	1,861,339
AG Income	9,575	10,385	11,825	9,854	-	-	-	-	-	-	229,561	206,605	183,649
3rd Party Royalty Income	12,298	26,699	15,796	2,379	1,325	3,900	4,712	5,725	6,993	7,280	7,320	7,332	7,360
NET BRANDED REVENUES + AG & PROFIT SHARE I	Redacted												
Cost of Goods Sold	(150,545)	(167,182)	(161,090)	(156,769)	(160,436)	(162,864)	(171,308)	(209,540)	(268,141)	(293,552)	(287,782)	(329,147)	(283,262)
COGS as % of Gross Branded Product Sales	5.9%	5.6%	5.2%	5.5%	5.1%	6.3%	5.5%	5.1%	5.7%	5.9%	10.3%	10.1%	12.1%
3rd Party Royalty Expense	-	(7,897)	(50,237)	(115,377)	(128,271)	(136,526)	(154,683)	(183,589)	(239,250)	(216,064)	(175,808)	(206,137)	(211,430)
Royalty Expense (Assc Companies)	(2,414)	(2,589)	(3,106)	(1,861)	(1,877)	(1,130)	(1,108)	(1,088)	(1,070)	(1,064)	(1,052)	(1,049)	(1,042)
Shipping and Warehousing	(10,295)	(10,927)	(11,182)	(11,831)	(11,256)	(11,379)	(10,922)	(11,240)	(11,308)	(16,412)	(14,838)	(15,971)	(9,214)
GROSS PROFIT	1,960,480	2,282,184	2,163,468	1,918,316	2,080,976	1,970,448	1,846,606	2,176,081	2,500,880	2,604,701	2,078,422	2,232,383	1,546,783
G&A	(125,141)	(129,385)	(137,831)	(146,231)	(166,860)	(168,529)	(174,427)	(180,532)	(186,851)	(193,390)	(160,000)	(166,050)	(125,000)
G&A as % of Net Sales	5%	5%	5%	7%	7%	7%	5%	7%	5%	5%	7%	5%	7%
R&D - allocated to projects	(120,449)	(132,623)	(164,784)	(269,856)	(337,225)	(342,709)	(317,711)	(321,943)	(336,227)	(292,350)	(226,368)	(155,037)	(121,885)
R&D - unallocated	-	-	-	-	-	-	-	-	(11,115)	(69,476)	(51,976)	(153,569)	(101,475)
R&D Other - Milestone and Alliances	-	(60,622)	(3,899)	(604)	(4,169)	(4,169)	(4,169)	(4,169)	(4,169)	(3,799)	171	171	171
R&D as % of Net Sales	5%	5%	7%	12%	15%	15%	15%	13%	12%	12%	12%	12%	12%
Sales and Promotion	(144,985)	(162,089)	(193,677)	(230,598)	(359,144)	(330,529)	(419,188)	(498,096)	(505,722)	(520,381)	(579,279)	(642,925)	(465,335)
S&P as % of Net Sales	7%	7%	5%	10%	15%	17%	19%	19%	17%	17%	26%	25%	25%
Health Care Reform Fee	-	-	-	(23,750)	(26,600)	(26,505)	(27,675)	(26,600)	(31,049)	(48,063)	(52,266)	(23,474)	(27,364)
Other - US	(22,901)	(10,561)	16,544	(529)	(10,747)	(6,611)	(6,602)	(5,279)	(5,273)	(5,273)	(5,269)	(5,264)	(4,014)
OPERATING EXPENSES	(491,486)	(580,798)	(539,214)	(723,083)	(967,426)	(985,216)	(1,067,901)	(1,096,780)	(1,132,680)	(1,127,876)	(1,060,313)	(1,081,621)	(792,768)
Operating Expenses as % of Net Sales	23.5%	22.2%	22.8%	32.7%	41.1%	43.2%	48.2%	42.8%	37.5%	36.1%	45.0%	47.2%	42.5%
OPERATING MARGIN BEFORE INCENTIVE & SETTLEME													
Operating Margin as % of Net Sales	59.5%	70.6%	60.5%	54.1%	40.7%	42.2%	33.4%	42.0%	45.4%	47.3%	42.9%	45.7%	40.8%
Incentive Bonus	(30,771)	(35,203)	(38,744)	(33,996)	(41,727)	(43,396)	(46,132)	(46,937)	(48,815)	(50,767)	(52,798)	(54,910)	(30,000)
Insurance Income	11,714	8,768	15,883	30,658	743	1,785	1,874	-	-	-	-	-	-
Settlement Expense	(44,359)	(40,419)	(17,466)	(1,727)	1,500	-	-	-	-	-	-	-	-
TOTAL INCENTIVES AND SETTLEMENTS	Redacted												
OPERATING MARGIN AFTER INCENTIVES AND SETTLEM	1,295,080	1,608,644	1,603,803	1,196,168	1,044,099	843,620	754,448	1,036,334	1,319,295	1,428,228	955,313	1,121,562	724,000
Other Items													
Royalty Income - ex US	71,469	76,137	84,789	90,736	81,865	37,231	34,211	34,025	34,076	23,965	24,620	20,927	17,783
Ex US Expenses	(126,266)	(122,406)	(132,648)	(134,793)	(234,353)	(167,039)	(124,104)	(70,196)	(48,489)	(43,489)	(38,489)	(33,489)	(29,769)
One Time Charges	(970)	2,615	(22,743)	(446)	(232)	(232)	(232)	(232)	(232)	(232)	(232)	(232)	(232)
Other Items	(1,643)	(1,839)	(1,734)	(2,036)	(2,631)	(2,736)	(2,848)	(2,960)	(3,079)	(3,201)	(3,329)	(3,462)	(3,601)
Interest (Expense)/ Income	15,640	969	535	220	1,828	1,828	1,828	1,828	1,828	1,828	1,828	1,828	1,828
TOTAL OTHER ITEMS	(41,389)	(44,535)	(71,801)	(46,320)	(153,723)	(130,949)	(91,143)	(37,486)	(15,866)	(16,100)	(15,572)	(14,386)	(12,978)
PROFIT/LOSS BEFORE TAX	Redacted												
Pre Tax Profit as % of Net Sales													

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CONFIDENTIAL TREATMENT REQUESTED
NOT FOR CIRCULATION/COMMITTEE MEMBERS AND STAFF ONLY

PURDUE-COR-00033162

Profit and Loss Statement (Marketed Products)

