Intermediate strength development (7.5 mcg/hr & 15 mcg/hr)

Development of intermediate strengths is proceeding between Purdue and LTS. Approval of these strengths will be based primarily on a CMC submission if Purdue's request for a bio waiver is granted (high probability). A draft timeline has been developed projecting a 4Q2013 market launch.

Manufacturing site transfer to West Caldwell, NJ

The Prior Approval Supplement for the LTS Manufacturing Site Transfer from Andernach, Germany to West Caldwell, New Jersey was approved by FDA on the PDUFA date, April 20, 2012; commercial production at this site will begin 4Q2012.

ONU (Targin)

All corporate scorecard milestones for ONU are on schedule.

- The NDA submission (for the indication of Pain with abuse deterrent properties) planned for 2Q2013 is on track with all submission elements on or ahead of established timelines.
    - A pre-NDA meeting with FDA is scheduled to occur on September 13, 2012.
    - 615 patients have been enrolled in the ONU3701 study, and we completed the Last Patient First Visit on July 5, 2012.

- The sNDA submission for label expansion (Opioid Induced Constipation) planned for 2Q2014 remains on track, with efforts being made to stimulate enrollment in each of the two required pivotal (OIC) studies.
    - Data to support ONU's benefit in alleviating signs and symptoms of Opioid Bowel Dysfunction (vs. OIC) are being collected in pivotal trials and will also be addressed through additional means.
    - We remain on target with 134 patients enrolled in ONU3704 and 24 patients enrolled in ONU3705.

Hydrocodone QD (HYD)

All corporate scorecard milestones for HYD are on schedule.

- 2Q2014 NDA filing and 3Q2015 launch dates are on track.

- The competitive landscape has changed in a favorable direction with high likelihood of Purdue's HYD (once-daily, tamper abuse deterrent hydrocodone) to be the first long-acting hydrocodone market entrant.
    - Teva/Cephalon has reported that its single pivotal study for CEP-33237 (twice daily hydrocodone) is negative and that their NDA submission

planned for 4Q2012 will not be possible; the viability of this potential competitor is considered low.
    - Zogenix's Zohydro (twice daily hydrocodone) NDA is under review at FDA, however, several potential deficiencies are likely to delay and/or prevent approval of this product (e.g. lack of a tamper-resistant formulation, lack of safety information related to potential ototoxicity and/or cardiac repolarization).

- Enrollment in the HYD Phase 3 program (pivotal study, and open-label safety study) is on schedule and supportive of an on-time NDA submission.

- 693 patients have been enrolled in the HYD3003 study and we completed the Last Patient First Visit on July 6, 2012. We have enrolled 140 patients in HYD3002 (double blind study).

TRPV1 (VND)

All corporate scorecard milestones for TRPV-1 are on schedule.

- Positive results were received from the human experimental pain / biomarker development study (VND1004). This study demonstrates that TRPV1 has a positive effect on thermal pain.

- Plans to initiate two human Proof-of-Concept studies (Osteoarthritis and Post - Herpetic Neuralgia) remain on track for September, 2012; this will be the first time a Purdue new chemical entity will have reached this stage of development.

ORL1 (OAG)

The First-in-Human, single ascending dose study (OAG1001) has completed three cohorts.

The study was paused to allow for thorough analysis of adverse event (somnolence) and pharmacokinetic (low bioavailability) data. A forward plan of nonclinical experiments designed to better understand the cause of these adverse events has been agreed with Shionogi and will be executed in 2H 2012. The next decision point will be in 1Q2013 when the nonclinical results are available.

Intermezzo (INT)

All corporate scorecard milestones for Intermezzo are on schedule.

- To meet the post-approval commitment from the US Consumer Product Safety Commission (CPSC), CMC work toward the new package configuration (change

from blister in a pouch to tablet in a pouch) for both Intermezzo tablet strengths (1.75 mg and 3.5 mg) is on track.

- A recently devised R&D-driven strategy for the brand includes publication of modeled PK data that supports differentiation from immediate release formulations of zolpidem on the basis of safety.

AHI (IPI-940)

- The planned human Proof-of-Concept study in Post-Herpetic Neuralgia is delayed by one year due to contamination and rejection of clinical supplies manufactured by Infinity's contract manufacturer (Pii).

- The process to manufacture new API and clinical supplies has initiated, with a new planned study start date of 1Q2013.

Abuse Deterrent Immediate Release Oxycodone /ADIR - (OCI)

- In March 2012, R&D created a project team charged with developing an *A*buse *D*eterrent *I*mmediate *R*elease drug delivery platform for oxycodone.
    - In collaboration with Rhodes Pharma, an IND was submitted on May 9th, 2012, with oral administration commencing under a pilot PK/PD investigation (OCI1001) on May 21st
    - Selection of a final formulation for definitive testing is planned to occur by 4Q12

Ryzolt Pediatric Program

NOTE: The Board approved a plan to discontinue the sale of Ryzolt on June 22, 2012; the NDA will be withdrawn by the end of 2012, and no pediatric program will commence.

New Disciplines

Through 2Q12, Purdue's organizational capabilities have been enhanced through on-boarding of key leaders, and the creation of several new disciplines within R&D: R&D Innovation, Health Outcomes & Pharmacoeconomics, and Medical Affairs. These disciplines are already contributing to the near and long term success of our current and future products. The initiatives described below are considered mission-critical, and will help drive Purdue's 10-year plan and overarching vision to become known as "The" Pain Management Company:

R&D Innovation

- Identify and recommend for pursuit novel external analgesic drug development opportunities at the Pre-Proof of Concept stage.

- Create strategy and an execution plan that will deliver novel non-drug product technologies designed to address key stakeholder needs in the market (e.g. objective measures of pain and medication compliance, devices, services, novel surveillance mechanisms for abuse and diversion); such technologies may become a Purdue offering or take the form of a separate business opportunity.

Health Outcomes & Pharmacoeconomics (HOPE)

The Health Outcomes and Pharmacoeconomics (HOPE) department is developing strategies to support commercial objectives to demonstrate value to payers. The HOPE strategies are an integral part of the overarching product strategies and support market access, formulary placement, and the demonstration of Patient Reported Outcomes (PROs) that will drive reimbursement. Cross functional teams that include commercial, medical, scientific communications, project management, and legal representation guide the development of HOPE strategies and execution of tactics.

Medical Affairs

The Medical Affairs group has been recreated following a seven year absence. Its objectives target both externally (Key Opinion Leader planning and engagement, planning and conduct of Investigator Initiated Trials, recruitment of investigators for registration trials), and internally facing deliverables (design and conduct of Phase IIIb/IV Clinical Studies, publication planning and communication strategy, and provision of competitive clinical intelligence to internal stakeholders) in support of lifecycle management for Purdue's current and future marketed products.

DISCOVERY RESEARCH

TRPV1 Back-up Antagonist Program (VAN)

- The main objective of the TRPV1 back-up program is to identify and develop a compound that has similar or better efficacy than V116517, but reduced risk for effects on body temperature and thermal sensation. We are also investigating mechanisms associated with pharyngeal pain and dysesthesia.

- V120083 was selected as a back-up candidate to V116517 in April of 2012 and all of the IND enabling studies have been completed and the results meet or exceed the stage-gate criteria with one exception. A genotoxic impurity has been detected during the synthesis of the material and currently the team is working on a resolution that will drive a go or no-go decision for IND filing in August of 2012.

Purdue-Only TRPV1 Antagonist Program (517)

In collaboration with the Medical School at the University of Wisconsin, we are evaluating the mechanistic role and possible clinical utility of TRPV1 channel blockers in pain associated with sickle cell disease. Our collaborators have established a translatable animal model of this condition, we have completed all legal agreements, and the work will initiate in July/August with results available in early Q4.

Purdue-Shionogi Collaboration ORL-1 Agonist Back-up Program

- The main goal of the ORL-1 back-up program is to identify compounds with similar or better efficacy, ADME profiles and low risk for kidney toxicity issues, as well as reduced side effects (fatigue/somnolence) compared to V117957.

- The team has identified one potent and selective peripheral ORL-1 compound (V120063), however the preliminary result of monkey cardiovascular system study showed a less than 10 fold safety margin which may prevent further development of this lead. The final report of this study will be available by the end of July.

- Due to an unexpected adverse event (somnolence) in the Phase 1 clinical trial of V117957, a work plan to evaluate the issue has been established. The primary purpose of these studies is to determine the mechanism underlying the clinical observations and to provide data to inform a go/no-go decision for further clinical studies on V117957. A secondary purpose is to inform the back-up strategy to ensure a lower risk molecule with differentiation from V117957.

Peripheral Kappa Agonist (PKA)

V120557, a compound that is effective in visceral pain and reverses opioid induced constipation, was shown to be effective in inflammatory pain. It displays no motor deficits at 10X the minimally effective dose in inflammatory pain. Preliminary data with an antagonist suggests the efficacy in the visceral pain model is through kappa.

Sodium Channel (Nav) Blocker

- With the goal of assessing the cardiovascular (CV) safety margin of a peripheral Nav antagonist, the Nav team selected two compounds to enter Maximum Tolerable Dose (MTD) studies in dogs – V121216 and V121241. Both of these compounds had shown efficacy in rat neuropathic pain testing and were without Rotarod deficits at the efficacious doses.

- In the MTD studies, V121216 was not able to achieve the target plasma concentration and was dropped from further consideration. On the other hand, the target plasma concentration of V121241 was achieved and this compound was progressed to CV studies. Testing was completed the first week of June and results are expected in July 2012.

Exploration of Signal-Biased Opiates

The research team is deeply pursuing biased opiate ligands and has recently established a panel of new in vitro assay systems to support the effort. Currently, the focus is on the discovery of new mu agonists with minimal/non-existent side effect or euphoria. A second priority is the design of central kappa agonists with minimal/no dysphoria.

