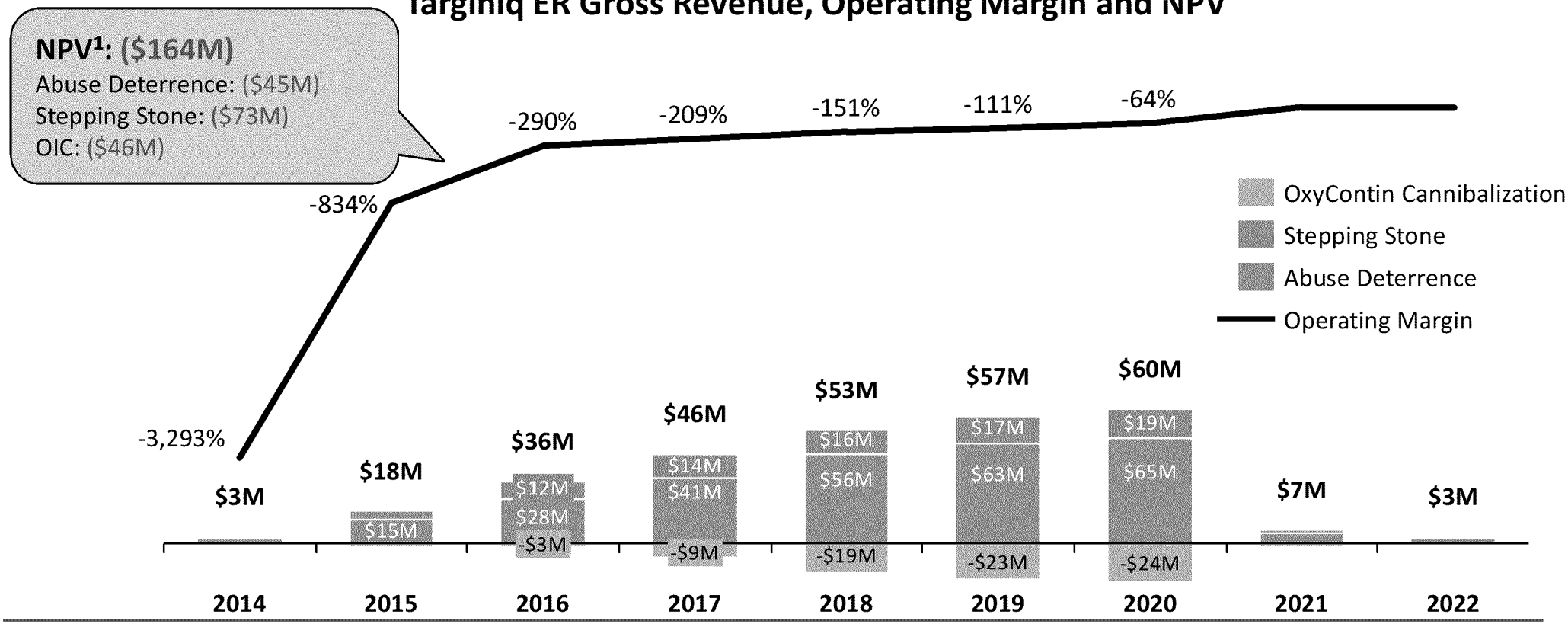
Targiniq ER Financial Opportunity: Downside Scenario

In a downside scenario, Targiniq ER peak revenue could be $60 M in 2020 with significantly lower NPV of ($164 M)

Targiniq ER Gross Revenue, Operating Margin and NPV



	2014	2015	2016	2017	2018	2019	2020	2021	2022
Targiniq ER Rx	14 K	72 K	133 K	183 K	228 K	248 K	253 K	26 K	12 K
Operating Income	($67.5 M)	($82.5 M)	($53.0 M)	($45.1 M)	($37.2 M)	($29.5 M)	($17.7 M)	$4.5 M	$1.8 M

Note: 1) NPV based on 9% discount rate, 35% tax rate; Assumes no overlap between strategies; OxyContin impact includes spillover from stepping stone less cannibalization from abuse deterrence and OICs; Abuse Deterrence: Targiniq ER achieves 1% market share, 76% of revenue is cannibalized from Purdue products. Stepping stone: 1% conversion from IRO to ERO (>90 days chronic, compliant), 12% Targiniq ER share of converts, 21%-16% of remaining converts on OxyContin. No OIC revenue due to trial failure

Sources: 2013 10-Year Plan; Butrans Adherence Analysis (2012)' IRSEO, Combo and Chronic TRx; Purdue Chronic Use of Hydrocodone and Select IRO Analysis; Chronic Vs. Acute Analysis, February OxyContin LRx Report, Peak brand share of new entrants from Source of Business Data (IMS); Monitor Deloitte Analysis

Competitive Threats: Risk to Purdue from Competition

Targiniq ER has a limited ability to defend OxyContin's share against new competition and generic OxyContin

Targiniq ER vs. Branded Competitors

- Targiniq ER has **limited ability to defend** against incoming branded competition:
  - **All abuse technologies** (Targiniq ER, OxyContin, competition) likely **viewed as equivalent**
  - **HYD and Butrans** better positioned vs. competitor hydrocodone ERs
- **OIC offers potential differentiation,** but small patient pool and narrow timeframe to recover investment

Targiniq ER vs. Generic OxyContin

- Targiniq ER has **no value proposition** to command premium price **vs. generic OxyContin**:
  - Targiniq ER **undifferentiated in** efficacy from generic OxyContin
  - **Chemical ADF** (Targiniq ER) and **physical ADF** (generic OxyContin) **viewed as equivalent**
- **With OIC,** Targiniq ER would have to be **priced below cost of generic OxyContin with branded OIC-only products**

Final Recommendation

1 *Capture new prescriptions and / or expand the market*

- **Launching Targiniq ER is unprofitable; limited opportunity given OxyContin's established position and minimal product differentiation**
  - Launch strategies involve niche positioning and / or changing deeply entrenched behaviors to avoid cannibalizing OxyContin
  - Upside and downside scenarios both return negative NPV

2 *Defend Purdue share against future market events*

- **Targiniq ER has limited ability to defend Purdue's sales against competitive and generic threats to OxyContin**
  - Competition likely to focus on abuse deterrence but no differentiation with Targiniq ER
  - Potential OIC opportunity is likely small and timeframe is narrow

Do not launch Targiniq ER

OXN: OIC program Summary/Recommendation

- Trial enrollment continues challenging despite multiple efforts
- At current sample size
  - technical and regulatory success for OIC indication is low; and
  - sNDA approval date projected for mid 2017
- Increasing sample size to reduce risk will delay approval until 2019
- Difficulty enrolling in a Phase III program supports the financial model
- Recommendation: Discontinue OIC studies 3704 and 3705
  - Savings $29.3M
  - Publication possible