Non-Risk Adjusted

($000's)	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Budget	2013	2014	2015	2016	2017	2018	2019	2020
Gross Branded Product Sales	$2,656,475	$3,012,143	$3,127,873	$2,971,161	$3,187,870	$3,066,721	$3,196,713	$3,440,269	$3,686,067	$3,069,621	$886,889	$796,888	$801,892
Fee for Service	(38,987)	(65,645)	(67,202)	(74,507)	(79,812)	(76,300)	(72,233)	(78,394)	(81,563)	(69,016)	(20,638)	(18,330)	(5,824)
Discounts and Allowances	(78,774)	(66,133)	(60,828)	(57,848)	(73,498)	(67,327)	(70,391)	(57,337)	(36,457)	(49,050)	(1,014)	(5,816)	7,973
Patient Savings Card Discounts	(4,014)	(11,722)	(16,749)	(16,572)	(30,411)	(39,820)	(40,332)	(44,085)	(50,017)	(46,783)	(34,234)	(34,966)	0
Additional OxyContin Rebates (Final Rule)	0	0	0	(96,920)	(74,836)	(77,405)	(78,890)	(75,823)	(73,718)	(72,267)	(9,640)	(1,092)	(759)
Rebates on Branded Sales	(342,153)	(455,092)	(621,633)	(624,394)	(657,823)	(647,423)	(617,132)	(675,585)	(616,002)	(648,310)	46,748	(37,424)	(9,501)
Rebates as % of Gross Branded Sales	12.4%	15.1%	19.9%	20.9%	20.7%	20.2%	22.4%	20.5%	21.0%	22.2%	-4.2%	4.5%	2.4%
NET BRANDED REVENUES	Redacted												
AG Income													
Royalty Income on Oxy Settlements	-	-	-	-	-								
3rd Party Royalty Income	12,256	26,859	15,726	2,379	1,326	3,900	4,712	5,726	6,993	7,280	7,320	7,320	7,360
NET BRANDED REVENUES + AG & PROFIT													
Cost of Goods Sold	(150,545)	(167,182)	(161,090)	(166,769)	(160,436)	(162,864)	(165,212)	(175,633)	(193,837)	(168,416)	(124,375)	(114,028)	(96,980)
COGS as % of Gross Branded Product Sales	5.9%	5.6%	5.2%	5.6%	5.1%	5.3%	6.7%	5.5%	5.9%	5.0%	14.0%	14.3%	32.1%
3rd Party Royalty Expense	-	(7,897)	(50,237)	(115,377)	(128,271)	(136,826)	(154,683)	(179,056)	(221,503)	(174,019)	(117,100)	(116,267)	(43,253)
Royalty Expense (Assc Companies)	(2,414)	(2,589)	(3,105)	(1,861)	(1,877)	(1,130)	(1,108)	(1,088)	(1,070)	(1,064)	(1,052)	(1,049)	(1,043)
Shipping and Warehousing	(10,255)	(10,927)	(11,182)	(11,831)	(11,256)	(11,379)	(10,841)	(10,701)	(10,468)	(9,100)	(8,528)	(5,167)	(4,791)
GROSS PROFIT	1,960,480	2,282,184	2,183,468	1,919,316	2,060,976	1,970,449	1,814,600	1,975,282	2,014,424	1,683,778	858,888	676,671	338,723
G&A	(125,141)	(129,385)	(137,831)	(146,221)	(166,860)	(168,829)	(174,427)	(180,532)	(186,251)	(193,390)	(30,000)	(31,050)	(28,000)
G&A as % of Net Sales	5%	5%	6%	7%	7%	7%	5%	5%	5%	12%	3%	4%	9%
R&D - allocated to projects	(22,601)	(30,463)	(46,000)	(122,486)	(100,294)	(105,046)	(94,748)	(88,074)	(89,918)	(92,287)	(82,322)	(84,423)	(82,094)
R&D - unallocated													
R&D Other - Milestone and Alliances	-	(60,628)	(8,899)	(604)	(4,169)	(4,169)	(4,169)	(4,169)	(4,169)	(3,799)	171	171	171
R&D as % of Net Sales	1%	4%	2%	5%	4%	5%	5%	4%	4%	6%	9%	12%	25%
Sales and Promotion	(144,985)	(162,089)	(193,677)	(230,596)	(349,851)	(380,509)	(412,036)	(443,637)	(409,272)	(334,985)	(144,896)	(116,284)	(48,926)
S&P as % of Net Sales	7%	7%	5%	10%	15%	17%	19%	19%	17%	17%	17%	17%	17%
Pharma Fee (Health Reform)	-	-	-	(23,750)	(26,600)	(26,509)	(27,675)	(26,187)	(28,380)	(39,343)	(34,243)	(7,438)	(6,660)
Other - US	(22,901)	(10,561)	16,544	(539)	(10,747)	(6,611)	(6,602)	(5,275)	(5,273)	(5,273)	(5,269)	(5,264)	(4,014)
OPERATING EXPENSES	(393,637)	(453,656)	(420,420)	(580,880)	(721,211)	(747,565)	(767,786)	(795,008)	(768,180)	(703,128)	(325,262)	(268,327)	(186,866)
Operating Expenses as % of Net Sales	15.8%	19.0%	17.5%	25.4%	30.7%	32.3%	36.5%	34.0%	31.1%	35.0%	37.2%	35.4%	22.3%
OPERATING MARGIN BEFORE INCENTIVE & SET	$1,566,833	$1,808,638	$1,743,028	$1,338,622	$1,329,764	$1,222,884	$1,046,818	$1,180,246	$1,256,298	$980,650	$535,626	$407,344	$152,388
Incentive Bonus	(30,771)	(33,203)	(38,744)	(33,996)	(41,727)	(43,396)	(45,132)	(46,937)	(48,815)	(50,767)	(52,798)	(54,910)	(30,000)
Insurance Income	11,714	8,768	15,863	30,658	743	1,785	1,274	-	-	-	-	-	-
Settlement Expense	(44,869)	(40,419)	(17,435)	(1,727)	1,500	-	-	-	-	-	-	-	-
TOTAL INCENTIVES AND SETTLEMENTS	Redacted												
OPERATING MARGIN AFTER INCENTIVES AND S	1,492,908	1,738,884	1,702,712	1,333,660	1,290,280	1,181,280	1,000,680	1,133,308	1,208,478	908,883	482,828	352,434	122,888
Other Items													
Royalty Income - ex US	71,469	76,137	84,789	90,735	81,665	37,231	34,211	34,029	34,076	28,965	24,620	20,927	17,788
Ex US Expenses	(126,268)	(122,406)	(132,648)	(134,793)	(234,363)	(167,039)	(124,104)	(70,156)	(46,459)	(43,459)	(38,459)	(33,459)	(29,756)
One Time Charges	(570)	2,615	(22,743)	(446)	(232)	(232)	(232)	(232)	(232)	(232)	(232)	(232)	(232)
Other Items	(1,643)	(1,839)	(1,734)	(2,036)	(2,631)	(2,736)	(2,846)	(2,960)	(3,078)	(3,201)	(3,329)	(3,462)	(3,601)
Interest (Expense) / Income	15,640	969	535	220	1,828	1,828	1,828	1,828	1,828	1,828	1,828	1,828	1,828
TOTAL OTHER ITEMS	(41,369)	(44,526)	(71,801)	(46,320)	(153,723)	(130,949)	(91,143)	(37,486)	(15,886)	(16,100)	(16,672)	(14,399)	(13,973)
PROFIT/LOSS BEFORE TAX	Redacted												
Pre Tax Profit as % of Net Sales													