HEALTH POLICY

The objective of the Health Policy Group is to help shape the public face of Purdue, enhance corporate visibility and provide a supportive environment - by communication and other external activities. The group also supports Medical Education initiatives providing high-quality, relevant education resources that meet clinical needs and increases awareness of non-drug value of Purdue Pharma as a compliment to the portfolio of drug products. Provide accurate and timely medical review of Materials that educate external customers (healthcare professionals, patients, general public, etc.) and the Sales Force on the safe and appropriate use of Purdue products.

Risk Management Activities

REMS Participating Companies (RPC, formerly the IWG)

- Prescribers Subteam Lead – Created communication document drafts and negotiated approval of same with FDA.
- Negotiated improved educational Blueprint with FDA, allowing emphasis on important content for prescribers, as opposed to administrative content.

Healthcare Grants and Giving

- 212 healthcare educational and non-educational grants were reviewed.

- Seventy-six (36%) were approved for a total $1,602,133.29.

Medical Liaison

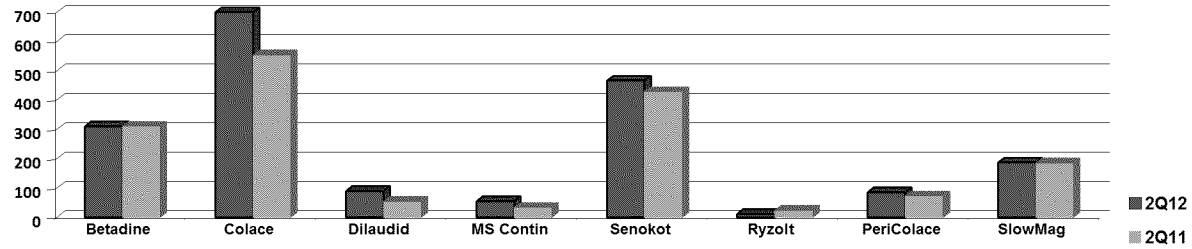
Medical Liaisons in Alliance Outreach, Managed Health Systems and Strategic Educational Initiatives continue to focus on providing education and support of PPLP products and research to internal and external customers. Notable progress toward 2012 objectives:

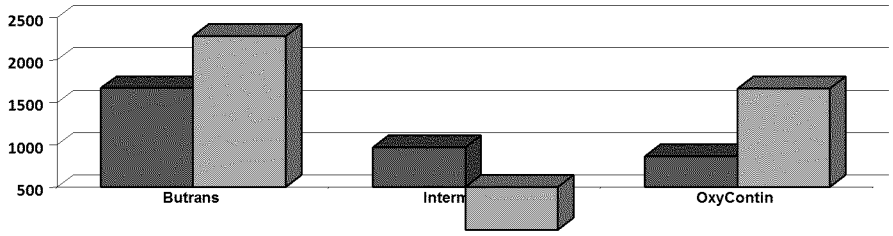
- Pain care and risk minimization resource packets were presented to forty-nine (49) state healthcare professional organizations in 2Q12.

- Product support focused on providing education, clinical information, and research support to healthcare professionals, such as formulary decision-makers and investigators:
    - **Butrans®**
        1. Three (3) clinical discussions - Managed Care customers (YTD=6)
        2. Four (4) posters presented in collaboration with Medical Research (YTD=6)
        3. BUP3031 Pediatric Study – Recruitment of sites continues with 17 approved, plus two open to enrollment (YTD=2)
    - **Intermezzo®**-Five clinical discussions - Managed Care customers (YTD=12)
    - **ORF/OTR** - OTR3001 Pediatric Study – site-specific enrollment support plans are in place; 48 US sites open to enrollment

Medical Inquiries Received Regarding Purdue Products

- 5,761 Inquiries
    - 9% increase from 1Q12 (3.8% decrease from 2Q11)
    - 76% answered within one (1) business day, 97.4% within ten (10) days
    - 972 inquiries regarding Intermezzo®





Library & Information Services

$44,000 saved through favorable contract renewals, negotiated savings, use of articles from our repository and, cancellation of information products which have shown appreciable drops in usage. YTD savings is $209,500.

CORPORATE COMPLIANCE

Assure compliance with Purdue's Corporate Integrity Agreement (CIA) and all Federal and State laws and regulations, as well as the PhRMA Code. Conduct risk assessments and audit and monitor business operations. Respond as required to all inquiries and conduct investigations of Company operations when appropriate. Assure that all ethics and compliance training requirements are met.

Corporate Integrity Agreement

- Purdue's CIA term comes to an end July 30th. There have been no Reportable Events in year five, and no unfavorable communications with the Office of Inspector General. We expect to complete the full term of the CIA with a favorable review, although the formal close of the CIA review by OIG may well take up to six months past July 30th.

- Communications to Employees regarding the end of the CIA term have begun, stressing the importance of continued compliance and the fact that there will be only limited changes to Purdue's compliance-related activities..

Call Note Review Process

Greater effectiveness and cost-savings has been accomplished with new call note reviews. Call notes had previously been performed by contract attorneys, employing up to six on a full-time basis. With the transfer of this function to Compliance in late 2011, a new approach to risk assessment was undertaken, reducing use of key word searches in favor of word searches based on productivity of results, with analysis of call notes on a random basis increased. This has resulted in the work being completed by two people in half their working time, with a back-log of 4-5 months eliminated, and call notes reviewed within three weeks following the close of each current month. This real time review resulted in earlier identification and investigation of any issues.

Public Citizen Freedom of Information Act (FOIA) Request

Recall, in 2010 Public Citizen requested copies of certain Purdue (and Pfizer) CIA Annual Report filings, and was largely denied access. Public Citizen since has appealed to the DC District Court, and together with Law we have collaborated with OIG on a common defense of the OIG's denial of access. The matter is now finally submitted to the Court for decision on the basis of affidavits and briefs of the parties.

LICENSING AND BUSINESS DEVELOPMENT

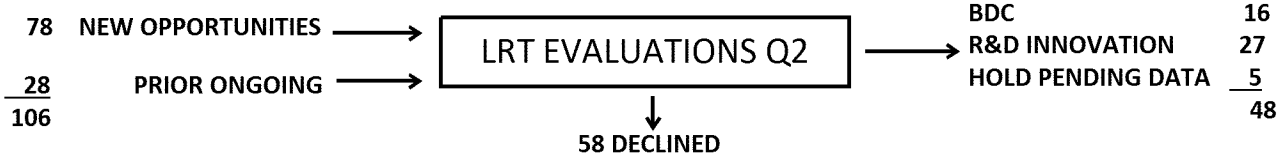
Advance Purdue's portfolio diversification strategy through in-licensing or acquisition, through an organized, systematic and strategic licensing review process. Champion the establishment of the new R&D Innovation effort, in the form of screening, business analysis, deal structuring and contract negotiation. Support Intellectual Property efforts related to new or existing products by acquiring and strengthening our IP portfolio as it applies to our in-line Rx products or new products and platforms. Continue to coordinate worldwide business development efforts, supporting Purdue Board-driven potential investment opportunities, by making strategic or financial investments in new companies, as directed by Purdue Board members.

The table below shows a tabular summary of the review activity within LBD in the second quarter of 2012.

The broad metrics show that the group processed 106 opportunity requests through the new system. More relevantly, we took 16 opportunities into the BDC process, and referred 27 opportunities to R&D Innovation, which is charged with reviewing and evaluating pre-POC drugs/devices/platform technologies/discovery technologies, etc.

The active projects within LBD in Q2 are shown in the table below. Our goal in 2012 is to deeply evaluate 25-30 projects in level two, and ultimately bring forward 5 – 10 level three projects - which would qualify for full negotiations, detailed due diligence, and ultimately term sheets. We have two projects at that level today; Theravance and Tarsa.

Q2 2012 Results



LBD Active Projects listed below

COMPANY	PRODUCT	INDICATION	BDC LEVEL + STATUS	RESPONSIBLE PARTY	SCREENING DATE
Tarsa	Oral rsCT Calcitonin	Osteoporosis	**Level 3** Term sheet being worked on by Purdue	Yao	5/26/11
Theravance	TD-1211 oral	OIC	**Level 3** Positive phase 2b data reported July 2012. Purdue to analyze data and further consider deal terms.	Downs	11/19/2010
Convergence	Nav 1.7 blocker oral	Neuropathic pain	**Level 2** Phase 2 data due late Aug. 2012. Convergence will run a WW deal process once data becomes available.	Downs, Roe (UK)	1/10/2012
Spinifex	EMA-401 Angiotensin II Type 2 receptor antagonist oral capsule	Neuropathic pain	**Level 2** Spinifex is conducting a 154 patient Phase 2 PHN trial dosing the drug BID for 28 days in Australia. Results due July/Aug. 2012	Kraft	1/10/2012
Array	ARRY-797, p38 MAP Kinase Inhibitor	OA	**Level 1B** Phase 2 a data due Aug. 2012	Kraft	10/24/2011
Cara Therapeutics	CR-845	Post-operative pain	**Level 2** Phase 2b data under review	Downs	7/31/2008
Flexion	FX-0005, SR p38 inhibitor	OA	**Level 1B** Phase 2 study ongoing	Darland	6/10/2012
Regeneron	REGN475, NGF antibody	Chronic pain	**Level 2** Confidential meeting on June 22. POC appears to	Downs	5/18/2012

			be met. Development costs $300 - $400M.	Downs	5/18/2012
ImmuPharma	Lupuzor	Systemic Lupus Erythematosus	**Level 1B** Mundipharma is not proceeding. POC not yet confirmed. US to look at market.	Downs	5/24/2012
ReNew	Ultimate Flora probiotics; CleanseSmart intestinal cleaner, Ultimate Fish oils, omega oils, TripleFiber, Digest More Enzymes	Digestive Health	**Level 1B**	Downs	6/28/2012

EXTERNAL AFFAIRS

Build support for appropriate pain care through policy development and implementation. Take appropriate action on external threats to optimal pain care. Promote Purdue's reputation in academic, community and scientific venues. Address proposed legislation and regulation that may affect the Company and its products. Develop and support innovative programs that safeguard public health and address abuse and diversion of prescription medication.

Build Support For Appropriate Pain Care Through Policy Development And Implementation

- The Pain Care Forum hosted Dr. Douglas Throckmorton, Deputy Director, FDA as a speaker at the meeting this quarter.