TAB 7

PROPOSED DECISION

April 22, 2014

Myoscience

It is proposed Purdue Pharma L.P. and/or another member in the network of independent associated companies (collectively, "Purdue") enter into the following transactions with Myoscience, Inc. ("Myoscience"):

Stock Purchase Agreement

Purdue will purchase shares of a newly created senior class of convertible preferred stock (the "Shares") in such amount as is necessary for Purdue to obtain a 19% equity interest in Myoscience on a fully-diluted basis based upon the following terms:

1. Purchase Price - $30 million;

2. Use of Proceeds – Proceeds to be used by Myoscience (i) to develop or continue to develop innovative products, including the iovera® device and (ii) to fund sales and marketing and lean overhead. Proceeds will not be used (i) to purchase any equity interest owned or held by existing shareholders, (ii) to pay off Myoscience debt (other than in ordinary course of business), or (iii) to distribute as a dividend to existing shareholders;

3. Anti-Dilution Protection – Purdue will have the option to co-invest to avoid dilution on the issuance of any additional Shares or other debt or equity in Myoscience;

4. Board Representation – Purdue will be entitled to one seat on Myoscience' Board of Directors;

5. Option to Purchase Additional Shares – Subject to approval of the Myoscience Board of Directors, Purdue will have the right along with existing investors to purchase pro-rata an additional equity interest at the then prevailing fair value price per share to fund future sales and marketing and lean overhead;

6. R&D Financing – Purdue will lend $10 million to Myoscience to finance product development costs for clinical trials pursuant to an agreed development plan and loan agreement, which plan and agreement will be attached as exhibits to the Stock Purchase Agreement. Loan amounts will be drawn down on an as-needed basis and will be converted to equity shares at the expiration of the Acquisition Option term (see below). Financed amounts will earn interest at the

rate of 8% per annum and will be converted at a price per share equal to the lesser of (A) the price per share in the most recent round of Myoscience' equity financing, and (B) the then current fair market value;

7. Closing – Conditions to closing will include among other things, Myoscience filing an amended certificate of incorporation and obtaining all necessary and applicable regulatory approvals, including HSR approval (if required) and compliance with all securities laws.

Acquisition Option Agreement

Purdue will acquire an option (the "Acquisition Option") to acquire all issued and outstanding equity of Myoscience for a period commencing upon closing and ending 90 days after receipt of a final study report, and all related material, data and information, from the 3-month hyaluronic acid comparator study based upon the following terms:

1. Acquisition Cost - The Acquisition Option will be exercised by Purdue for $275 million, and Myoscience' existing shareholders will agree to sell their equity in Myoscience to Purdue upon exercise by Purdue of the Acquisition Option;

2. Clinical Development - If due to an unexpected outcome in the clinical trials that Purdue believes can be corrected by further clinical development, and if Purdue funds that additional development work, then the option will be extended by up to one year;

3. Option Fee – Purdue will pay Myoscience $25,000 for the Acquisition Option;

4. Contingent Value Rights – In the event Purdue exercises the Acquisition Option, Purdue will be obligated to make the following additional payments:

Clinical and Development

Item	Amount
Successful completion and regulatory approval in the US of a customized tip that identifies the targeted nerve and guides the physician for application of iovera®	$20 million
Successful completion and regulatory approval in the US of a blunt tip cannula providing access to deeper nerves	$10 million
Successful procurement of full regulatory	$10 million

approval in the US with no post-marketing commitments for total knee replacement	
Successful procurement of full regulatory approval in the US with no post-marketing commitments for aesthetics, including treatment of wrinkles	$10 million
TOTAL	$50 million

Sales

Item	Amount
Annual Net Sales in the United States are greater than or equal to $250 million	$15 million
Annual Net Sales in the United States are greater than or equal to $400 million	$35 million
Annual Net Sales in the United States are greater than or equal to $750 million	$50 million
TOTAL	$100 million

5. Key Employee Retention – Myoscience will enter into retention agreements with certain key personnel identified by Purdue on or before the closing;

6. Restrictive Covenant – Myoscience will not enter into any development or product right agreements with third parties without the prior written consent of Purdue.

License Agreement

Purdue will enter into a license agreement with Myoscience for the iovera® system based upon the following terms:

1. Territory – Worldwide excluding the United States and Canada (the " Territory");

2. Product – The iovera® system and all related medical devices and products under development by Myoscience at any time before or during the term of the License Agreement used in the Field (i.e., all uses in humans and animals), including any improvements and line extensions (the " Product");

3. License Rights – All ex-US and ex-Canada patent rights, know-how, data (including but not limited to data exclusivity and rights of reference to data), trademarks, trade secrets, and other intellectual property rights owned, licensed or controlled by Myoscience now or at any time during the term of the License Agreement that cover, relate to or claim the Product, or the manufacture, use or sale of the Product; provided, however, in the United States, during the entire term of the Acquisition Option, Myoscience will not grant to any third party any right, license, covenant or other interest in or to the Product or the rights licensed to Purdue without Purdue' prios written approval;

4. Trademarks – Purdue will have the right to use any trademarks related to the Product developed by Myoscience and any other trademarks at its discretion;

5. Field – All uses in humans and animals;

6. Marketing and Sales – Myoscience will be exclusively responsible for all marketing, sales and distribution of the Product in the U.S. and Canada. Outside of the U.S. and Canada, Purdue will be exclusively responsible for all marketing, sales and distribution of the Product;

7. Commercially Reasonable Efforts – Purdue will use commercially reasonable efforts to market the Product outside the U.S. and Canada in major market countries of the Territory;

8. R&D – Purdue will conduct and finance Product development costs for up to $30 million in clinical trials pursuant to an agreed development plan, which plan will be attached as an exhibit to the License Agreement;

9. Royalty Payments – Purdue will pay Myoscience a 7.5% royalty on Net Sales of the Product in the Territory (i.e., on sales ex-US and ex-Canada), and such royalty obligations will terminate if Purdue exercises the Acquisition Option;

10. Manufacturing – Myoscience will be responsible for manufacturing, including manufacturing improvements of the Product;

11. Joint Steering Committee – A Joint Steering Committee (the " JSC") composed of an equal number of representatives from Myoscience and Purdue will be formed to agree on overall development, commercialization strategy and budgets. Decisions will be made on a consensus basis with the exception of budgets, where the funding party will have the final say. The JSC will also form a Joint Development Committee to discuss and agree on development strategy and budget and a Joint Commercialization Committee to discuss and agree on commercialization strategy. The Joint Development Committee will also work on a consensus basis, and in the event that they cannot reach a consensus on a particular matter or issue, it will be submitted to the JSC for its review and consideration. All proposed budgets and budget charges will be submitted to the