Confidential 120

CONFIDENTIAL TREATMENT REQUESTED
NOT FOR CIRCULATION/COMMITTEE MEMBERS AND STAFF ONLY

PURDUE-COR-00033163

Profit and Loss Statement (Pipeline Products)

Non-Risk Adjusted

($000's)	2008 Actual	2009	2010 Actual	2011 Actual	2012 Budget	2013	2014	2015	2016	2017	2018	2019	2020
Gross Branded Product Sales	$0	$0	$0	$0	$0	$0	$46,043	$297,737	$728,407	$1,470,876	$1,918,248	$2,474,067	$2,034,884
OxyContin Settlements													
Fee for Service	0	0	0	0	0	0	(1,151)	(7,443)	(18,235)	(36,772)	(47,906)	(61,851)	(50,867)
Discounts and Allowances	0	0	0	0	0	0	(1,611)	(10,080)	(24,155)	(49,983)	(65,008)	(84,119)	(62,515)
Patient Savings Card Discounts						0	(1,838)	(8,627)	(20,714)	(34,639)	(62,287)	(76,331)	(33,673)
Additional OxyContin Rebates (Final Rule)	0	0	0	0	0	0	0	0	0	0	0	0	0
Rebates on Branded Sales	0	0	0	0	0	0	(4,264)	(29,867)	(85,676)	(234,003)	(297,378)	(373,752)	(258,936)
Rebates as % of Gross Branded Sales							9.3%	10.0%	11.9%	15.9%	15.5%	15.1%	12.7%
NET BRANDED REVENUES	0	0	0	0	0	0	37,179	241,719	579,627	1,115,479	1,453,667	1,877,505	1,567,552
AG Income	0	0	0	0	0	0	0	0	0	0	0	0	0
Royalty Income on Oxy Settlements													
3rd Party Royalty Income													
NET BRANDED REVENUES + AG & PROFIT SHARE I	0	0	0	0	0	0	37,179	241,719	579,627	1,115,479	1,453,667	1,877,505	1,567,552
Cost of Goods Sold	0	0	0	0	0	0	(6,096)	(33,907)	(74,304)	(125,137)	(163,413)	(216,119)	(186,288)
COGS as % of Gross Branded Product Sales							13.2%	11.4%	10.2%	8.5%	8.5%	8.7%	9.2%
3rd Party Royalty Expense	0	0	0	0	0	0	0	(4,502)	(17,747)	(42,075)	(61,408)	(69,870)	(168,177)
Royalty Expense (Assc Companies)	0	0	0	0	0								
Shipping and Warehousing	0	0	0	0	0	0	(81)	(541)	(1,340)	(7,312)	(9,311)	(10,803)	(8,022)
GROSS PROFIT	0	0	0	0	0	0	31,002	202,769	486,236	940,955	1,219,536	1,582,712	1,205,065
G&A	0	0	0	0	0	0	0	0	0	0	(130,000)	(135,000)	(100,000)
G&A as % of Net Sales							0%	0%	0%	0%	9%	7%	6%
Legal Fees	0	0	0	0	0	0	(10,000)	(20,000)	(30,000)	(30,000)	(40,000)	(45,000)	(30,000)
R&D - allocated to projects	(97,848)	(102,140)	(118,784)	(147,400)	(236,931)	(237,663)	(222,963)	(233,869)	(246,310)	(200,063)	(144,044)	(70,613)	(39,791)
R&D - unallocated						0	0	0	(11,115)	(69,476)	(91,976)	(153,589)	(101,475)
R&D Other - Milestone and Alliances	0	0	0	0	0	0	0	0	0	0	0	0	0
R&D as % of Net Sales							600%	97%	44%	24%	13%	12%	9%
Sales and Promotion	0	0	0	0	(9,283)	0	(7,153)	(46,462)	(97,451)	(105,766)	(434,983)	(526,646)	(416,409)
S&P as % of Net Sales							19%	19%	17%	17%	30%	28%	27%
Pharma Fee (Health Reform)	0	0	0	0		-	-	(413)	(2,670)	(8,720)	(18,023)	(16,036)	(20,704)
Other - US	0	0	0	0	0	0	0	0	0	0	0	0	0
OPERATING EXPENSES	(97,848)	(102,140)	(118,784)	(147,400)	(246,214)	(237,663)	(240,116)	(300,744)	(376,430)	(422,549)	(757,051)	(793,294)	(603,904)
Operating Expenses as % of Net Sales							646%	124%	65%	38%	52%	42%	39%
OPERATING MARGIN BEFORE INCENTIVE & SETTLEME	($97,848)	($102,140)	($118,784)	($147,400)	($246,214)	($237,663)	($209,114)	($97,975)	$109,806	$518,406	$462,485	$789,419	$601,162
Incentive Bonus	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance Income	0	0	0	0	0	0	0	0	0	0	0	0	0
Settlement Expense					0	0	0	0	0	0	0	0	0
TOTAL INCENTIVES AND SETTLEMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-
OPERATING MARGIN AFTER INCENTIVES AND SETTLEM	(97,848)	(102,140)	(118,784)	(147,400)	(246,214)	(237,663)	(209,114)	(97,975)	109,806	518,406	462,485	789,419	601,162
Other Items													
Royalty Income - ex US	0	0	0	0	0	0	0	0	0	0	0	0	0
Ex US Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
One Time Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Items	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest (Expense) / Income	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER ITEMS	-	-	-	-	-	-	-	-	-	-	-	-	-
PROFIT/LOSS BEFORE TAX	($97,848)	($102,140)	($118,784)	($147,400)	($246,214)	($237,663)	($209,114)	($97,975)	$109,806	$518,406	$462,485	$789,419	$601,162
Pre Tax Profit as % of Net Sales							-562.5%	-40.5%	18.9%	46.5%	31.1%	41.0%	38.4%