- The Food and Drug Administration (FDA), Office of National Drug Control Policy (ONDCP) and several members of Congress have contacted the Centers for Medicaid & Medicare Services (CMS) seeking a carve-out for abuse deterrent formulations from the line extension proposed regulation. Twenty-two organizations from the Pain Care Forum have commented on the CMS regulations. The White House has expressed concerns to CMS.

- Members of Congress are reviewing a third draft of legislation that would prevent FDA from approving a non-deterrent controlled substance where a deterrent formulation of the same drug is already approved. The legislation has received considerable comment from FDA and it seems that FDA's positions are consistent with that of Purdue.

- The National Hospice and Palliative Care Organization has launched "Live Without Pain," a national education campaign to empower patients and family caregivers to advocate for expert pain relief in all care settings through education and how to resources.

- American Osteopathic Association's "Break Through Your Pain" campaign in the states of Washington, Kentucky, Massachusetts and Florida reached an estimated audience of more than 175 million individuals through a combination of TV, radio, print and online media coverage. This campaign is supported through an unrestricted grant by Purdue Pharma.

Take Appropriate Action On External Threats To Optimal Pain Care

- Public Affairs developed a company response regarding a letter from the Senate Finance Committee and conducted media relations to communicate the company response to the media. We conducted targeted outreach to key opinion leaders and professionals/patient organizations named in the letter to alert them to the company's letter and communicate our plans to respond.

Promote Purdue's Reputation In Academic, Community And Scientific Venues

- Nine states are now operational with the National Association of Boards of Pharmacy (NABP) Interconnect Hub program which allows state prescription monitoring programs (pmps) to share data across state lines. Twenty states have signed agreements to participate and other states are currently in discussion.

- A press announcement and communications guidance document was developed for employees surrounding the presentation of data from the epidemiology studies with the reformulation of OxyContin at the annual meeting of the American Pain Society. Placement of articles was secured in Medscape, Physicians Prescribing Reference and Reuters Health. Public Affairs attended the APS meeting and alerted key opinion leaders to the poster presentations on the epidemiological data. Purdue provided communications guidance surrounding the presentation of in vivo liking studies and epidemiological data at the annual meeting of the College on Problems of Drug Dependence.

- Public Affairs issued a press release announcing Purdue's PERFORM module to help clinicians recognize and deter prescription drug abuse in their practice.

- Materials were developed under the Research and Development Advocacy Network (RADAN) to help recruit clinical investigators and facilitate patient enrollment in Purdue's clinical trials and distributed RADAN flyer at American Pain Society annual meeting.

- The Purdue corporate web site home page has been redesigned and updated.

Address Proposed Legislation And Regulation That May Affect The Company And Its Products.

- 16 states have introduced legislation (in some states such as New York as many as 12 bills) that addresses restrictions or regulations on controlled substance prescribing. Also, in at least six states (Kentucky, Ohio, Maine, Tennessee, Vermont and West Virginia) Governors/ Attorneys General have formed task forces to

address controlled substances prescribing as a result of prescription drug abuse and diversion.

- Florida passed a bill that allowed for an exemption for Rheumatologist from the pain clinic restrictions.

- Kentucky passed a bill that requires physicians to access the state prescription monitoring program before prescribing controlled substances.

- A New Mexico bill requiring mandatory CME for Pain Management and restrictions on CII prescriptions to a maximum of seven days was defeated.

- New Hampshire passed a bill to implement a prescription monitoring program.

- New York passed the ISTOP bill that updates the state prescription monitoring program, allows access for pharmacists and makes hydrocodone containing products CII controlled substances.

- Massachusetts approved through a budget bill, the use of copay coupons and allows physician dinner/speaker programs. Previously, it was the only state that prohibited their use.

- Mississippi introduced a bill to specifically restrict OxyContin. The bill was defeated.

- Tennessee passed a bill that requires prescribers to access the state prescription monitoring program when initiating a course of treatment with an opioid and then every year thereafter.

- Purdue convened a multi-functional planning team to develop company messages and a position supporting the appropriate use of opioids in the treatment of chronic non-malignant pain for the May 30-31 FDA meeting "Assessment of Analgesic Treatment of Chronic Pain: A Scientific Workshop." Key opinion leaders and professional associations were informed of the upcoming workshop and were encouraged to voice their position on the appropriate use of opioids for chronic non-malignant pain.

Develop And Support Innovative Programs That Safeguard Public Health And Address Abuse And Diversion Of Prescription Medication.

- Public Affairs drove awareness of the national program SafeGuardMeds.org to educate the public about proper storage and disposal of prescription medications. This included a continued partnership with the US Conference of Mayors. The

Public Service Announcement campaign initiated in September 2011 has secured 11,525 airings, 252 million impressions and $6,008,057 in media values to date.

- Proactive media relations were conducted to promote RxPATROL and the Law Enforcement Liaison & Education program. Public Affairs achieved positive delivery of Purdue's anti-diversion/anti-abuse messages by garnering more than 85 stories to an estimated 2 million readers/views for both RxPATROL and LELE.

- *Rx for Understanding*, a new curriculum developed in partnership with the National Education Association Health Information Network has been launched. In accordance with National Health Education Standards this program helps middle school teachers educate 5th through 8th grade students on the dangers of prescription drug abuse. Press announcements to enhance company reputation as part of the solution to prescription drug abuse were launched in coordination with the National Education Association.

- Purdue collaborated with the American Medical Association Foundation to announce new grant awards for community programs addressing prescription drug abuse. Press announcement with AMAF were coordinated to announce the grant program, thereby further enhancing the company's reputation.

- In Maine, Melissia Petro, Regional Director, State Government Affairs was appointed to a Prescription Drug Abuse Task Force by the Attorney General and assigned to the sub group responsible for making recommendations regarding the state prescription monitoring program.

HUMAN RESOURCES

Design, communicate and implement rewards programs that drive alignment and achievement of corporate and individual performance objectives. Staff positions with highly capable talent and assure employee engagement and retention. Develop employees through relevant and meaningful programs and assignments while providing for future succession requirements. Assure program and management compliance with all regulatory and legal requirements.

Staffing, Employee Engagement, Relations and Retention

- 129 employees have been recruited to Purdue YTD 2012. Turnover in 2012 is 3.9% YTD compared to 2.4% at the same time in 2011.

- Three Director level positions have been filled within the Stamford R&D organization:
  - [redacted] M.D., Senior Medical Director reporting to [redacted]
  - [redacted] Ph.D., Director, Clinical Pharmacology, reporting to Dr. Stephen Harris
  - [redacted] Director, Outsourcing and Vendor Alliance Management, reporting to [redacted]

- [redacted] has joined Corporate Field Sales Training & Development as Associate Director, reporting to [redacted]

- [redacted] joined Medical Affairs as Associate Director, reporting to Bridget Martell.

- Yahghong (Stella) Li joined Regulatory Affairs reporting to Mary Carpenter as Associate Director.

- [redacted] has been named Executive Director and Plant Manager at our Wilson site and will begin his employment in August.

- Recruiting is in the final stages for three critical positions in Wilson:
  - Associate Director, GxP Training
  - Associate Director, Pharm Tech Services
  - Sr. Manager, Finance

- A search is under way for the position of Director of Toxicology for Cranbury.

- The Supplier Quality Assurance organization in Totowa is being reorganized with the intent of broadening skills and roles, improving process efficiencies and providing improved stakeholder alignment.

- Early response from District Managers on the use of pre-employment testing in Field Sales indicates positive results.

- An "e-Chain of Custody" electronic pilot program has been implemented for the administration of drug screening of new employees in Stamford. The process will replace the paper forms we currently provide new hires at all sites, Field Sales and Zero Chaos, our consultant hiring company. Turnaround time for drug screening results has decreased from 10 days to under a week.

Training & Development

- Level 600 training for new District Managers was conducted to prepare for the management of employee relations issues in the Field.

- Human Resources conducted development workshops in Totowa and Wilson in June targeting Problem Solving, Decision Making, and Project Management.

- A Functional Organization Review session was held with key Tech Ops leadership in Wilson in June to analyze the business scorecard, talent review, succession plans, employee development, performance gaps and retention in Wilson.

- Human Resources facilitated an offsite meeting for BBU leaders as an update to the BBUs Operating Principles Guide, to draft individual BBU charters and to develop action plans addressing individual and collective improvement opportunities.

- A Leading for Success Managers II Program incorporating new material from the Harvard High Potentials Leadership Program was conducted, with a focus on the dual roles of managers in providing management oversight and leadership, and an eight-step process for leading change. Sales and Marketing Directors participated in Presentation Skills coaching which included ideas on building a compelling business case. A Leading for Success Professionals I Program was held for directors, managers and individual contributors on practicing a core set of skills, also featuring new material.

- Corporate Succession Planning is well underway. An upcoming meeting with senior management is scheduled to finalize actions and development planning.

- The Medical Education Department participated in a Team Effectiveness training session to strengthen trust, communication and collaboration.

- Human Resources held the annual College Fair with eight colleges represented. Forty-five employees met with various schools and inquired about Purdue's tuition reimbursement program.

Rhodes Technologies and Rhodes Pharmaceuticals

- Purdue Human Resources supported the Rhodes organization by facilitating an April 17 meeting which included:
  - Compensation budget utilization
  - Recommendations for 2012 compensation design
  - Transparency of compensation information to the Rhodes Board and Board of MNP Consulting
  - Organizational planning

Environment, Facility and Regulatory Compliance

- The Wilson facility was inspected by North Carolina's Department of Environment and Natural Resources, Water Quality and Surface Water group. The site has been granted the "No-Exposure Certification," thereby releasing the Wilson site from the required regulatory burden. Wilson must maintain non-exposure conditions and be recertified annually.

Efficiency and Effectiveness

- Human Resources recruiting staff members have been trained to use LinkedIn and Bullhornreach.com as candidate search tools, reducing the use of outside search firms.

- Restructuring of the Litigation Support group took place in June resulting in the reduction of five positions.