JSC for approval. The Joint Commercialization Committee will also work on a consensus basis and in the event they cannot reach consensus on a particular matter or issue, it will be submitted to the alliance managers and then, if necessary, to the respective chief executive officers for resolution. If they cannot agree, the chief executive officer of Myoscience will have the right to decide such matter or issue pertaining to commercialization in the US or Canada reasonably taking into account Purdue' legitimate interest under the collaboration, and the chief executive officer of Purdue will have the right to decide such matter pertaining to commercialization ex-US reasonably taking into account Myoscience' legitimate interest under the collaboration;

12. Restrictive Covenants – Myoscience will not enter into any development or product rights agreements with third parties without written consent of Purdue;

13. Term – The term of the License Agreement will commence on the effective date and, unless terminated earlier, will continue, on a country-by-country basis in the Territory, until the later of (i) expiration of the last to expire of the patents included in the licensed rights that, but for the License Agreement, will be infringed by the manufacture, use, offer for sale, sale or importation in such country of a Product or (ii) fifteen (15) years from the date of the first commercial sale of the last of the Products sold under the License Agreement; and

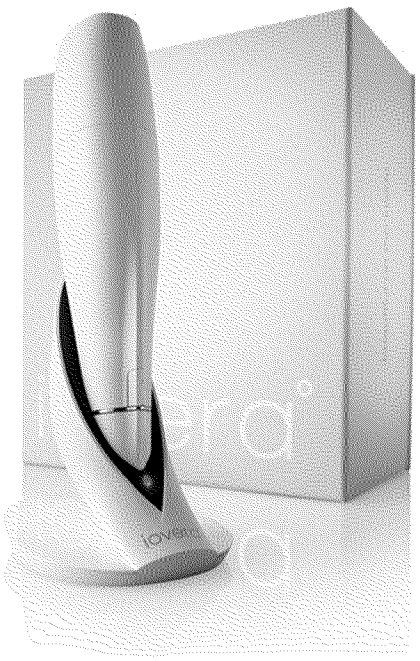
14. Future Generation Devices - The Joint Development Committee will oversee future generation device development, and Myoscience will conduct all engineering work regarding product improvements related to proof-of-concept clinical trials (small trials on the magnitude of less than 20 patients) and cost reductions. Purdue will provide its expertise and support through the Joint Development Committee with respect to such manufacturing and development.

(Decision of the Board of Directors of Purdue Pharma Inc., as the general partner of Purdue Pharma L.P.)

Myoscience
Due Diligence Report

iovera®

Focused Cold Therapy



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NON-BINDING TERM SHEET ("TERM SHEET")

KEY TERMS OF (I) PROPOSED PURCHASE BY PURDUE PHARMA L.P. AND/OR ANOTHER MEMBER IN THE NETWORK OF INDEPENDENT ASSOCIATED COMPANIES ("PURDUE") OF 19% OF THE OUTSTANDING EQUITY OF MYOSCIENCE, INC. ("MYOSCIENCE") PURSUANT TO A STOCK PURCHASE AGREEMENT; (II) PROPOSED ACQUISITION OPTION AGREEMENT BETWEEN PURDUE AND MYOSCIENCE WITH RESPECT TO PURDUE ACQUIRING THE REMAINING OUTSTANDING EQUITY OF MYOSCIENCE; AND (III) PROPOSED LICENSE AGREEMENT BETWEEN PURDUE AND MYOSCIENCE WITH RESPECT TO A FOCUSED COLD THERAPY FOR THE TREATMENT OF PERIPHERAL NERVE CONDITIONS. THESE PROPOSALS ARE NON-BINDING INDICATIVE PROPOSALS AND ARE BEING SUBMITTED FOR DISCUSSION PURPOSES ONLY. THESE PROPOSALS HAVE NOT YET BEEN FINALLY APPROVED BY PURDUE'S OR MYOSCIENCE' BOARDS OF DIRECTORS AND ARE SUBJECT TO FURTHER MODIFICATION AND COMMENT. THE TERMS CONTAINED HEREIN ARE FURTHER SUBJECT TO THE DUE EXECUTION AND DELIVERY BY PURDUE AND MYOSCIENCE OF THE WRITTEN AGREEMENTS RELATING TO THE SUBJECT MATTER CONTAINED HEREIN (INCLUDING, WITHOUT LIMITATION, THE "STOCK PURCHASE AGREEMENT" THE "ACQUISITION OPTION AGREEMENT" AND THE "LICENSE AGREEMENT").

Stock Purchase Agreement		
1.	Purchase Price	$30 million
2.	Equity to be Purchased	Purdue would purchase shares of a newly created senior class of convertible preferred stock (the "Shares") in such amount as is necessary for Purdue to obtain a 19% equity interest in Myoscience, Inc. (the "Company") on a fully-diluted basis.
3.	Use of Proceeds	All proceeds from the sale of Shares to Purdue would be used by the Company to (i) develop or continue to develop innovative products, including the iovera® device and (ii) fund sales and marketing and lean overhead. Proceeds from the sale of Shares or other assets would not be (i) used to purchase any equity interests owned or held by existing shareholders of the Company, (ii) used to pay off Company debt, other than in the ordinary course of business, or (iii) distributed as a dividend to the Company's existing shareholders.
4.	Anti-Dilution Protection	The Company would agree Purdue has the option to co-invest to avoid dilution on the issuance of additional Shares or other debt or equity

		interests in the Company.
5.	Board Representation	Purdue would be entitled to one seat on the Company's Board of Directors, with all the rights and privileges that pertain thereto.
6.	Option to Purchase Additional Shares	Subject to approval by the Company's Board of Directors, Purdue would have the right along with the existing investors to purchase pro-rata an additional equity interest at the then prevailing fair value price per share to fund future sales and marketing and lean overhead.
7.	Closing	Conditions to closing would include, among other things, the Company filing an amended certificate of incorporation and obtaining all necessary and applicable regulatory approvals, including HSR approval (if required), and compliance with all applicable Blue Sky Laws.
8.	Costs	The Company would pay its costs (including closing costs) associated with the purchase and sale of the Shares by Purdue.
9.	R&D Financing	Purdue would lend $10 million to the Company to finance product development costs for clinical trials pursuant to an agreed development plan and loan agreement, which plan and agreement would be attached as exhibits to the Stock Purchase Agreement. Loan amounts would be drawn down on an as-needed basis and would beconverted to equity shares at the expiration of the Acquisition Option term. Financed amounts would earn interest at a rate of eight percent (8%) per annum and would be convertible at a price per share equal to the lesser of (A) the price per share in the most recent round of the Company's equity financing, and (B) then current fair market value.
10.	Governing Law	New York
11.	Additional Terms and Provisions	The Stock Purchase Agreement would include additional reasonable and customary terms and conditions as negotiated by the Parties, including, without limitation, appropriate representations, warranties and conditions to closing.
Acquisition Option Agreement		
1.	Acquisition Option	Purdue would have the right (the "Acquisition Option") to acquire the remaining equity of the Company then outstanding for a period commencing upon closing and ending ninety (90) days after receipt of a final study report, and all related material data and information, from the three month hyaluronic acid comparator trial. The Acquisition Option could be exercised by Purdue for $275 million. Pursuant to the Acquisition Option Agreement documentation, the Company's existing shareholders would agree to sell their equity in the Company to Purdue (if

		Purdue exercises the Acquisition Option) as set forth in the Acquisition Option Agreement documentation. If due to an unexpected outcome in the clinical trials that Purdue believes can be corrected by further clinical development and if Purdue funds that additional development work then the option would be extended by up to one year.
2.	Option Fee	In return for the Acquisition Option, Purdue would pay to the Company $25,000.