Confidential 121

Balance Sheet

Non-Risk Adjusted

Balance Sheet ($000)	2010 Actual	2011 Actual	2012 Budget	2013 Estimate	2014 Estimate	2015 Estimate	2016 Estimate	2017 Estimate	2018 Estimate	2019 Estimate	2020 Estimate
Assets											
Current Assets:											
Cash and cash equivalents	$ 437,094	$ 606,481	$ 544,059	$ 600,923	$ 580,617	$ 615,600	$ 662,423	$ 691,414	$ 528,099	$ 642,530	$ 606,553
Restricted Cash	52,944	42,988	-	-	-	-	-	-	-	-	-
Accounts and other receivable:											
Trade (net)	212,865	216,928	255,175	195,492	205,311	236,740	272,047	287,558	177,659	207,096	147,984
Associated companies	24,743	27,960	22,900	9,308	8,553	8,506	8,519	7,241	6,155	5,232	4,447
Other receivables	26,501	11,618	6,412	5,975	6,178	6,431	6,748	6,820	6,830	6,830	6,840
Total accounts and other receivable	264,109	256,506	284,487	210,775	220,042	251,677	287,314	301,620	190,643	219,158	159,271
Inventories	57,286	44,037	43,686	40,716	42,827	52,385	67,035	73,388	71,947	82,287	70,817
Prepaid expenses and other assets	39,244	39,923	38,808	38,808	38,808	38,808	38,808	38,808	38,808	38,808	38,808
Total current assets	850,677	989,935	911,040	891,223	882,294	958,471	1,055,580	1,105,230	829,497	982,783	875,448
Property, plant and equipment - net	140,190	143,651	152,924	216,310	224,665	225,566	226,310	226,925	227,432	227,852	228,198
Investments	31,832	13,932	27,200	24,558	29,963	24,467	20,617	10,273	0	0	0
Due from associated companies	3,350	3,250	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350
Intangible assets, net	190,065	195,555	198,495	190,295	183,284	176,273	169,262	162,502	157,484	154,292	151,806
Other assets	36,889	86,652	87,845	87,845	87,845	87,845	81,845	81,845	81,845	31,845	31,845
Restricted cash	18,469	15,481	18,800	18,800	18,800	18,800	18,800	18,800	18,800	18,800	18,800
Total assets	$ 1,271,472	$ 1,448,456	$ 1,399,654	$ 1,432,381	$ 1,430,201	$ 1,494,772	$ 1,575,765	$ 1,608,925	$ 1,318,409	$ 1,418,922	$ 1,309,448
Liabilities											
Current liabilities:											
Accounts payable	$ 63,862	$ 92,732	$ 74,700	$ 82,905	$ 94,977	$ 103,361	$ 108,140	$ 113,270	$ 107,558	$ 114,615	$ 84,490
Accrued expenses and taxes	485,429	584,813	448,568	445,056	442,103	499,587	577,098	606,427	322,921	417,675	339,625
Due to associated companies	12,129	12,069	12,129	12,129	12,129	12,129	12,129	12,129	12,129	12,129	12,129
Total current liabilities	561,420	689,614	535,397	550,090	549,209	615,077	697,368	731,826	442,608	544,419	436,243
Other long-term obligations	133,020	220,970	223,589	222,291	220,993	219,695	218,397	217,099	215,801	214,503	213,205
Total liabilities	694,440	910,584	758,986	772,381	770,202	834,772	915,765	948,925	658,409	758,922	649,448
Equity:											
Capital stock-Common	10	9	9	9	9	9	9	9	9	9	9
Additional paid in capital	1,982	1,982	1,982	1,982	1,982	1,982	1,982	1,982	1,982	1,982	1,982
Retained earnings and partners' capital	659,704	683,787	781,962	801,294	801,294	801,294	801,294	801,294	801,294	801,294	801,294
Minimum pension liability adjustment	(88,128)	(151,371)	(146,750)	(146,750)	(146,750)	(146,750)	(146,750)	(146,750)	(146,750)	(146,750)	(146,750)
Foreign Currency Translation	4,464	4,464	4,464	4,464	4,464	4,464	4,464	4,464	4,464	4,464	4,464
Subscription Receivable	(999)	(999)	(999)	(999)	(999)	(999)	(999)	(999)	(999)	(999)	(999)
Total stockholder's equity	577,032	537,872	640,668	660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000
Total liabilities and stockholder's equity	$ 1,271,472	$ 1,448,456	$ 1,399,654	$ 1,432,381	$ 1,430,201	$ 1,494,772	$ 1,575,765	$ 1,608,925	$ 1,318,409	$ 1,418,922	$ 1,309,448

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PURDUE-COR-00033165

Cash Flows

Non-Risk Adjusted

Statement of Cash Flows ($000)	2010 Actual	2011 Actual	2012 Budget	2013 Estimate	2014 Estimate	2015 Estimate	2016 Estimate	2017 Estimate	2018 Estimate	2019 Estimate	2020 Estimate
Operating activities											
Net Income (loss) after tax before extraordinary item	$ 1,503,449	$ 1,136,287	$ 960,600	$ 812,671	$ 703,303	$ 997,839	$ 1,303,419	$ 1,410,189	$ 919,740	$ 1,107,454	$ 710,057
Non-cash charges (credits) to net income:											
Depreciation	30,864	23,306	25,582	26,614	37,645	39,099	39,256	39,385	39,492	39,581	39,654
Amortization	2,740	4,510	8,160	8,200	7,011	7,011	7,011	6,760	5,018	3,192	2,486
Deferred income taxes	(6,334)	(603)	(1,289)	-	-	-	-	-	-	-	-
Loss on disposal of properties	309	56	-	-	-	-	-	-	-	-	-
Purchased in-process research & development	-	-	-	-	-	-	-	-	-	-	-
Other non-cash charges and credits - net	-	-	-	-	-	-	-	-	-	-	-
Loss on equity investment companies	117,056	117,946	229,100	165,802	122,673	70,086	48,389	43,389	38,318	23,045	18,045
Working capital changes	102,266	89,388	(60,273)	77,782	(13,014)	24,628	32,017	12,522	(177,887)	62,034	(37,604)
Extraordinary Item Payout	(825)	(988)	-	-	-	-	-	-	-	-	-
Long-term assets and liabilities	-	88,790	18,833	(1,298)	(1,298)	(1,298)	4,702	(1,298)	(1,298)	(1,298)	(1,298)
Cash flow from operations	1,749,524	1,458,692	1,180,713	1,089,771	856,321	1,137,366	1,434,794	1,510,947	823,384	1,234,007	731,339
Investing activities											
Capital expenditure	(30,368)	(26,823)	(35,500)	(90,000)	(46,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Deconsolidation of Rhodes/Other	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of investments / assets	-	-	-	-	-	-	-	-	-	-	-
Product/License Acquisitions	(10,086)	(10,000)	(21,100)	-	-	-	-	-	-	-	-
Acquisition Infinity Company Stock	-	-	-	-	-	-	-	-	-	-	-
Restricted Cash, net	18,770	12,944	-	-	-	-	-	-	-	-	-
Infinity LOC Funding	-	(50,000)	-	-	-	-	-	-	-	50,000	-
Investment	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Ardsley Sale	-	-	-	-	-	-	-	-	-	-	-
Investments in JV and associates	(119,126)	(100,046)	(244,754)	(163,160)	(128,078)	(64,590)	(44,539)	(33,045)	(28,045)	(23,045)	(18,045)
Cash flow used by investing	(140,810)	(173,925)	(301,354)	(253,160)	(174,078)	(104,590)	(84,539)	(73,045)	(68,045)	(13,045)	(58,045)
Financing activities*											
Proceeds from (to) associated companies, net	(9,114)	(3,177)	-	13,592	755	47	(13)	1,278	1,086	923	785
Ardsley Loan Amortization/Termination	-	-	-	-	-	-	-	-	-	-	-
European Loans	-	-	-	-	-	-	-	-	-	-	-
Capital contributions	4,142	303	-	-	-	-	-	-	-	-	-
Distributions for Required Tax Payments	(651,365)	(537,260)	(406,800)	(365,702)	(316,487)	(449,028)	(586,539)	(634,585)	(413,883)	(498,354)	(319,525)
Distributions Non Tax	(889,845)	(575,246)	(472,500)	(427,637)	(386,817)	(548,811)	(716,880)	(775,604)	(505,857)	(609,100)	(390,532)
Cash flow provided by financing	(1,546,182)	(1,115,381)	(879,300)	(779,747)	(702,549)	(997,793)	(1,303,432)	(1,408,911)	(918,654)	(1,106,531)	(709,272)
Increase in cash and cash equivalents	62,532	169,387	59	56,865	(20,306)	34,983	46,823	28,991	(163,315)	114,432	(35,978)
Cash at beginning of period	374,562	437,094	562,800	562,859	619,723	599,417	634,400	681,223	710,214	546,899	661,330
Cash at end of period	$ 437,094	$ 606,481	$ 562,859	$ 619,723	$ 599,417	$ 634,400	$ 681,223	$ 710,214	$ 546,899	$ 661,330	$ 625,353