Full-Time Turnover Report YTD 6/30/2012

	Begin Count	End Count	Ave # EE's	Termina-tions	% Term EE's	Retired	Resigna-tions	% Resigned	Total T/O	YTD T/O Rate
S&P										
Sales	631	633	632	8	1.3%	1	29	4.6%	38	6.0%
Marketing	45	46	46	1	2.2%	0	2	4.4%	3	6.7%
Sales Support	23	28	26	0	0.0%	1	1	4.3%	2	8.7%
Field Ops, Support & Admin	15	14	15	0	0.0%	0	3	20.0%	3	20.0%
Total S&P	**714**	**721**	**718**	**9**	**1.3%**	**2**	**35**	**4.9%**	**46**	**6.4%**
% of X-FTE's				*19.6%*		*4.3%*	*76.1%*			
G&A										
Administrative Services	34	34	34	0	0.0%	0	0	0.0%	0	0.0%
Business Development	7	7	7	0	0.0%	0	0	0.0%	0	0.0%
Corporate Compliance	9	11	10	0	0.0%	0	0	0.0%	0	0.0%
EHS	5	6	6	0	0.0%	0	0	0.0%	0	0.0%
Executive	11	13	12	0	0.0%	0	1	9.1%	1	9.1%
External Affairs	18	18	18	0	0.0%	0	0	0.0%	0	0.0%
Finance	60	60	60	0	0.0%	0	0	0.0%	0	0.0%
General Counsel	47	45	46	0	0.0%	0	0	0.0%	0	0.0%
Human Resources	23	23	23	0	0.0%	0	0	0.0%	0	0.0%
IT	92	97	95	0	0.0%	0	2	2.2%	2	2.2%
Procurement	13	13	13	0	0.0%	0	0	0.0%	0	0.0%
QA	24	30	27	0	0.0%	0	0	0.0%	0	0.0%
Security	16	14	15	0	0.0%	1	0	0.0%	1	6.3%
Total G&A	**359**	**371**	**365**	**0**	**0.0%**	**1**	**3**	**0.8%**	**4**	**1.1%**
% of X-FTE's				*0.0%*		*25.0%*	*75.0%*			
IRD/US										
Discovery	46	47	47	1	2.2%	0	0	0.0%	1	2.2%
Cranbury Support	10	13	12	0	0.0%	0	0	0.0%	0	0.0%
Drug Safety & Pharma	36	35	36	0	0.0%	0	0	0.0%	0	0.0%
Health Policy	38	40	39	0	0.0%	0	0	0.0%	0	0.0%
Medical Research	75	85	80	0	0.0%	0	2	2.7%	2	2.7%
Nonclinical & R&D	47	49	48	0	0.0%	0	0	0.0%	0	0.0%
Program Management	22	24	23	0	0.0%	0	1	4.5%	1	4.5%
Regulatory Affairs	23	24	24	0	0.0%	0	1	4.3%	1	4.3%
Total IRD/US	**297**	**317**	**307**	**1**	**0.3%**	**0**	**4**	**1.3%**	**5**	**1.7%**
% of X-FTE's				*20.0%*		*0.0%*	*80.0%*			
MFG/OPERATIONS										
PF Labs Salaried	17	18	18	0	0.0%	0	0	0.0%	0	0.0%
PPMD	55	57	56	0	0.0%	0	0	0.0%	0	0.0%
Wilson NC	189	188	189	2	1.1%	1	10	5.3%	13	6.9%
Total MFG/OPERATIONS	**261**	**263**	**262**	**2**	**0.8%**	**1**	**10**	**3.8%**	**13**	**5.0%**
% of X-FTE's				*15.4%*		*7.7%*	*76.9%*			
Total PURDUE	**1,631**	**1,672**	**1,652**	**12**	**0.7%**	**4**	**52**	**3.2%**	**68**	**4.2%**
RHODES Technologies	145	147	146	1	0.7%	0	1	0.7%	2	1.4%
RHODES Pharma	22	25	24	0	0.0%	0	1	4.5%	1	4.5%
Total MFG/OPERATIONS	**167**	**172**	**170**	**1**	**0.6%**	**0**	**2**	**1.2%**	**3**	**1.8%**
Total MIAMI	**4**	**5**	**5**	**0**	**0.0%**	**0**	**0**	**0.0%**	**0**	**0.0%**
Grand Total	**1,802**	**1,849**	**1,826**	**13**	**0.7%**	**4**	**54**	**3.0%**	**71**	**3.9%**
% of X-FTE's				*18.3%*		*5.6%*	*76.1%*			

FINANCE/INFORMATION TECHNOLOGY

Assure 2012 sales, profitability, efficiency, cash flow, compliance and pipeline objectives are supported by proactive, future-focused and meaningful financial analysis. Assure that Purdue's financial reporting and forecasting provide transparency into business results, and financial reporting internal controls are in place.

Financial Performance First Half 2012

	June Year-to-Date			Full Year	
Expressed in 000's	2012 YTD Actual	2012 YTD Budget	2011 YTD Actual	2012 Budget	2011 Actual
Net Branded Revenues	1,063,833	1,133,253	1,136,433	2,351,488	2,210,115
Operating Margin	483,770	512,861	631,843	1,094,217	1,186,089
EBITDA	482,061	497,737	619,498	1,070,182	1,173,772
Net Profit Before Tax	468,123	484,823	605,427	1,038,083	1,145,824
Owner's Equity	624,308	696,423	681,176	661,224	491,636
Non-tax Distributions	129,543	242,000	210,546	448,000	575,246
Days Sales Outstanding	35.4	35.0	35.1	35.0	33.9
Accounts Receivable Outstanding > 90 Days Past Due	< 1%	< 1%	< 1%	< 1%	< 1%
Capital Spending YTD	13,203	17,750	8,999	35,500	26,823
Unrestricted Cash on Hand	788,096	734,400	602,889	771,202	606,494
Available Liquidity	788,096	734,400	602,889	771,202	606,494
Available Liquidity - Average Months Sales	3.7	3.2	2.7	3.9	3.3
Headcount	1,672	1,730	1,630	1,788	1,633

Notes

- See full financial report for detail.
- Profit is lower than prior year due to increases in R&D (pipeline progressing), increasing S&P (launching new products) and lower sales (OxyContin).
- A $113 million non-tax distribution was made in July bringing year-to-date to $242 million.

Financial Performance Full Year 2012

The mid-year update presented in June projected:

($mm)	2012 Mid-year Update	2012 Budget	Variance FAV/ADV	Variance FAV/ADV %
Gross Branded Product Sales	$3,019.0	$3,167.9	($148.9)	-4.7%
Net Branded Sales	$2,237.9	$2,351.5	($113.6)	-4.8%
Operating Margin (before Incentive, Settlements & Other Items)	$1,018.2	$1,133.6	($115.4)	-10.2%
Operating Margin % Net Branded Sales	45.5%	48.2%	-2.7%	-5.6%
Pre-Tax Profit (Loss)	$922.7	$1,038.1	($115.4)	-11.1%
EBITDA	$953.4	$1,072.0	($118.6)	-11.1%
Tax Distributions	$418.4	$429.2	($10.8)	-2.5%
Non-Tax Distributions	$381.5	$448.0	($66.5)	-14.8%
Total Equity (all Companies in Pharmaceutical Group reported to Management Revisions)	$621.5	$661.2	($39.7)	-6.0%
Total Equity (US Operating Companies – Bank Reporting Group)	$600.0	$600.0	$0.0	0.0%
Unrestricted Cash	$701.9	$771.2	($69.3)	-9.0%

Notes

- Lower than budget gross sales of $148 million primarily due to lower OxyContin sales. Management reported that additional S&P resources are being allocated to OxyContin.

- An increase in R&D spend of $28 million due to (1) a decision to develop an Oxycodone IR TR formulation, 2012 cost $11 million, (2) timing and resupply of clinical materials for the ONU and Butrans higher strength studies, 2012 cost $9 mm, and (3) adding 165 sites to ensure patient enrollment targets are met in the ONU pain plus OIC efficacy studies - $5 million.

- Management is identifying spending reductions of $15 million to partially fund the higher R&D spending.

Executive Audit Committee

Members: Stuart Baker, Jack Crowley, Mark Geraci, Ed Mahony, and Bert Weinstein
Purpose: To ensure the effectiveness of internal controls, integrity of financial statements, and performance of internal and external auditors.
Frequency: Quarterly

Below is a summary of the most recent Audit reports.

Review of Butrans Speaker Program (performed by Corporate Compliance)

- Corporate Compliance performed an audit of the Butrans speaker programs to determine whether the cost per person was compliant with requirements of the Sunshine Act. The audit concluded that the program recordkeeping often included paperwork errors in numbers of attendees, room rental charges, etc. The Audit did not detect compliance violations.

- Subsequent to the audit, there has been additional training of Logistics Innovations (the third party that administers the programs) and closer oversight by the sales and finance departments has been implemented. These changes are expected to improve the accuracy of record keeping.

Review of Contracts Supporting Payments to Major Vendors (performed by Internal Audit)

- Internal audit performed an audit of all vendors that Purdue paid more than $100,000 during the twelve months ended September 30, 2011 to ensure that, where appropriate, a contract is in place and all work was competitively bid in accordance with company policy.

- Recommendations from the audit were:
  - Office of the General Counsel should update and circulate the guidelines that explain when a contract is required. Current status: In process.
  - The current $50,000 limitation for competitive bidding should be clarified – does the limit relate to an individual purchase or to the total annual purchase for a vendor. Current status: The policy is being reviewed.
  - Manufacturing should consider more extensive, competitive bidding. Current status: The recommendation relates to materials used in production which are highly regulated and typically single or dual sourced. Implementing competitive bidding from non-approved sources would not add value.

Treasury

Purdue's cash holding is currently invested in Treasury bills and US Government Securities mutual funds primarily in accounts registered to Purdue. These investments earn approximately 0.05-0.07% per annum.

2Q12 STI updated 10 July 2012.xls

See attached for Purdue's investment portfolio.