3.	Contingent Value Rights	In the event that Purdue exercises the Acquisition Option, then former Company shareholders would be entitled to the following one-time contingent payments: Clinical and Development (note performance and timeline requirements will be specified in definitive agreement.) 1. Successful completion and full regulatory approval in the U.S. with no post-marketing commitments of a customized tip that identifies the targeted nerve and guides the physician for application of iovera®, then Purdue would pay the Shareholder Representative $20,000,000. 2. Successful completion and full regulatory approval in the U.S. with no post-marketing commitments of a blunt tip cannula providing access to deeper nerves, then Purdue would pay the Shareholder Representative $10,000,000. 3. Successful procurement of full regulatory approval in the U.S. with no post-marketing commitments for total knee replacement, then Purdue would pay the Shareholder Representative $10,000,000. 4. Successful procurement of full regulatory approval in the U.S. with no post-marketing commitments for aesthetics, including treatment of wrinkles, then Purdue would pay the Shareholder Representative $10,000,000. Sales 5. If Annual Net Sales in the United States are greater than or equal to $250,000,000, then Purdue would pay the Shareholder Representative $15,000,000. 6. If Annual Net Sales in the United States are greater than or equal to $400,000,000, then Purdue would pay the Shareholder Representative $35,000,000. 7. If Annual Net Sales in the United States are greater than or equal to $750,000,000, then Purdue would pay the Shareholder Representative $50,000,000.
4.	Key Employee Retention	The Company would enter into employee retention agreements with certain key personnel identified by Purdue on or before the closing.
5.	Restrictive Covenant(s)	The Company would not enter into any development or product rights agreements with third parties without the prior written consent of Purdue.
6.	Governing Law	New York
7.	Additional Terms and Provisions	The Acquisition Option Agreement would include additional reasonable and customary terms and conditions as negotiated by the Parties, including, without limitation, representations, warranties, covenants, indemnities, provisions relating to tax matters, confidentiality and other

		provisions customary for a transaction of this nature.
License Agreement		
1.	Territory	Worldwide, except for the United States and Canada.
2.	Product	The iovera® system and all related medical devices and products under development by the Company at any time before or during the term of the License Agreement used in the Field, including any improvements and line extensions (the "Product").
3.	Licensed Rights	All ex-U.S. and Canada patent rights, know-how, data (including, but not limited to, data exclusivity and rights of reference to data), trademarks, trade secrets, and other intellectual property rights owned, licensed or controlled by the Company now or at any time during the term of the License Agreement that cover, relate to or claim a Product, or the manufacture, use or sale of a Product, and related patent applications, continuations, continuations-in-part, divisionals, reissues, re-examinations, substitutions, extensions, national counterparts and utility models, and any and all patents issuing from such applications (collectively, the "Licensed Rights"). In the United States, during the entire term of the Acquisition Option, the Company will not grant to any third party any right, license, covenant or other interest in or to the Product or the Licensed Rights without Purdue's prior written approval. Purdue will have the right to use any trademarks related to the Product developed by the Company, and any other trademarks at its discretion.
4.	License Grant and Limitations	Exclusive (except as to the Company), worldwide (except for the United States and Canada), sublicensable license to Purdue of the Licensed Rights to, file for regulatory approval, make, have made, market, distribute, use, sell, offer to sell, import, export and otherwise commercialize the Product in the Field (as defined below) in the Territory during the term of the Agreement. In the United States, Purdue would have only the Licensed Rights necessary or useful for Purdue to assist with any development work.
5.	Field	All uses in humans and animals.
6.	Marketing and Sales	The Company would be exclusively responsible, with commercially reasonable efforts, for all marketing, sales, training, launch meetings, distribution, promotion to medical professionals, and other costs related to promotion, marketing, and sale of the Product in the U.S and Canada. Sales of the product in the U.S. and Canada would be booked by the Company.

		Outside of the U.S. and Canada, Purdue would be exclusively responsible for all marketing, sales, training, launch meetings, distribution, promotion to medical professionals, and other costs related to promotion, marketing, and sale of the Product in the Field in the Territory. Ex-U.S. and Canada Sales of the Product would be booked by Purdue. Purdue would use commercially reasonable efforts to market the Product outside the U.S. in the major market countries of the Territory. The Joint Commercialization Committee (described below) would oversee the commercialization of the Product in the Territory, including all marketing, sales, training, launch meetings, distribution, promotion to medical professionals, and other items related to promotion, marketing, and sale of the Product in the Field in the Territory. Purdue would provide its expertise and support through the Joint Commercialization Committee with respect to health economics, payer outreach, pain market expertise, and other salient issues with regard to commercialization of the Product.
7.	Clinical Product Development	The Joint Development Committee (described below) would oversee Clinical Product development. Purdue would conduct all clinical trials, provided the Company would provide its expertise and support through the Joint Development Committee with respect to such trials and development.
8.	Future Generation Devices	The Joint Development Committee would oversee Future Generation Device development. The Company would conduct all engineering work regarding Product improvements, related proof-of-concept clinical trials (small trials on the magnitude of less than 20 patients), and cost reductions. Purdue would provide its expertise and support through the Joint Development Committee with respect to such manufacturing and development.
9.	R&D	Purdue would conduct and finance Product development costs for up to $30 million in clinical trials pursuant to an agreed development plan, which plan would be attached as an exhibit to the License Agreement.
10.	Alliance Manager	Each Party would appoint one employee representative who possesses a broad understanding of clinical, regulatory, manufacturing, and marketing issues to act as its respective alliance manager for this relationship ("Alliance Manager").
11.	Joint Steering Committee	The Parties would form a Joint Steering Committee ("JSC") to agree on overall development, commercialization strategy, and budgets. The JSC would be composed of an equal number of representatives from the Company and Purdue. Decisions would be by consensus with the exception of budgets, where the funding party would have the final say. The JSC would have co-chairs with one representative from each