Headcount

Non-Risk Adjusted

Purdue U S
10 Year Plan - Prepared in February 2012

10 Year Plan - Headcount		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
		Actual	Actual	Actual	Actual	Budget				10 Year Plan Outlook				
Sales and Marketing														
	Sales Reps	346	397	474	508	525	525	660	800	800	800	800	800	800
	DM	44	50	65	66	66	66	82	101	101	101	101	101	101
	RM	6	7	9	9	11	11	13	15	15	15	15	15	15
	Other	45	46	57	63	69	69	72	76	76	76	76	76	76
	Subtotal - Field Sales	441	500	605	646	671	671	817	992	992	992	992	992	992
	Marketing	35	40	44	45	53	53	55	57	57	57	57	57	57
	Sales Support	17	21	18	23	32	32	33	34	34	34	34	34	34
	Total: Sales & Marketing *	493	61	561	714	756	756	905	1,083	1,083	1,083	1,083	1,083	1,083
Manufacturing		309	262	262	263	275	268	268	278	281	336	345	347	349
G&A		325	336	343	357	385	397	408	421	433	446	460	474	488
R&D		237	252	270	299	364	375	386	398	410	422	435	448	461
President's Reserve						8								
Total Purdue Headcount		**1,364**	**911**	**1,436**	**1,633**	**1,788**	**1,795**	**1,968**	**2,179**	**2,207**	**2,286**	**2,322**	**2,351**	**2,381**

		2012	2013	2014	2015	2016	2017	2018	2019	2020
CSO Reps		275	275	275	275	275	275	275	275	-
CSO DMs		34	34	34	34	34	34	34	34	-
* Total Sales & Marketing Including CSO Reps		1,065	1,065	1,214	1,392	1,392	1,392	1,392	1,392	1,083

Financial Schedules

RISK-ADJUSTED

Profit and Loss Statement (Combined Marketed+Pipeline Products)

Risk Adjusted

($000's)	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012	2013	2014	2015	2016	2017	2018	2019	2020
Gross Branded Product Sales	$2,668,476	$3,012,143	$3,127,873	$2,971,181	$3,167,870	$3,088,723	$3,282,647	$3,678,449	$4,146,692	$4,217,369	$2,264,039	$2,400,955	$1,028,159
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	0
Fee for Service	(38,967)	(65,645)	(67,202)	(74,507)	(79,812)	(76,300)	(73,154)	(84,349)	(96,151)	(97,725)	(55,088)	(58,457)	(23,932)
Discounts and Allowances	(72,774)	(66,133)	(60,828)	(57,848)	(73,498)	(67,327)	(71,680)	(65,401)	(54,781)	(88,044)	(47,625)	(60,015)	(15,294)
Patient Savings Card Discounts	(4,014)	(11,728)	(16,749)	(15,572)	(30,411)	(39,820)	(41,803)	(50,968)	(56,928)	(74,057)	(64,964)	(72,613)	(21,923)
Additional Oxy Rebates on Final Proposed Rule	0	0	0	(95,922)	(74,836)	(77,406)	(78,890)	(75,823)	(73,718)	(72,267)	(9,640)	(1,092)	(759)
Rebates on Branded Sales	(342,153)	(498,092)	(621,633)	(624,394)	(657,823)	(647,423)	(630,542)	(699,479)	(686,343)	(730,408)	(174,141)	(295,923)	(113,199)
Rebates as % of Gross Branded Sales	12.4%	16.1%	19.9%	20.9%	20.0%	20.2%	20.3%	19.5%	19.8%	20.4%	8.1%	12.4%	11.1%
NET BRANDED REVENUES	Redacted	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	$851,093
AG Income	5,872	10,385	11,825	9,254	-	-	-	-	-	-	229,561	206,605	183,649
Royalty on Oxy settlements	-	-	-	-	-	-	-	-	-	-	-	-	-
3rd Party Royalty Income	12,256	26,859	15,796	2,379	1,325	3,900	4,712	5,725	6,993	7,280	7,320	7,320	7,360
NET BRANDED REVENUES + AG & PROFIT SHARE INCOME	2,113,674	2,450,789	2,389,072	2,215,153	2,352,815	2,282,348	2,176,190	2,533,136	2,905,004	2,887,648	2,150,412	2,126,780	1,042,103
Cost of Goods Sold	(150,545)	(167,182)	(161,090)	(166,769)	(160,436)	(162,864)	(170,089)	(202,759)	(263,220)	(267,288)	(241,348)	(250,990)	(153,377)
COGS as % of Gross Branded Product Sales	5.9%	6.0%	5.2%	6.5%	5.1%	5.3%	5.0%	5.0%	6.5%	6.5%	10.7%	10.5%	14.9%
3rd Party Royalty Expense	-	(7,897)	(50,237)	(115,377)	(128,271)	(136,526)	(154,583)	(182,658)	(236,701)	(205,518)	(158,120)	(165,990)	(90,260)
Royalty Expense (Asso Companies)	(2,414)	(2,889)	(3,105)	(1,881)	(1,877)	(1,130)	(1,108)	(1,088)	(1,070)	(1,064)	(1,082)	(1,049)	(1,040)
Shipping and Warehousing	(10,255)	(10,927)	(11,182)	(11,831)	(11,256)	(11,379)	(10,906)	(11,134)	(11,540)	(14,666)	(12,323)	(12,619)	(6,632)
GROSS PROFIT	1,860,480	2,282,194	2,160,468	1,918,316	2,060,875	1,970,449	1,838,404	2,186,497	2,400,412	2,398,111	1,727,689	1,896,503	790,782
G&A (Incl Legal Dept but excl Legal Fees)	(125,141)	(129,385)	(137,831)	(146,231)	(166,860)	(168,529)	(173,832)	(177,144)	(179,664)	(178,276)	(131,786)	(123,315)	(57,156)
G&A as % of Net Sales	5%	5%	5%	7%	7%	7%	5%	7%	5%	5%	7%	5%	7%
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	(22,557)
R&D - allocated to projects	(120,449)	(132,603)	(164,784)	(269,856)	(337,225)	(342,709)	(317,711)	(321,943)	(336,227)	(292,350)	(226,365)	(158,037)	(121,829)
R&D - unallocated	-	-	-	-	-	-	-	-	(11,115)	(82,000)	(3,000)	(74,000)	19,000
R&D Other - Milestone and Alliances	-	(60,828)	(3,299)	(604)	(4,169)	(4,169)	(4,169)	(4,169)	(4,169)	(3,799)	171	171	171
R&D as % of Net Sales	5%	5%	7%	12%	15%	15%	15%	13%	12%	12%	12%	12%	12%
Sales and Promotion	(144,985)	(162,089)	(193,677)	(230,596)	(369,144)	(380,529)	(417,757)	(485,006)	(487,232)	(479,683)	(477,516)	(477,463)	(212,773)
S&P as % of Net Sales	7%	7%	8%	10%	16%	17%	19%	19%	17%	17%	25%	25%	25%
Pharmacy Fee (Health Reform)	-	-	-	(23,750)	(26,600)	(25,509)	(27,675)	(26,517)	(30,515)	(46,151)	(47,185)	(17,842)	(14,030)
Other - US	(22,901)	(10,861)	15,544	(589)	(10,747)	(6,611)	(6,602)	(6,275)	(6,273)	(6,273)	(6,269)	(6,264)	(4,014)
OPERATING EXPENSES	(491,485)	(580,798)	(539,214)	(723,060)	(987,426)	(986,213)	(1,006,677)	(1,076,858)	(1,102,964)	(1,094,942)	(942,249)	(832,016)	(452,246)
Operating Expenses as % of Net Sales	23.8%	22.2%	22.5%	23.1%	41.1%	43.2%	46.3%	42.7%	35.1%	37.0%	49.3%	43.4%	50.5%
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	$368,538
Incentive Bonus	(30,771)	(33,203)	(38,744)	(33,996)	(41,727)	(43,396)	(44,978)	(46,058)	(46,937)	(45,799)	(43,478)	(40,778)	(13,717)
Insurance Income	11,714	8,768	15,263	30,652	743	1,785	1,874	0	0	0	0	0	0
Settlement Expense	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	0
TOTAL INCENTIVES AND SETTLEMENTS	Redacted	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	(13,717)
OPERATING MARGIN AFTER INCENTIVES AND SETTLEMENTS	1,396,080	1,608,644	1,583,928	1,198,168	1,044,098	943,820	780,824	1,009,553	1,253,621	1,288,369	761,242	826,735	344,821
Other Items													
Royalty Income - ex US	71,469	76,137	84,789	90,736	31,666	37,231	34,211	34,025	34,076	28,965	24,620	20,927	17,733
Ex US Expenses	(126,255)	(122,406)	(132,648)	(134,790)	(234,253)	(167,039)	(124,104)	(70,156)	(48,459)	(43,459)	(38,489)	(33,459)	(29,756)
One Time Charges	(570)	2,615	(22,743)	(446)	(232)	(232)	(232)	(232)	(232)	(232)	(232)	(232)	(232)
Other Items	(1,643)	(1,839)	(1,734)	(2,036)	(2,631)	(2,736)	(2,846)	(2,960)	(3,078)	(3,201)	(3,329)	(3,462)	(3,601)
Interest (Expense) / Income	15,640	969	535	220	1,828	1,828	1,828	1,828	1,828	1,828	1,828	1,828	1,828
TOTAL OTHER ITEMS	(41,360)	(44,626)	(71,801)	(48,320)	(163,723)	(130,949)	(91,143)	(37,498)	(15,386)	(16,100)	(15,672)	(14,399)	(12,973)
PROFIT/LOSS BEFORE TAX	Redacted	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	$330,847
Pre Tax Profit as % of Net Sales	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	35.9%