Capital Committee

Members: David Long, Ed Mahony, David Lundie, Larry Pickett
Frequency: 2-3 times per year
Purpose: The Capital Committee recommends (1) an annual capital plan, (2) a long term capital, and (3) limits of authority for capital approvals to the President. The Capital Committee also reports postmortems on major capital projects to the President.

2012 Outlook

- Management agreed to reduce the budget by $5.9 million of approved 2011 capital due to under spending, savings, and cancelled projects.

- 2011 carryover, net of the above reductions, is $27.5 million. In addition, the Board approved $35.0 million of 2012 new projects - these result in a total capital pool of $62.5 million.

- Cash capital spend for 2012 is expected to be on budget at $35.0 million with $13.2 million spent year to date June 2012. We expect spend in the 2nd half to include the sales force computer equipment replacement ($2.0 million), the Cranbury high potency lab fit out ($1.6 million), the Cranbury hydrogenation lab ($0.9 million) and computer hardware ($4.5 million).

- A President Capital Reserve of $2.5 million was set up in the 2012 Budget to fund projects that had not been fully vetted by budget time last year. The following reports on the status of this reserve:

Opening Balance in 2012 Budget		$2.5
Projects approved:		
SAP access control system enhancements	(0.1)	
Continuous power supply engineering study	(0.4)	
Trackwise system for product complaints	(0.45)	
Data disposition [1]	(0.3)	
Dashboard for licensing and product opportunities	(0.4)	
		(1.65)
Balance in President Reserve as of June 30th		$0.85

[1] This project allows Purdue to categorize stored IT data with the objective of removing unnecessary data, better identifying the data required to respond to legal requests and more. The payback on this project is less than one year through the elimination of storage costs.

2013 Budget Preparation

Purdue has initiated the 2013 budget process and has issued the following guidelines to all executive and departments heads:

- Sales – 2013 sales are expected to be at or about 2012 levels.

- Expense - Expenses and headcount are not expected to grow from 2012 by more than inflation, and in some areas we will be looking for reductions.

- R&D – Early indication is that to progress all the projects in the pipeline, the R&D budget will have to increase substantially. We will prepare the proposed spend accordingly, but will prioritize as the budget develops.

- S&P – BBU budgets will be critically evaluated. Continued support for OxyContin, Butrans and Intermezzo is currently anticipated.

- Headcount Budgets - Headcount needs, if any, should first be funded by efficiencies.

- Product In-Licensing / Acquisitions – A place holder for new product licenses or acquisitions will not be included in the 2013 Budget.

Trade Inventory

During 2011 and first half of 2012, OxyContin trade inventory operated at about 70 to 80 days demand. The expectation is that this will continue or decline as the trade improves its inventory management practices.

Summary of OxyContin inventory at the trade:

$ millions	12/31/2009	12/31/2010	6/30/2011	9/30/11	12/31/11	3/31/12	6/30/12
Wholesaler	254.4	195.7	199.2	186.9	224.6	188.2	208.4
Pharmacy	427.2	438.1	421.5	406.9	347.0	369.7	337.9
Hospital/Other	4.1	3.3	4.1	4.0	5.0	4.1	4.0
Total $	**685.7**	**637.1**	**624.8**	**597.8**	**576.6**	**562.0**	**550.3**
Total Days	**75.8**	**75.6**	**75.1**	**69.8**	**72.6**	**75.4**	**78.5**

Butrans inventory at the trade is down to about 70 days – a normal level:

$ millions	9/30/11	12/31/11	3/31/11	6/30/12
Wholesaler	5.3	7.0	6.0	7.7
Pharmacy	12.6	10.8	12.4	10.7
Hospital/Other	0.1	0.1	0.1	0.5
Total $	**18.0**	**17.9**	**18.5**	**18.9**
Total Days	**139.0**	**117.2**	**79.9**	**72.1**

Intermezzo inventory at the trade is $12.8 million – a return reserve of $9.0 million has been established based on current Rx demand and inventory shelf life expiration. As demand increases, this reserve will be decreased.

$ millions	6/30/12
Wholesaler	7.9
Pharmacy	4.9
Hospital/Other	0
Total $	**12.8**

Pension Investment Committee

Members: Stuart Baker, David Long, and Ed Mahony.
Frequency: 4 to 5 meetings per year
Purpose: The Pension Investment Committee oversees the investment managers and investments made in the Purdue defined benefits plan and, the investment choices offered to employees in Purdue's defined contribution 401(k) plan.

Defined Benefits Pension Plans

Purdue Pharma employee benefit package includes a defined benefit pension plan. This plan provides employees with a pension benefit calculated based on pay and years of service. Purdue contributes to a Trust Fund and that fund pays the employees' pension benefit. Purdue Pharma is ultimately liable to pay the benefits and until those benefits are completely paid out, the liability is uncertain and will change due to changes in many factors including, beneficiary life expectancy, turnover, pay raises, return on assets, and interest rate used to calculate lump sum payouts.

- PPLP Plan - At 12/31/12, the plan's Accumulated Benefit Obligation[1] was $220 million and the plan assets were $191 million. Purdue made $7.1 million of contributions to the plan in Q2-2012 and budgeted to make $28 million of

[1] Pension plan liability calculation above is calculated under ERISA/IRS guidance. Accounting guidance projects future benefits so liabilities are higher, but less relevant to our funding decisions.

contributions spread equally over 2012. The relatively high 2012 contribution is due to lower than expected investment return in 2011 and a decrease in discount rate used to determine future liability.

The plan investments returned approximately 1.0% for the 12-month ended 6/30/12. The fund assets are invested in: (a) passive equity indexed funds, and (b) actively managed fixed income funds – which have outperformed passive fixed income.

- PF Labs (Union) Plan - PF Labs has a smaller defined benefit plan - $6.6 million in assets – covering ex-employees, the plan is well funded and small contributions are being made.

Defined Contribution Pension Plans - 401(k)

- Purdue Pharma LP also offers employees an optional 401(k) defined contribution savings plan. The company's contribution to this plan was $5.9 million in 2011 and is defined as a certain limited percentage of the employee's contribution to the plan. The 401(k) plan assets total $265 million and $290 million at the end of 2011 and Q2-2012, respectively. Purdue employees choose how these funds are invested from a diversified list of mutual funds that are vetted and monitored by the Committee, Fidelity and an outside consultant.

- The plan offers employees a broad range of active and passive investment options. The funds offered are generally very good performers in their classes. Marginal and poor performers are frozen to new investment and/or removed. Nearly all

funds in Purdue's lineup are rated by Morningstar at 3-star or higher.

Information Technology

Top Projects & Initiatives

- The Health Care Practitioner (HCP) Portal is a Purdue website set up for HCP's who, once registered, have access to product information, formulary coverage, a sales representative visit request form, etc. The website is managed internally by IT at a significant savings from the previous vendor. Hosting savings alone are $275K annually. The entire site was recently redeveloped, highlighting the addition of Intermezzo, as well as now being integrated with Managed Care Formulary information, which we believe HCP's will find very helpful.

- The IT team implemented an application called UPS Worldship which provides UPS labeling, parcel, and rate tracking functions to Rhodes Pharma at the Wilson distribution center. This will reduce group shipping costs by $2,184,400. Rhodes Pharma successfully shipped the first orders under this UPS method on July 2.

- As presented at the board meeting on June 20, IT off-shoring currently used extensively in Purdue, is being evaluated by Richard Rolt for Europe. The group is considering establishing off-shore goals in line with industry standards (50% in-house, 50% off-shore). Approximately $40 million in savings have been realized in the off-shore program at Purdue over the past six years.

Efficiency Initiative

Purdue's management team is undertaking targeted deep-dive expense analysis with a goal of delivering $50 million in savings to Purdue's bottom line by 2Q 2013. The areas of focus are:

- IT-Worldwide – This study was completed in Q1 and presented to senior management and the Board. The study identified approximately $8 million in savings. Larry Pickett and [redacted] are beginning to implement some of the proposed changes and will report back in 4Q 2012.

- Sales Force – This project will be initiated at the end of 4Q 2012 or 1Q 2013. Estimated savings could be in the range of 5% or $5 million.

- Clinical Trial (CRO) Costs called "Project Breakthrough" – [redacted] and [redacted] have undertaken organizational and contracting changes which are delivering substantial savings.

- There will also be negotiated cost savings, vendor rebates, etc. delivered by [redacted] and department heads throughout Purdue.

Produced Natively

	Betadine	Colace	Dilaudid	MS Contin	Senokot	Ryzolt	PeriColace	SlowMag
2Q12	309	698	89	54	465	10	85	186
2Q11	310	554	54	33	428	23	73	185