		company. In the event that the members of the JSC cannot reach a consensus on a particular matter or issue before it, the JSC would submit such matter or issue for discussion in good faith first to the Alliance Managers and then, if necessary, to the respective chief executive officers of the Company and Purdue for resolution. If the chief executive officers are not able to come to a resolution of the matter or issue, the chief executive officer of Purdue would have the right to decide such matter or issue reasonably, taking into account the Company' legitimate interests under the collaboration.
12.	Joint Development Committee	The Parties would form a Joint Development Committee ("JDC"), a subcommittee of the JSC, to discuss and agree on development strategy and budget. In the event that the members of the JDC cannot reach a consensus on a particular matter or issue, the matter would be submitted to the Alliance Managers for review and consideration. All proposed budgets and budget charges would be submitted to the JSC for approval.
13.	Joint Commercialization Committee	The Parties would form a Joint Commercialization Committee ("JCC"), a subcommittee of the JSC, to discuss and agree on commercialization strategy. In the event that the members of the JCC cannot reach a consensus on a particular matter or issue before it, the JCC would submit such matter or issue for discussion in good faith first to the Alliance Managers and then, if necessary, to the respective chief executive officers of the Company and Purdue for resolution. If the chief executive officers are not able to come to a resolution of the matter or issue, the chief executive officer of the Company would have the right to decide such matter or issue for JCC decisions pertaining to commercialization in the U.S. reasonably, taking into account Purdue' legitimate interests under the collaboration; the chief executive officer of Purdue would have the right to decide such matter or issue for JCC decisions pertaining to commercialization ex-U.S. reasonably, taking into account the Company' legitimate interests under the collaboration.
14.	Regulatory	All Regulatory proceedings would be overseen by the JDC. The Company would be responsible for all regulatory filings with respect to the Product in the Territory The License Agreement would also include customary and reasonable terms concerning the sharing of information, including the reporting of adverse events and similar information, in order to facilitate each Party' s

		compliance with its regulatory obligations with respect to the Product in the Territory, as appropriate.
15.	Royalty Payments	Purdue would pay the Company a seven and one-half percent (7.5%) royalty on ex-U.S. and Canada Net Sales (as defined in the License Agreement) of the Product in the Territory, provided such royalty obligations would terminate if Purdue were to exercise the Acquisition Option.
16.	Manufacturing	The Company would be responsible for manufacturing, including manufacturing improvements of the Product.
17.	Term	The term of the License Agreement would commence on the effective date of the License Agreement and, unless terminated earlier, would continue, on a country-by-country basis in the Territory, until the later of (i) expiration of the last to expire of the patents included in the Licensed Rights that, but for the License Agreement, would be infringed by the manufacture, use, offer for sale, sale or importation in such country of a Product or (ii) fifteen (15) years from the date of the first commercial sale of the last of the Products sold under the License Agreement (the "Term").
18.	Restrictive Covenant(s)	The Company would not enter into any development or product rights agreements with third parties without the prior written consent of Purdue.
19.	Governing Law	New York
20.	Additional Terms and Provisions	The License Agreement would contain other reasonable provisions that are customary for transactions of this nature, including but not limited to, those related to technology transfer, manufacture/supply, inventions, intellectual property maintenance and prosecution, due diligence, representations and warranties, covenants, conditions, bankruptcy, indemnification, insurance, termination, change in control, assignment, and dispute resolution.

[Note: Please note the above proposal is subject to confirmatory due diligence by Purdue, which may result in different terms than the terms outlined above. The Parties agree that this Term Sheet is for negotiation purposes only, does not obligate any person to proceed with the proposed transaction and does not contain all matters upon which agreement must be reached in order for the proposed transaction to be consummated. It therefore does not constitute a binding commitment, or an offer to enter into a binding commitment. During the negotiation and prior to the execution of definitive agreements, each party shall be responsible for its own expenses with respect to the proposed transaction. A binding commitment with respect to the proposed transaction shall only result from the execution of the Stock Purchase Agreement, the Acquisition Option Agreement, the License Agreement, and any related agreements subject to the conditions expressed therein, satisfactory due diligence at both Parties' discretion, review of legal counsel and the approval of both Parties' Boards of Directors.]

PURDUE

A positive impact.
On healthcare. And on lives.

myoscience

Recommendation for Staged Acquisition

BOD Presentation 04-22-2014

Why Myoscience iovera° (Focused Cold Therapy)?

Strategic Fit

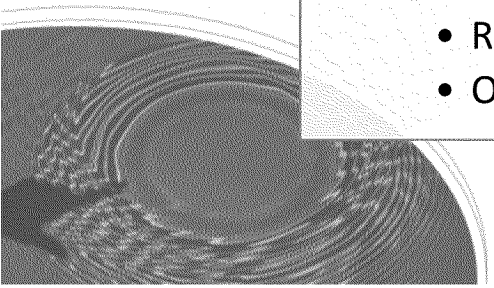
- Broadens Purdue and Mundipharma into non-opioid, device based pain therapies
- Utilizes Purdue's clinical, pharmacoeconomic, intellectual property and commercial expertise

Value Creation

- Equity transaction
- Mundipharma commercialization rights which survive any breakup with Myoscience
- Top line sales growth in less than 5 years

Deal Structure Mitigates Risk

- Staged acquisition: Upfront $30M for 19% equity
- R&D investment 25% convertible to additional equity if Purdue does not acquire
- Option triggered by clinical trial success



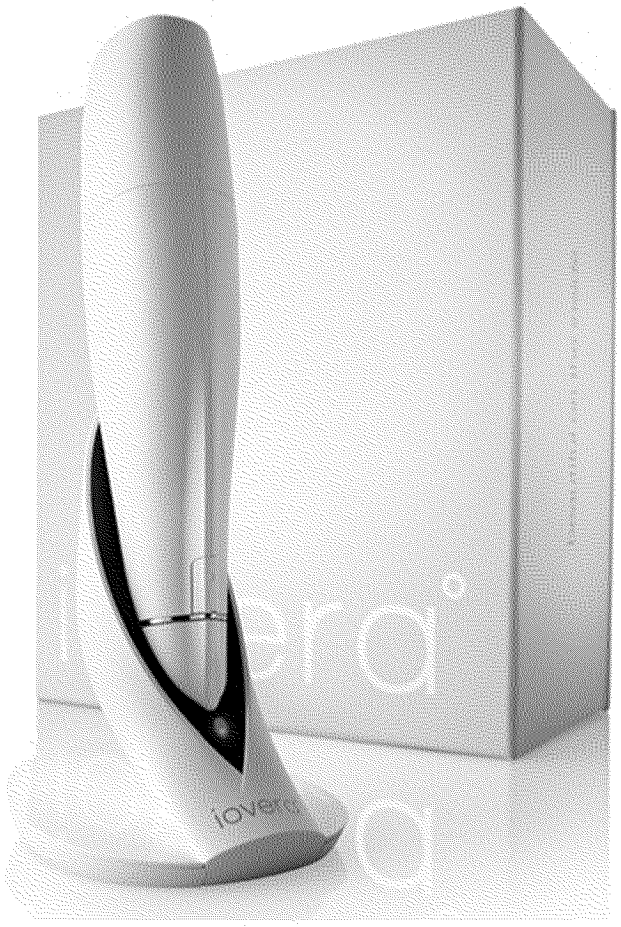
iovera° — Approved for Use in the US and Europe