Confidential 126

PURDUE-COR-00033169

Balance Sheet

Risk Adjusted

Balance Sheet ($000)	2010 Actual	2011 Actual	2012 Budget	2013 Estimate	2014 Estimate	2015 Estimate	2016 Estimate	2017 Estimate	2018 Estimate	2019 Estimate	2020 Estimate
Assets											
Current Assets:											
Cash and cash equivalents	$ 437,094	$ 606,481	$ 544,059	$ 600,923	$ 598,193	$ 633,206	$ 678,433	$ 695,048	$ 501,131	$ 601,481	$ 524,980
Restricted Cash	52,944	42,988	-	-	-	-	-	-	-	-	-
Accounts and other receivable:											
Trade (net)	212,865	216,928	255,175	195,492	187,311	215,552	245,391	249,715	143,443	152,060	64,993
Associated companies	24,743	27,960	22,900	9,308	8,553	8,506	8,519	7,241	6,155	5,232	4,447
Other receivables	26,501	11,618	6,412	5,975	6,178	6,431	6,748	6,820	6,830	6,830	6,840
Total accounts and other receivable	264,109	256,506	284,487	210,775	202,042	230,489	260,658	263,776	156,428	164,122	76,280
Inventories	57,286	44,037	43,686	40,716	42,522	50,690	63,320	66,822	60,337	62,747	38,344
Prepaid expenses and other assets	39,244	39,923	38,808	38,808	38,808	38,808	38,808	38,808	38,808	38,808	38,808
Total current assets	850,677	989,935	911,040	891,223	881,566	953,193	1,041,219	1,064,455	756,704	867,158	678,412
Property, plant and equipment - net	140,190	143,651	152,924	216,310	224,665	225,566	226,310	226,925	227,432	227,852	228,198
Investments	31,832	13,932	27,200	24,558	29,963	24,467	20,617	10,273	0	0	0
Due from associated companies	3,350	3,250	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350
Intangible assets, net	190,065	195,555	198,495	190,295	183,284	176,273	169,262	162,502	157,484	154,292	151,806
Other assets	36,889	86,652	87,845	87,845	87,845	87,845	81,845	81,845	81,845	31,845	31,845
Restricted cash	18,469	15,481	18,800	18,800	18,800	18,800	18,800	18,800	18,800	18,800	18,800
Total assets	$ 1,271,472	$ 1,448,456	$ 1,399,654	$ 1,432,381	$ 1,429,473	$ 1,489,494	$ 1,561,404	$ 1,568,149	$ 1,246,615	$ 1,303,298	$ 1,112,412
Liabilities											
Current liabilities:											
Accounts payable	$ 63,862	$ 92,732	$ 74,700	$ 92,905	$ 94,774	$ 102,085	$ 105,419	$ 105,753	$ 89,091	$ 85,274	$ 39,068
Accrued expenses and taxes	485,429	584,813	448,568	445,056	441,577	495,585	565,459	573,169	268,594	331,392	188,009
Due to associated companies	12,129	12,069	12,129	12,129	12,129	12,129	12,129	12,129	12,129	12,129	12,129
Total current liabilities	561,420	689,614	535,397	550,090	548,480	609,799	683,007	691,050	369,815	428,795	239,206
Other long-term obligations	133,020	220,970	223,589	222,291	220,993	219,695	218,397	217,099	215,801	214,503	213,205
Total liabilities	694,440	910,584	758,986	772,381	769,473	829,494	901,404	908,149	585,616	643,298	452,411
Equity:											
Capital stock-Common	10	9	9	9	9	9	9	9	9	9	9
Additional paid in capital	1,982	1,982	1,982	1,982	1,982	1,982	1,982	1,982	1,982	1,982	1,982
Retained earnings and partners' capital	659,704	683,787	781,962	801,294	801,294	801,294	801,294	801,294	801,294	801,294	801,294
Minimum pension liability adjustment	(88,128)	(151,371)	(146,750)	(146,750)	(146,750)	(146,750)	(146,750)	(146,750)	(146,750)	(146,750)	(146,750)
Foreign Currency Translation	4,464	4,464	4,464	4,464	4,464	4,464	4,464	4,464	4,464	4,464	4,464
Subscription Receivable	(999)	(999)	(999)	(999)	(999)	(999)	(999)	(999)	(999)	(999)	(999)
Total stockholder's equity	577,032	537,872	640,668	660,000	660,000	660,000	660,000	660,000	660,000	660,000	660,000
Total liabilities and stockholder's equity	$ 1,271,472	$ 1,448,456	$ 1,399,654	$ 1,432,381	$ 1,429,473	$ 1,489,495	$ 1,561,404	$ 1,568,150	$ 1,246,615	$ 1,303,298	$ 1,112,412