Produced Natively

	Butrans	Intermezz	OxyContin
2Q12	1665	972	866
1Q11	2280		1,661

Produced Natively

Full-Time Turnover Report YTD 6/30/2012

	Begin Count	End Count	Ave # EE's	Termina-tions	% Term EE's	Retired	Resigna-tions	% Resigned	Total T/O	YTD T/O Rate
S&P										
Sales	631	633	632	8	1.3%	1	29	4.6%	38	6.0%
Marketing	45	46	46	1	2.2%	0	2	4.4%	3	6.7%
Sales Support	23	28	26	0	0.0%	1	1	4.3%	2	8.7%
Field Ops, Support & Admin	15	14	15	0	0.0%	0	3	20.0%	3	20.0%
Total S&P	**714**	**721**	**718**	**9**	**1.3%**	**2**	**35**	**4.9%**	**46**	**6.4%**
% of X-FTE's				*19.6%*		*4.3%*	*76.1%*			
G&A										
Administrative Services	34	34	34	0	0.0%	0	0	0.0%	0	0.0%
Business Development	7	7	7	0	0.0%	0	0	0.0%	0	0.0%
Corporate Compliance	9	11	10	0	0.0%	0	0	0.0%	0	0.0%
EHS	5	6	6	0	0.0%	0	0	0.0%	0	0.0%
Executive	11	13	12	0	0.0%	0	1	9.1%	1	9.1%
External Affairs	18	18	18	0	0.0%	0	0	0.0%	0	0.0%
Finance	60	60	60	0	0.0%	0	0	0.0%	0	0.0%
General Counsel	47	45	46	0	0.0%	0	0	0.0%	0	0.0%
Human Resources	23	23	23	0	0.0%	0	0	0.0%	0	0.0%
IT	92	97	95	0	0.0%	0	2	2.2%	2	2.2%
Procurement	13	13	13	0	0.0%	0	0	0.0%	0	0.0%
QA	24	30	27	0	0.0%	0	0	0.0%	0	0.0%
Security	16	14	15	0	0.0%	1	0	0.0%	1	6.3%
Total G&A	**359**	**371**	**365**	**0**	**0.0%**	**1**	**3**	**0.8%**	**4**	**1.1%**
% of X-FTE's				*0.0%*		*25.0%*	*75.0%*			
IRD/US										
Discovery	46	47	47	1	2.2%	0	0	0.0%	1	2.2%
Cranbury Support	10	13	12	0	0.0%	0	0	0.0%	0	0.0%
Drug Safety & Pharma	36	35	36	0	0.0%	0	0	0.0%	0	0.0%
Health Policy	38	40	39	0	0.0%	0	0	0.0%	0	0.0%
Medical Research	75	85	80	0	0.0%	0	2	2.7%	2	2.7%
Nonclinical & R&D	47	49	48	0	0.0%	0	0	0.0%	0	0.0%
Program Management	22	24	23	0	0.0%	0	1	4.5%	1	4.5%
Regulatory Affairs	23	24	24	0	0.0%	0	1	4.3%	1	4.3%
Total IRD/US	**297**	**317**	**307**	**1**	**0.3%**	**0**	**4**	**1.3%**	**5**	**1.7%**
% of X-FTE's				*20.0%*		*0.0%*	*80.0%*			
MFG/OPERATIONS										
PF Labs Salaried	17	18	18	0	0.0%	0	0	0.0%	0	0.0%
PPMD	55	57	56	0	0.0%	0	0	0.0%	0	0.0%
Wilson NC	189	188	189	2	1.1%	1	10	5.3%	13	6.9%
Total MFG/OPERATIONS	**261**	**263**	**262**	**2**	**0.8%**	**1**	**10**	**3.8%**	**13**	**5.0%**
% of X-FTE's				*15.4%*		*7.7%*	*76.9%*			
Total PURDUE	**1,631**	**1,672**	**1,652**	**12**	**0.7%**	**4**	**52**	**3.2%**	**68**	**4.2%**
RHODES Technologies	145	147	146	1	0.7%	0	1	0.7%	2	1.4%
RHODES Pharma	22	25	24	0	0.0%	0	1	4.5%	1	4.5%
Total MFG/OPERATIONS	**167**	**172**	**170**	**1**	**0.6%**	**0**	**2**	**1.2%**	**3**	**1.8%**
Total MIAMI	**4**	**5**	**5**	**0**	**0.0%**	**0**	**0**	**0.0%**	**0**	**0.0%**
Grand Total	**1,802**	**1,849**	**1,826**	**13**	**0.7%**	**4**	**54**	**3.0%**	**71**	**3.9%**
% of X-FTE's				*18.3%*		*5.6%*	*76.1%*			

S&P TURNOVER TREND

January YTD 2010

	Begin Count	Termina-tions	Retired	Resigna-tions	TOTAL x-FTE's	End Count	March YTD Turnover % Rate	Est. Annual % Rate > 10%
Sales Force	463	5	0	4	9	459		
Sales Force	2	0	0	0	0	2		
Managed Care Sales	18	0	0	0	0	18		
Managed Health Strat	0	0	0	0	0	3		
National Accounts	7	0	0	0	0	7		
ıbtotal	**490**	**5**	**0**	**4**	**9**	**489**	**6.0%**	
Marketing	18	0	0	0	0	17		
Marketing - PP	3	0	0	0	0	3		
Creative Services	7	0	0	0	0	7		
FA & Market Research	14	0	0	0	0	15		
NG - Subtotal	**42**	**0**	**0**	**0**	**0**	**42**	**6.7%**	
Sales Operations	10	0	0	0	0	12		
Sales Training	13	0	0	0	0	13		
PPORT - Subtotal	**23**	**0**	**0**	**0**	**0**	**25**	**8.7%**	
Mgd Mkt Cont. & Ops	12	0	0	0	0	14		
S, SUPPORT & ADMIN	**12**	**0**	**0**	**0**	**0**	**14**	**20.0%**	
CENTERS	**567**	**5**	**0**	**4**	**9**	**570**	**6.4%**	
% of X-FTE's		*55.6%*	*0.0%*	*44.4%*				

G&A TURNOVER TREND

January YTD 2010

	Begin Count	Termina-tions	Retired	Resigna-tions	TOTAL x-FTE's	End Count	March YTD Turnover % Rate	Est. Annual % Rate > 10%
Admin. Services	32	0	0	0	0	32		
tive Serivces	**32**	**0**	**0**	**0**	**0**	**32**	**0.0%**	
Lic. & Bus. Dev.	7	0	0	0	0	7		
velopment Subtotal	**7**	**0**	**0**	**0**	**0**	**7**	**0.0%**	
Corp. Compliance	7	0	0	0	0	8		
Compliance Subtotal	**7**	**0**	**0**	**0**	**0**	**8**	**0.0%**	
EHS - Corporate	5	0	0	0	0	5		
ntal Health & Safety Subtotal	**5**	**0**	**0**	**0**	**0**	**5**	**0.0%**	
Ex. Admin	7	1	0	0	1	7		
Ex. Admin - RRS	1	0	0	0	0	1		
Ex. Admin - MDS	1	0	0	0	0	1		
Executive Administration-MDAS	1	1	0	0	1	0		
Ex. Admin - TE	5	0	0	0	0	5		
dministration Subtotal	**15**	**2**	**0**	**0**	**2**	**14**	**9.1%**	
Public Affairs	4	0	0	0	0	4		
Fed. Gov't Affairs	2	0	0	0	0	2		
State Gov't Affairs	9	0	0	0	0	9		
ffairs - Subtotal	**15**	**0**	**0**	**0**	**0**	**15**	**0.0%**	
Finance	53	1	0	0	1	54		
Finance	6	0	0	0	0	7		
btotal	**53**	**1**	**0**	**0**	**1**	**54**	**0.0%**	
DEA Compliance	2	0	0	0	0	2		
General Counsel	32	0	0	0	0	32		
Litigation Support	12	0	0	0	0	12		
Records Management	4	0	0	0	0	4		
Internal Audit	2	0	0	0	0	2		
unsel Subtotal	**52**	**0**	**0**	**0**	**0**	**52**	**0.0%**	
Human Resources	21	0	0	0	0	21		
ources - Subtotal	**21**	**0**	**0**	**0**	**0**	**21**	**0.0%**	

G&A TURNOVER TREND

January YTD 2010

	Begin Count	Termina-tions	Retired	Resigna-tions	TOTAL x-FTE's	End Count	March YTD Turnover % Rate	Est. Annual % Rate > 10%
SAP Systems	21	1	0	0	1	20		
IT Administration	7	0	0	0	0	7		
IT Plan Cmpl & Res M	5	0	0	0	0	5		
Sales & Mkt Sys	11	0	0	0	0	11		
R&D Systems	6	0	0	0	0	6		
TSO Production	21	0	0	0	0	21		
Client Services	6	0	0	0	0	6		
IT Sec & Collab Svcs	9	0	0	0	0	9		
ı Technology Subtotal	**86**	**1**	**0**	**0**	**1**	**85**	**2.2%**	
Corp. Procurement	15	0	0	0	0	15		
ıt Subtotal	**15**	**0**	**0**	**0**	**0**	**15**	**0.0%**	
Corporate QA	14	0	0	0	0	14		
RQA - Cranbury	4	0	0	0	0	4		
RQA - Stamford	3	0	0	0	0	3		
QA Subtotal	**21**	**0**	**0**	**0**	**0**	**21**	**0.0%**	
Security - Corporate	8	0	0	0	0	8		
Security -Stamford	1	0	0	0	0	1		
LELE	6	0	0	0	0	6		
	15	**0**	**0**	**0**	**0**	**15**	**6.3%**	
T CENTERS	**344**	**4**	**0**	**0**	**4**	**344**	**1.1%**	
% of X-FTE's		*100.0%*	*0.0%*	*0.0%*				

R&D TURNOVER TREND

January YTD 2010

	Begin Count	Termina-tions	Retired	Resigna-tions	TOTAL x-FTE's	End Count	March YTD Turnover % Rate	Est. Annual % Rate > 10%
Discovery Admin.	37	0	0	0	0	38		
Cranbury Support	4	0	0	0	0	4		
Security - Discovery	1	0	0	0	0	1		
Cranbury Facilities	5	0	0	0	0	5		
RY - Subtotal	**47**	**0**	**0**	**0**	**0**	**48**	**2.2%**	
Drug Sfty. & Pharma	33	0	0	0	0	34		
ETY - Subtotal	**33**	**0**	**0**	**0**	**0**	**34**	**0.0%**	
Health Policy	2	0	0	0	0	2		
Risk Management	8	0	0	0	0	7		
HC Ed. & Liaison Pro	11	0	0	0	0	11		
Library & Info Serv.	7	0	0	0	0	7		
Medical Services	8	0	0	0	0	8		
Med. Education	4	0	0	0	0	5		
POLICY - Subtotal	**40**	**0**	**0**	**0**	**0**	**40**	**0.0%**	
Medical Research	48	0	0	2	2	48		
Medical Research	5	0	0	0	0	5		
RESRCH - Subtotal	**53**	**0**	**0**	**2**	**2**	**53**	**2.7%**	
PKDM/Toxicology	8	0	0	0	0	8		
Transderm Dev & Clin	6	0	0	0	0	6		
Transdermal Dev Pkg.	2	0	0	0	0	2		
Pharmaceutics	9	0	0	0	0	10		
Analytics	16	2	0	0	2	14		
ICAL R&D - Subtotal	**41**	**2**	**0**	**0**	**2**	**40**	**0.0%**	
Program Mgmt	19	0	0	0	0	19		
Program Mgmt	2	0	0	0	0	2		
MGMT - Subtotal	**21**	**0**	**0**	**0**	**0**	**21**	**4.5%**	
US Reg. Affairs	18	0	0	0	0	18		
ORY AFFAIRS - Subto	**18**	**0**	**0**	**0**	**0**	**18**	**4.3%**	