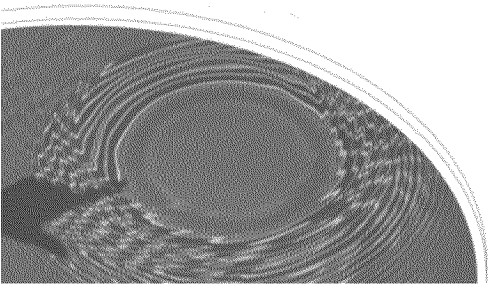
US

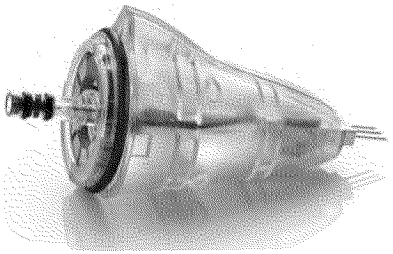
- FDA Approval for broad Pain indication (January 2013)
- Currently marketed by Myoscience with a small sales force
- Early adoption purchased by over 20 centers for treatment of knee OA
- Multiple Investigator-initiated trials for additional indications requested by current users

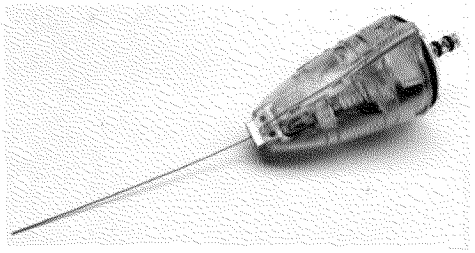
Europe

- Launched in June 2013 for wrinkles
- Currently marketed by Myoscience









Myoscience Company Snapshot

History:

- Based in Redwood City, California
- Inventors of proprietary platform technology – Focused Cold Therapy™ – as a treatment for peripheral nerve conditions
- Established in 2005
- 65 full time employees

Valuation:

- Capital investment of $88M to date
- 5 rounds of financing, most recently $25M E round, two tranches closed September 2013 and January 2014.
- Most recent post money valuation of $131M

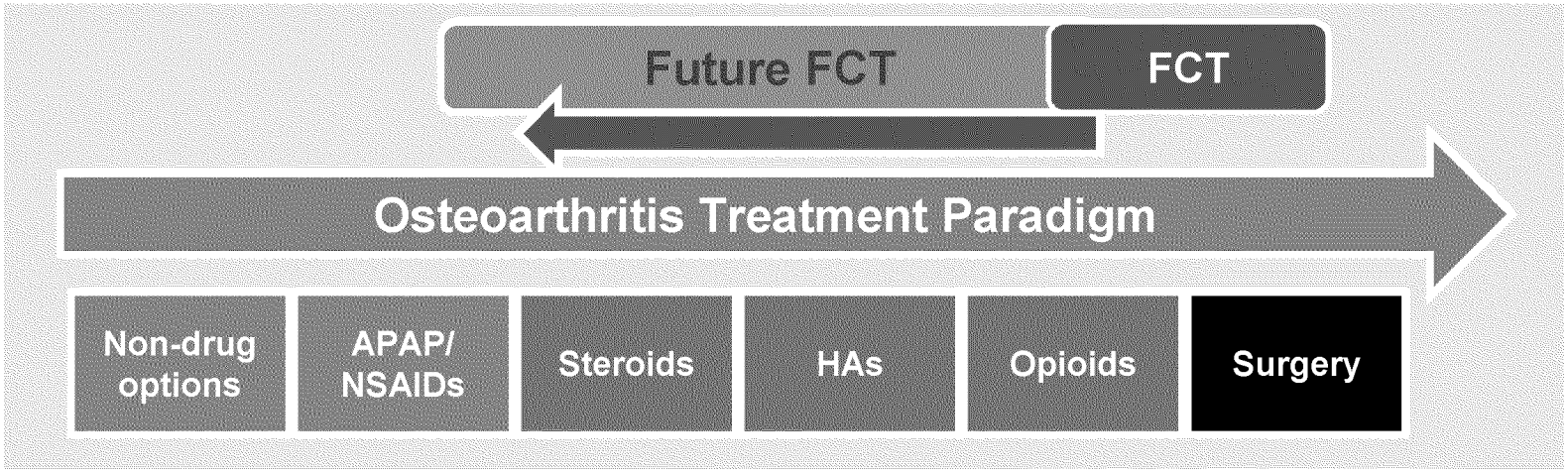
Investors:

- Venture backed by financial investors, no strategic investors. Largest investors are Valiance with 1/3, AMEQ (a European consortium of private investors) with 1/3, and De Novo and Accuitive Medical with 20%.

Management:

[redacted]

FCT Value Proposition for Treatment of Knee OA



FCT Benefits

- Instantaneous relief from pain
- Rapid return to function
- Safety – no systemic effect or joint injection
- Reduced surgeries and other utilization

Demographics

- Symptomatic OA of the knee affects 4.9% (9.3 million) of US adults
- 3.6 million patients have failed all treatment options other than surgery