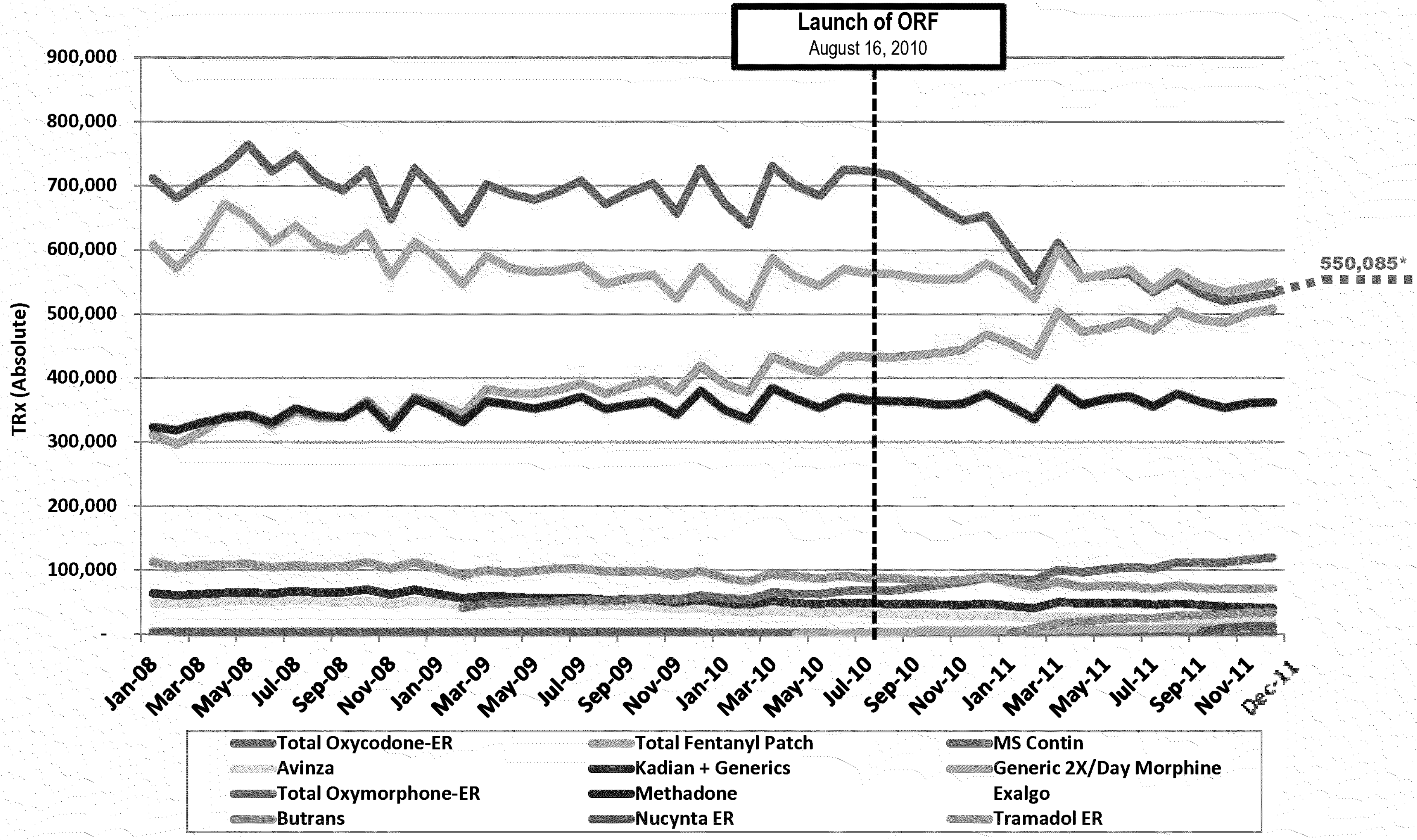
Cash Flows

Risk Adjusted

Statement of Cash Flows ($000)	2010 Actual	2011 Actual	2012 Budget	2013 Estimate	2014 Estimate	2015 Estimate	2016 Estimate	2017 Estimate	2018 Estimate	2019 Estimate	2020 Estimate
Operating activities											
Net Income (loss) after tax before extraordinary item	$ 1,503,449	$ 1,136,287	$ 960,600	$ 812,671	$ 699,481	$ 972,059	$ 1,237,656	$ 1,270,269	$ 735,670	$ 811,336	$ 330,847
Non-cash charges (credits) to net income:											
Depreciation	30,864	23,306	25,582	26,614	37,645	39,099	39,256	39,385	39,492	39,581	39,654
Amortization	2,740	4,510	8,160	8,200	7,011	7,011	7,011	6,760	5,018	3,192	2,486
Deferred income taxes	(6,334)	(603)	(1,289)	-	-	-	-	-	-	-	-
Loss on disposal of properties	309	56	-	-	-	-	-	-	-	-	-
Purchased in-process research & development	-	-	-	-	-	-	-	-	-	-	-
Other non-cash charges and credits - net	-	-	-	-	-	-	-	-	-	-	-
Loss on equity investment companies	117,056	117,946	229,100	165,802	122,673	70,086	48,389	43,389	38,318	23,045	18,045
Working capital changes	102,266	89,388	(60,273)	77,782	4,563	24,657	30,421	145	(208,488)	47,962	(78,128)
Extraordinary Item Payout	(825)	(988)	-	-	-	-	-	-	-	-	-
Long-term assets and liabilities	-	88,790	18,833	(1,298)	(1,298)	(1,298)	4,702	(1,298)	(1,298)	(1,298)	(1,298)
Cash flow from operations	1,749,524	1,458,692	1,180,713	1,089,771	870,075	1,111,614	1,367,435	1,358,651	608,713	923,808	311,606
Investing activities											
Capital expenditure	(30,368)	(26,823)	(35,500)	(90,000)	(46,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Deconsolidation of Rhodes/Other	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of investments / assets	-	-	-	-	-	-	-	-	-	-	-
Product/License Acquisitions	(10,086)	(10,000)	(21,100)	-	-	-	-	-	-	-	-
Acquisition Infinity Company Stock	-	-	-	-	-	-	-	-	-	-	-
Restricted Cash, net	18,770	12,944	-	-	-	-	-	-	-	-	-