R&D TURNOVER TREND

January YTD 2010

	Begin Count	Termina-tions	Retired	Resigna-tions	TOTAL x-FTE's	End Count	March YTD Turnover % Rate	Est. Annual % Rate > 10%
T CENTERS	**200**	**2**	**0**	**2**	**4**	**254**	**1.7%**	
% of X-FTE's		*50.0%*	*0.0%*	*50.0%*				

MANUFACTURING TURNOVER TREND

January YTD 2010

	Begin Count	Termina-tions	Retired	Resigna-tions	TOTAL x-FTE's	End Count	March YTD Turnover % Rate	Est. Annual % Rate > 10%
DEA Comp - Totowa	1	0	0	0	0	1		
Plant IT Sys - Tot	1	0	0	0	0	1		
Security - Totowa	1	0	0	0	0	1		
Logistics - Wilson	4	0	0	0	0	4		
Production - Totowa	2	0	0	0	0	2		
QC - Totowa	3	0	0	0	0	3		
QA - Totowa	2	0	0	0	0	2		
Prod Eng. - Totowa	3	0	0	0	0	3		
Mat. Mgmt - Totowa	1	0	0	0	0	1		
Plant Maint - Totowa	3	0	0	0	0	3		
Distrib. - Totowa	1	0	0	0	0	1		
ALARIED - Subtotal	**22**	**0**	**0**	**0**	**0**	**22**	**0.0%**	
M&SC - Pkg Des & Dev	6	0	0	0	0	6		
M&SC - Admin	1	0	0	0	0	1		
M&SC - HR	1	0	0	0	0	1		
M&SC - Supplier Qual	17	0	0	1	1	17		
M&SC - IT SAP	7	0	0	0	0	7		
M&SC Plan & Compl	6	0	0	0	0	6		
M&SC - Tech Services	2	0	0	0	0	2		
M&SC - Supply Chain	13	0	0	0	0	13		
M&SC - cGMP Training	3	0	0	0	0	3		
M&SC - Cent Eng.	2	0	0	0	0	2		
ST - Subtotal	**58**	**0**	**0**	**1**	**1**	**58**	**0.0%**	
Mfg - Wilson	29	0	0	0	0	30		
Pkg - Wilson	21	2	0	0	2	18		
Ex. Admin. - Wilson	7	0	0	0	0	7		
CSA Comp. - Wilson	12	0	0	0	0	13		
Plant IT Sys -Wilson	8	0	0	0	0	8		
HR - Wilson	2	0	0	0	0	2		
Security - Wilson	2	0	0	0	0	1		
Production - Wilson	11	0	0	0	0	11		
QC - Wilson	25	0	0	0	0	25		
QA - Wilson	28	0	0	0	0	28		
Plant Eng. - Wilson	7	0	0	0	0	7		
Plant Maint - Wilson	10	0	0	0	0	10		
EHS - Wilson	1	0	0	0	0	1		
Distribution -Wilson	11	0	0	0	0	11		
Pharm Tech-Wilson	8	0	0	0	0	8		
NC - Subtotal	**182**	**2**	**0**	**0**	**2**	**180**	**6.9%**	
T CENTERS	**262**	**2**	**0**	**1**	**3**	**260**	**5.0%**	
% of X-FTE's		*66.7%*	*0.0%*	*33.3%*				

RHODES TURNOVER TREND

January YTD 2010

	Begin Count	Termina-tions	Retired	Resigna-tions	TOTAL x-FTE's	End Count	March YTD Turnover % Rate	Est. Annual % Rate > 10%
Mfg - Rhodes	30	0	0	0	0	30		
Ex. Admin. - Rhodes	7	0	0	0	0	7		
HR - Rhodes	3	0	0	0	0	3		
Prod Dev - Rhodes Ph	9	0	0	1	1	7		
Production - Rhodes	10	0	0	0	0	11		
QC - Rhodes	11	0	0	0	0	11		
Plant Eng. - Rhodes	15	0	0	0	0	15		
Mat Mangment -Rhodes	4	0	0	0	0	4		
Security - Rhodes	2	0	0	0	0	2		
EHS - Rhodes	4	0	0	0	0	3		
'ECHNOLOGIES - Subto	**95**	**0**	**0**	**1**	**1**	**93**	**1.4%**	
Executive Admin RP	2	0	0	0	0	2		
Prod. Dev. - Rhodes	23	0	0	0	0	25		
QA - Rhodes	6	0	0	0	0	6		
Prod. Eng. - Rhodes	7	0	0	0	0	10		
Sales & Promo RP	1	0	0	0	0	3		
'HARMA - Subtotal	**39**	**0**	**0**	**0**	**0**	**46**	**#REF!**	
I CENTERS	**134**	**0**	**0**	**1**	**1**	**139**	**1.8%**	
% of X-FTE's		*0.0%*	*0.0%*	*100.0%*				

Projected Turnover Report
For the period 01/01/2004Through 03/31/2004
Regular / Full-Time

Department	Begin	Terms	RET	Resigned		End		
1901219	29					30		Mfg - Wilson
1901227	30					30		Mfg - Rhodes
1902219	21	2				18		Pkg - Wilson
2100208	7	1				7		Ex. Admin
2100219	7					7		Ex. Admin. - Wilson
2100250	2					2		Executive Admin RP
2100227	7					7		Ex. Admin. - Rhodes
2100504	5					5		Ex. Admin - TE
2102208	1					1		Ex. Admin - RRS
2103208	1					1		Ex. Admin - MDS
2105208	1	1				0		Executive Administration-MDAS
2130208	7					8		Corp. Compliance
2131208	2					2		DEA Compliance
2131219	12					13		CSA Comp. - Wilson
2131109	1					1		DEA Comp - Totowa
2153208	21	1				20		SAP Systems
2164208	6					6		M&SC - Pkg Des & Dev
2180208	7					7		Lic. & Bus. Dev.
2183208	4					4		Public Affairs
2185409	8					8		Security - Corporate
2187208	4					4		RQA - Cranbury
2188208	3					3		RQA - Stamford
2190208	14					14		Corporate QA
2200208	32					32		General Counsel
2201208	12					12		Litigation Support
2202208	4					4		Records Management
2203409	2					2		Internal Audit
2250208	2					2		Fed. Gov't Affairs
2251208	9					9		State Gov't Affairs
2301208	53	1				54		Finance
2301415	6					7		Finance
2350208	15					15		Corp. Procurement
2400208	7					7		IT Administration
2400109	1					1		Plant IT Sys - Tot
2400219	8					8		Plant IT Sys -Wilson
2402208	5					5		IT Plan Cmpl & Res M
2404208	11					11		Sales & Mkt Sys
2408208	6					6		R&D Systems
2410208	21					21		TSO Production
2450208	6					6		Client Services
2460208	9					9		IT Sec & Collab Svcs
2500208	21					21		Human Resources
2500219	2					2		HR - Wilson
2500227	3					3		HR - Rhodes
2510208	32					32		Admin. Services
2530409	1					1		Security -Stamford
2531409	1					1		Security - Totowa
2532409	2					1		Security - Wilson
2533409	2					2		Security - Rhodes
2539208	6					6		LELE

Projected Turnover Report
For the period 01/01/2004Through 03/31/2004
Regular / Full-Time

2550409	5					5		EHS - Corporate
2901219	4					4		Logistics - Wilson
4010208	18					18		US Reg. Affairs
4105208	37					38		Discovery Admin.
4107208	2					2		Health Policy
4108208	8					7		Risk Management
4109208	11					11		HC Ed. & Liaison Pro
4110208	19					19		Program Mgmt
4110241	2					2		Program Mgmt
4160227	23					25		Prod. Dev. - Rhodes
4160250	9			1		7		Prod Dev - Rhodes Ph
4232208	4					4		Cranbury Support
4300208	8					8		PKDM/Toxicology
4403409	1					1		Security - Discovery
4422208	5					5		Cranbury Facilities
4500208	6					6		Transderm Dev & Clin
4500241	2					2		Transdermal Dev Pkg.
4505208	9					10		Pharmaceutics
4601208	7					7		Library & Info Serv.
4713208	48			2		48		Medical Research
4713241	5					5		Medical Research
4716208	33					34		Drug Sfty. & Pharma
4718208	8					8		Medical Services
4800208	4					5		Med. Education
4900208	16	2				14		Analytics
6000109	2					2		Production - Totowa
6000219	11					11		Production - Wilson
6000227	10					11		Production - Rhodes
6100109	3					3		QC - Totowa
6100219	25					25		QC - Wilson
6100227	11					11		QC - Rhodes
6200109	2					2		QA - Totowa
6200219	28					28		QA - Wilson
6200227	6					6		QA - Rhodes
6300109	3					3		Prod Eng. - Totowa
6300227	7					10		Prod. Eng. - Rhodes
6400219	7					7		Plant Eng. - Wilson
6400227	15					15		Plant Eng. - Rhodes
6500109	1					1		Mat. Mgmt - Totowa
6500227	4					4		Mat Mangment -Rhodes
6600109	3					3		Plant Maint - Totowa
6600219	10					10		Plant Maint - Wilson
6651409	1					1		EHS - Wilson
6652409	4					3		EHS - Rhodes
6700109	1					1		Distrib. - Totowa
6700219	11					11		Distribution -Wilson
6900219	8					8		Pharm Tech-Wilson
6950208	1					1		M&SC - Admin
6951208	1					1		M&SC - HR
6952208	17			1		17		M&SC - Supplier Qual
6953208	7					7		M&SC - IT SAP

Projected Turnover Report
For the period 01/01/2004Through 03/31/2004
Regular / Full-Time