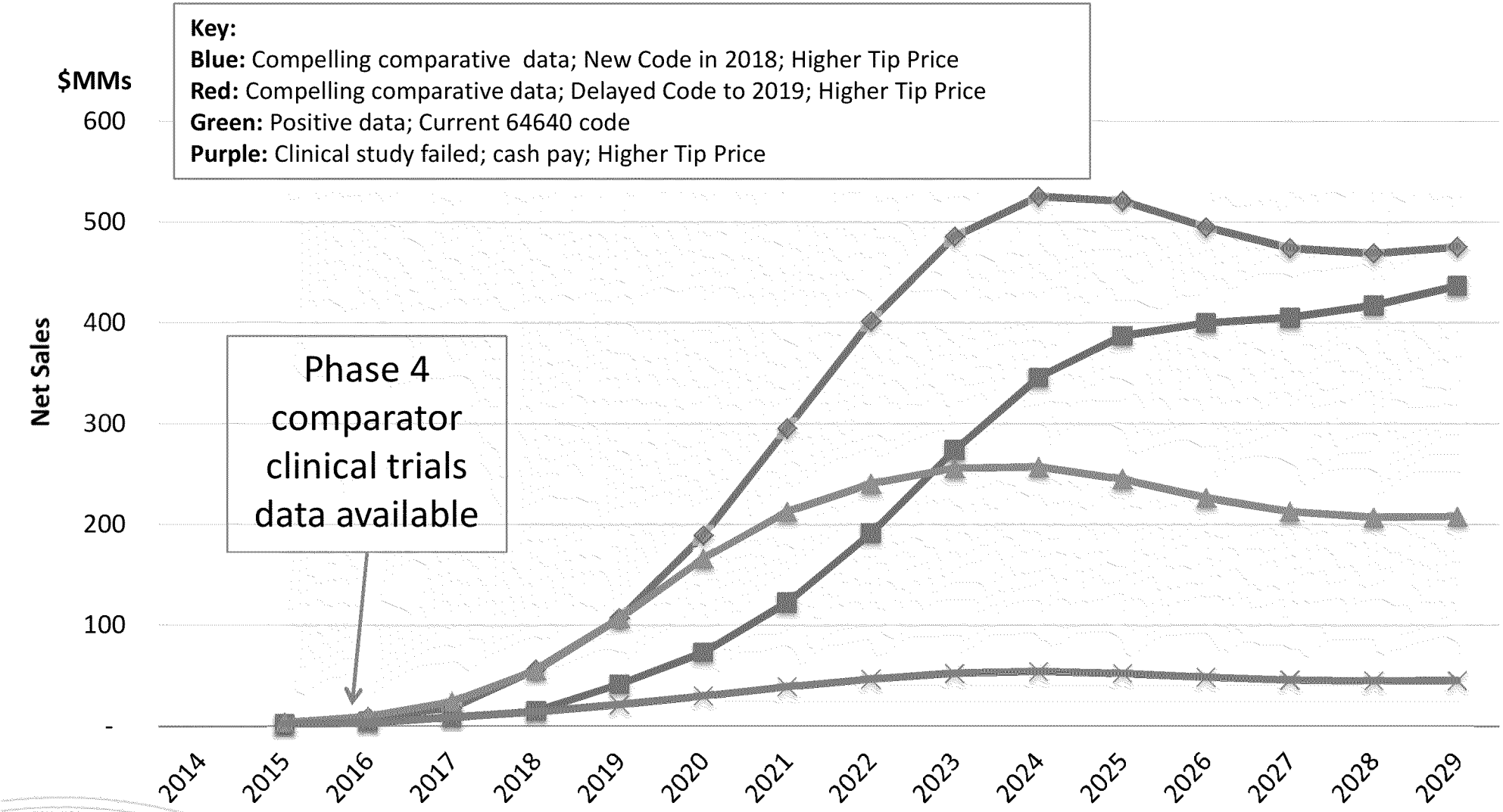
Hospital Costs

- Total knee replacements led to hospital cost of $28.5B in 2009
- From 2000 to 2006 the rate of TKR increased by 58%
- TKR expected to rise to 892,000 by 2024

1 IMS NDTI 2014
2 IMS NDTI 2013
3 Murphy 2012 extract from, Agency for Healthcare Research and Quality. HCUPnet. National and regional estimates on hospital use for all patients from the HCUP nationwide inpatient sample (NIS). National statistics— principle procedure only

OA Knee Pain, U.S. Net Sales Summary

(Net Sales = Gross Sales – Rebates – Discounts)



EU Pain market

European IA steroid & HA market valued at €260M in 2013

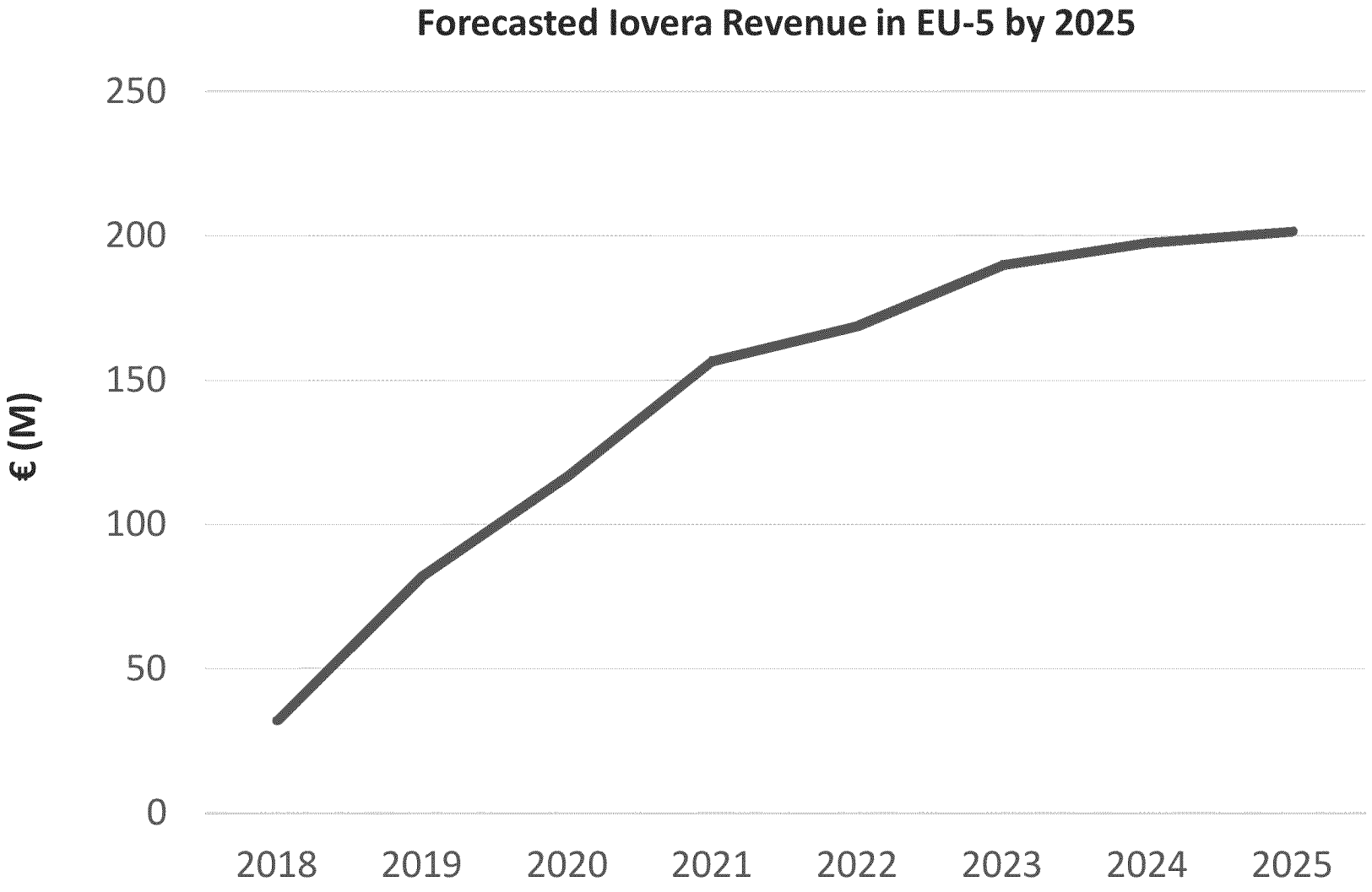
OA prevalence is increasing but limited growth in value is anticipated due to:

- Iovera device currently indicated for pain
- IA steroids - face generic competition and concern that injections could increase the rate at which cartilage breaks down limits the frequency of the injections annually
- IA HA – reimbursement challenges (only reimbursed in France) due to limited clinical efficacy data, with typically only very mild improvements in symptoms of OA of the knee

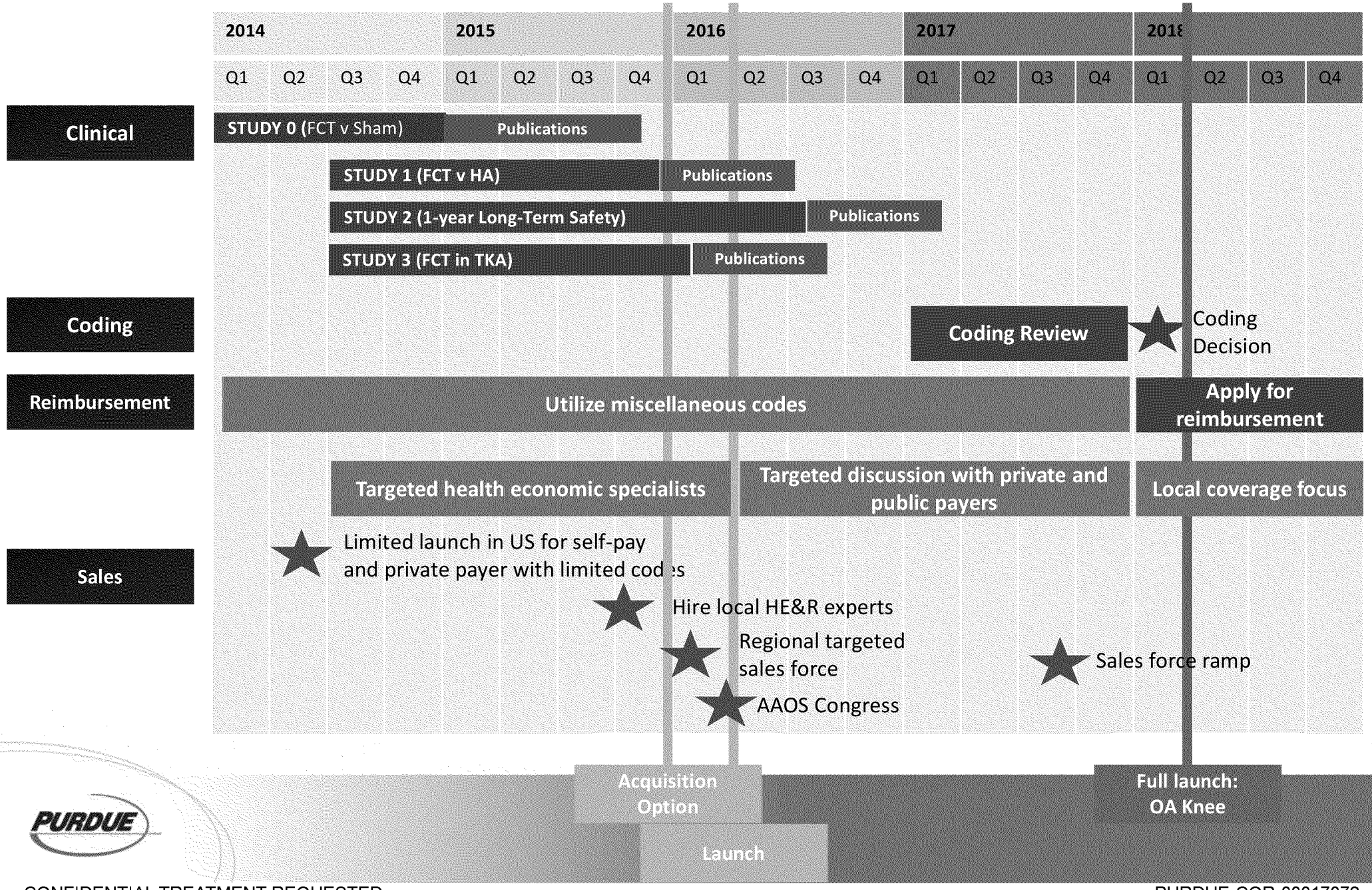
Initial feedback from physicians is that the Iovera FCT is attractive

- Provides a novel and new MoA to treat OA knee pain
- Relatively fewer side effects (vs IA HA & IA steroids)
- Clinical efficacy needs to be established with placebo or comparator IA HA/IA steroid
- Long term safety has yet to be assessed

EU Pain forecast - Iovera



Clinical and Launch Plan



Structural Deal Terms

Staged acquisition

- $30M upfront investment at share price of last round in exchange for 19% equity.
- Option to acquire company in approximately 2 years, upon receipt of key clinical trial data at a fixed price of $275M
- If Purdue declines to acquire Myoscience:
  - Ex-US rights remain
  - $10M of the R&D investment will be converted to an additional 6% of equity at same share price as upfront equity)

Global Deal

- Mundipharma would receive rights to commercialize ex-US.
- 7.5% royalty
- Rights would continue with or without an acquisition.

Clinical Research

- $40M investment funded by Purdue
- Trials conducted by Purdue
- Key trial to trigger option: 3 month superiority trial over hyaluronic acid (SynVisc One)

Product Development

- Myoscience conducts and funds product and engineering improvements

Commercialization

- Myoscience will promote in US and Canada
- Mundipharma promotes the product in Europe

PURDUE

Financial Terms: Potential Deal Total $410 - $495M

Committed Funds: $70M

- $30M upfront in exchange for 19% equity
- $40M R&D draw-down as research progresses
  - Converted to 6% equity if Purdue does not exercise acquisition option

Option Funds: $340M - $425M

- $275M fixed acquisition price
  - Exercise option upon receipt of 3 month comparator data to hyaluronic acid
  - Estimated 18 months post deal signing

Development CVRs:

Deliverable	Likelihood of payment
$20M: Nerve finder tip	High
$10M: Blunt tip cannula	High
$10M: Positive TKR study	High
$10M: Positive US aesthetics data	High

Sales Milestones:

Sales Milestone	Likelihood of payment
$15M: $250M Net Sales	High
$35M: $500M Net Sales	Moderate-High
$50M: $800M Net Sales	Moderate