Infinity LOC Funding	-	(50,000)	-	-	-	-	-	-	-	50,000	-
Investment	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Ardsley Sale	-	-	-	-	-	-	-	-	-	-	-
Investments in JV and associates	(119,126)	(100,046)	(244,754)	(163,160)	(128,078)	(64,590)	(44,539)	(33,045)	(28,045)	(23,045)	(18,045)
Cash flow used by investing	(140,810)	(173,925)	(301,354)	(253,160)	(174,078)	(104,590)	(84,539)	(73,045)	(68,045)	(13,045)	(58,045)
Financing activities*											
Proceeds from (to) associated companies, net	(9,114)	(3,177)	-	13,592	755	47	(13)	1,278	1,086	923	785
Ardsley Loan Amortization/Termination	-	-	-	-	-	-	-	-	-	-	-
European Loans	-	-	-	-	-	-	-	-	-	-	-
Capital contributions	4,142	303	-	-	-	-	-	-	-	-	-
Distributions for Required Tax Payments	(651,365)	(537,260)	(406,800)	(365,702)	(314,767)	(437,426)	(556,945)	(571,621)	(331,052)	(365,101)	(148,881)
Distributions Non Tax	(889,845)	(575,246)	(472,500)	(427,637)	(384,715)	(534,632)	(680,711)	(698,648)	(404,619)	(446,235)	(181,966)
Cash flow provided by financing	(1,546,182)	(1,115,381)	(879,300)	(779,747)	(698,727)	(972,012)	(1,237,669)	(1,268,991)	(734,585)	(810,413)	(330,062)
Increase in cash and cash equivalents	62,532	169,387	59	56,865	(2,730)	35,013	45,227	16,615	(193,917)	100,350	(76,501)
Cash at beginning of period	374,562	437,094	562,800	562,859	619,723	616,993	652,006	697,233	713,848	519,931	620,281
Cash at end of period	$ 437,094	$ 606,481	$ 562,859	$ 619,723	$ 616,993	$ 652,006	$ 697,233	$ 713,848	$ 519,931	$ 620,281	$ 543,780

Opioid Segment

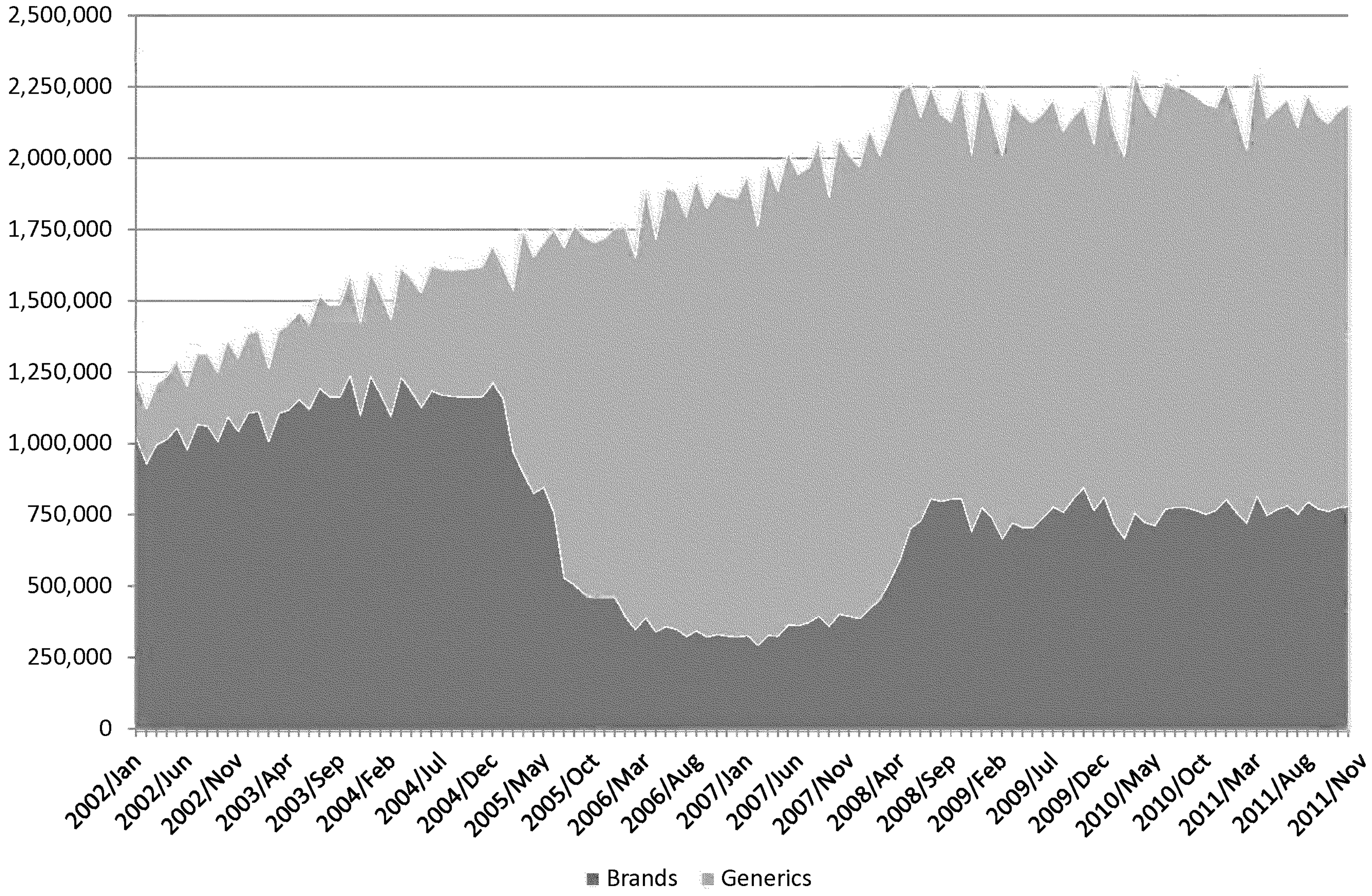
Extended-Release Opioid Prescriptions
(December 2011)



Source: IMS Health NPA

*Represents average Rxs needed to achieve 2012 forecast

Monthly Prescriptions of Branded and Generic Extended Release Opioids: 2002 - 2011



Monthly Prescriptions of Branded and Generic Extended Release Opioids: 2002 - 2011