6954208	6					6		M&SC Plan & Compl
6955208	2					2		M&SC - Tech Services
6959208	13					13		M&SC - Supply Chain
6962208	3					3		M&SC - cGMP Training
6967208	2					2		M&SC - Cent Eng.
8000208	18					17		Marketing
8000307	3					3		Marketing - PP
8075250	1					3		Sales & Promo RP
8100208	463	5		**4**		459		Sales Force
8100231	2					2		Sales Force
8110208	12					14		Mgd Mkt Cont. & Ops
8111208	18					18		Managed Care Sales
8130213	3					3		Miami Sales
8200208	7					7		Creative Services
8500208	10					12		Sales Operations
8510208	13					13		Sales Training
8601208	0					3		Managed Health Strat
8800208	14					15		FA & Market Research
8900208	7					7		National Accounts
TOTAL								
	1569	13	0	8	0	1577		
	total terms	21						

Month #	3
Month	March
#	4

1	January	12
2	February	6
3	March	4
4	April	3
5	May	2.4
6	June	2
7	July	1.7142857
8	August	1.5
9	September	1.3333333
10	October	1.2
11	November	1.0909091
12	December	1

Report

2100	2100208	**2100208**	7
2102	2102208	**2102208**	1
2103	2103208	**2103208**	1
2105	2105208	**2105208**	1
2130	2130208	**2130208**	6
2131	2131208	**2131208**	2
2153	2153208	**2153208**	21
2164	2164208	**2164208**	6
2180	2180208	**2180208**	6
2183	2183208	**2183208**	4
2185	2185409	**2185409**	8
2187	2187208	**2187208**	4
2188	2188208	**2188208**	3
2190	2190208	**2190208**	14
2200	2200208	**2200208**	33
2201	2201208	**2201208**	12
2202	2202208	**2202208**	4
2203	2203409	**2203409**	2
2250	2250208	**2250208**	2
2251	2251208	**2251208**	9
2301	2301208	**2301208**	59
2350	2350208	**2350208**	15
2400	2400208	**2400208**	7
2402	2402208	**2402208**	5
2408	2408208	**2408208**	15
2410	2410208	**2410208**	21
2450	2450208	**2450208**	17
2500	2500208	**2500208**	21
2510	2510208	**2510208**	32
2530	2530409	**2530409**	1
2539	2539208	**2539208**	6
2550	2550409	**2550409**	5
2901	2901109		
4055	4055208		
4105	4105208	**4105208**	37
4107	4107208	**4107208**	2
4108	4108208	**4108208**	8
4109	4109208	**4109208**	11
4110	4110208	**4110208**	21
4204			
4232	4232208	**4232208**	4
4300	4300208	**4300208**	8
4403	4403409	**4403409**	1
4422	4422208	**4422208**	5
4500	4500208	**4500208**	8
4505	4505208	**4505208**	9

4601	4601208	**4601208**	7
4713	4713208	**4713208**	54
4716	4716208	**4716208**	33
4718	4718208	**4718208**	8
4800	4800208	**4800208**	4
4900	4900208	**4900208**	16
6000	6000109	**6000109**	2
6100	6100109	**6100109**	3
6200	6200109	**6200109**	2
6300	6300109	**6300109**	3
6500	6500109	**6500109**	1
6600	6600109	**6600109**	3
6650	6650409		
6700	6700109	**6700109**	1
6900	6900109	**6900219**	8
6950	6950208	**6950208**	1
6951	6951208	**6951208**	1
6952	6952208	**6952208**	17
6953	6953208	**6953208**	7
6954		**6954208**	6
6955		**6955208**	2
6959	6959208	**6959208**	13
6962	6962208	**6962208**	3
6967	6967208	**6967208**	2
8000	8000208	**8000208**	18
8100	8100208	**8100208**	467
8110	8110208	**8110208**	12
8111	8111208	**8111208**	16
8130	8130213	**8130213**	3
8200	8200208	**8200208**	7
8500	8500208	**8500208**	10
8510	8510208	**8510208**	13
8800	8800208	**8800208**	14
8900	8900208	**8900208**	7
9000	9000208		
1901NC	1901219	**1901219**	29
1901RT	1901227	**1901227**	30
1901UN	1901109		
1902NC	1902219	**1902219**	21
1902UN	1902109		
2100NC	2100219	**2100219**	7
2100RP	2100250	**2100250**	3
2100RT	2100227	**2100227**	11
2100TE	2100504	**2100504**	5
2131NC	2131219	**2131219**	12
2131PL	2131109	**2131109**	1
2400MS	2400109	**2400109**	1

2400NC	2400219	**2400219**	8
2500NC	2500219	**2500219**	2
2500PL	2500109		
2500RT	2500227	**2500227**	3
2531PL	2531409	**2531409**	1
2532NC	2532409	**2532409**	2
2533RT	2533409	**2533409**	2
4010MC	2901219	**2901219**	4
4010US	4010208	**4010208**	19
4160RP	4160250	**4160250**	9
4160RT	4160227	**4160227**	23
6000NC	6000219	**6000219**	11
6000RT	6000227	**6000227**	10
6000UN			
6100NC	6100219	**6100219**	25
6100RP			
6100RT	6100227	**6100227**	11
6200NC	6200219	**6200219**	28
6200RP			
6200RT	6200227	**6200227**	6
6200UN			
6300RP			
6300RT	6300227	**6300227**	8
6400NC	6400219	**6400219**	7
6400RT	6400227	**6400227**	15
6500UN			
6600NC	6600219	**6600219**	10
6600UN			
6651NC	6651409	**6651409**	1
6652RT	6652409	**6652409**	4
6700NC	6700219	**6700219**	11
6700UN			
6900NC	6900219		
8000PP	8000307	**8000307**	3
8100NF			
8111NF			
8900NF			1571

Produced Natively

Expressed in 000's	June Year-to-Date 2012 YTD Actual	June Year-to-Date 2012 YTD Budget	June Year-to-Date 2011 YTD Actual	Full Year 2012 Budget	Full Year 2011 Actual
Net Branded Revenues	1,063,833	1,133,253	1,136,433	2,351,488	2,210,115
Operating Margin	483,770	512,861	631,843	1,094,217	1,186,089
EBITDA	482,061	497,737	619,498	1,070,182	1,173,772
Net Profit Before Tax	468,123	484,823	605,427	1,038,083	1,145,824
Owner's Equity	624,308	696,423	681,176	661,224	491,636
Non-tax Distributions	129,543	242,000	210,546	448,000	575,246
Days Sales Outstanding	35.4	35.0	35.1	35.0	33.9
Accounts Receivable Outstanding > 90 Days Past Due	< 1%	< 1%	< 1%	< 1%	< 1%
Capital Spending YTD	13,203	17,750	8,999	35,500	26,823
Unrestricted Cash on Hand	788,096	734,400	602,889	771,202	606,494
Available Liquidity	788,096	734,400	602,889	771,202	606,494
Available Liquidity - Average Months Sales	3.7	3.2	2.7	3.9	3.3
Headcount	1,672	1,730	1,630	1,788	1,633

Produced Natively

($mm)	2012 Mid-year Update	2012 Budget	Variance FAV/ADV	Variance FAV/ADV %
Gross Branded Product Sales	$3,019.0	$3,167.9	($148.9)	-4.7%
Net Branded Sales	$2,237.9	$2,351.5	($113.6)	-4.8%
Operating Margin (before Incentive, Settlements & Other Items)	$1,018.2	$1,133.6	($115.4)	-10.2%
Operating Margin % Net Branded Sales	45.5%	48.2%	-2.7%	-5.6%
Pre-Tax Profit (Loss)	$922.7	$1,038.1	($115.4)	-11.1%
EBITDA	$953.4	$1,072.0	($118.6)	-11.1%
Tax Distributions	$418.4	$429.2	($10.8)	-2.5%
Non-Tax Distributions	$381.5	$448.0	($66.5)	-14.8%
Total Equity (all Companies in Pharmaceutical Group reported to Management Revisions)	$621.5	$661.2	($39.7)	-6.0%
Total Equity (US Operating Companies – Bank Reporting Group)	$600.0	$600.0	$0.0	0.0%
Unrestricted Cash	$701.9	$771.2	($69.3)	-9.0%

Produced Natively

To: Baker, Stuart D.[redacted]@chadbourne.com]; Boer, Pete[redacted]@pharma.com]; Dolan, James[redacted]@pharma.com]; Gasdia, Russell[redacted]@pharma.com]; Landau, Dr. Craig[redacted]@pharma.com]; Lewent, Judy[redacted]@pharma.com]; Long, David[redacted]@pharma.com]; Lundie, David[redacted]@pharma.com]; Mahony, Edward[redacted]@pharma.com]; Mallin, William[redacted]@pharma.com]; Must, Alan[redacted]@pharma.com]; Paulo Ferraz Costa[redacted]@me.com]; Pickett, Ceci[redacted]@pharma.com]; Sackler Lefcourt, Ilene[redacted]@pharma.com]; Sackler, Beverly[redacted]@pharma.com]; Sackler, Dame Theresa[redacted]@mdsackler.co.uk]; Sackler, Dr Kathe[redacted]@pharma.com]; Sackler, Dr Raymond R[redacted]@pharma.com]; Sackler, Dr Richard[redacted]@pharma.com]; Sackler, Jonathan[redacted]@pharma.com]; Sackler, Mortimer D.A.[redacted]@pharma.com]; Stewart, John H. (US[redacted]@pharma.com][redacted]@pharma.com]; Weinstein, Bert[redacted]@pharma.com]
From: Long, David
Sent: Fri 7/27/2012 9:43:35 AM
Subject: FW: 2Q 2012 PURDUE Report to the Board
2Q 2012 PURDUE Report to the Board.docx

All,

Please find attached the Purdue 2nd Quarter 2012 Report to the Board. You will find within the report an update of results against objectives as well as issues being addressed by the organization. Any questions or suggestions are, as always, most welcome.

Regards,
David

David E. Long
Senior Vice President, Human Resources
Purdue Pharma L.P.
Redacted
[redacted]@pharma.com