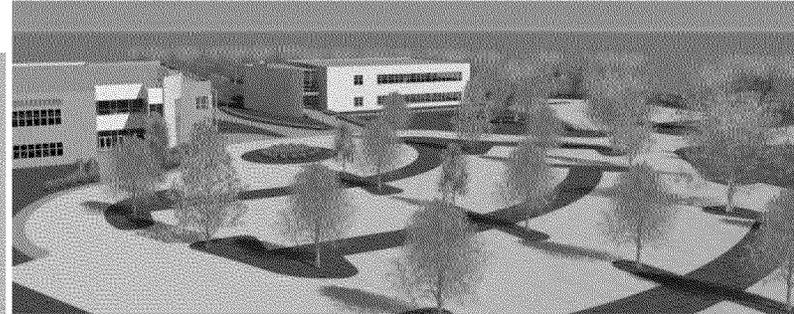


Site Master Plan



Potential future addition of ~24,000 sq ft stand-alone office building to accommodate 110-120 personnel. Cost ~\$5.3mm.

OPTION A

▶ 31

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Master Plan



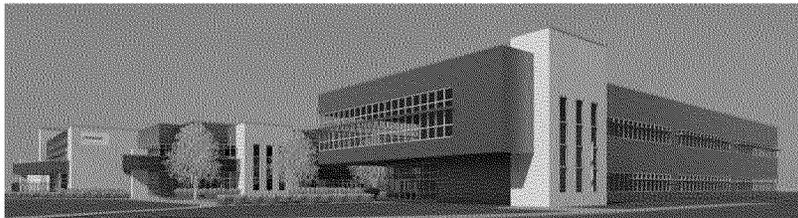
OPTION A

▶ 32

BOD Meeting - July 2013

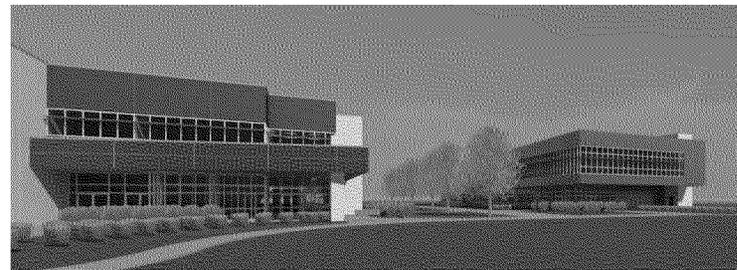
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Master Plan



OPTION C

▶ 33



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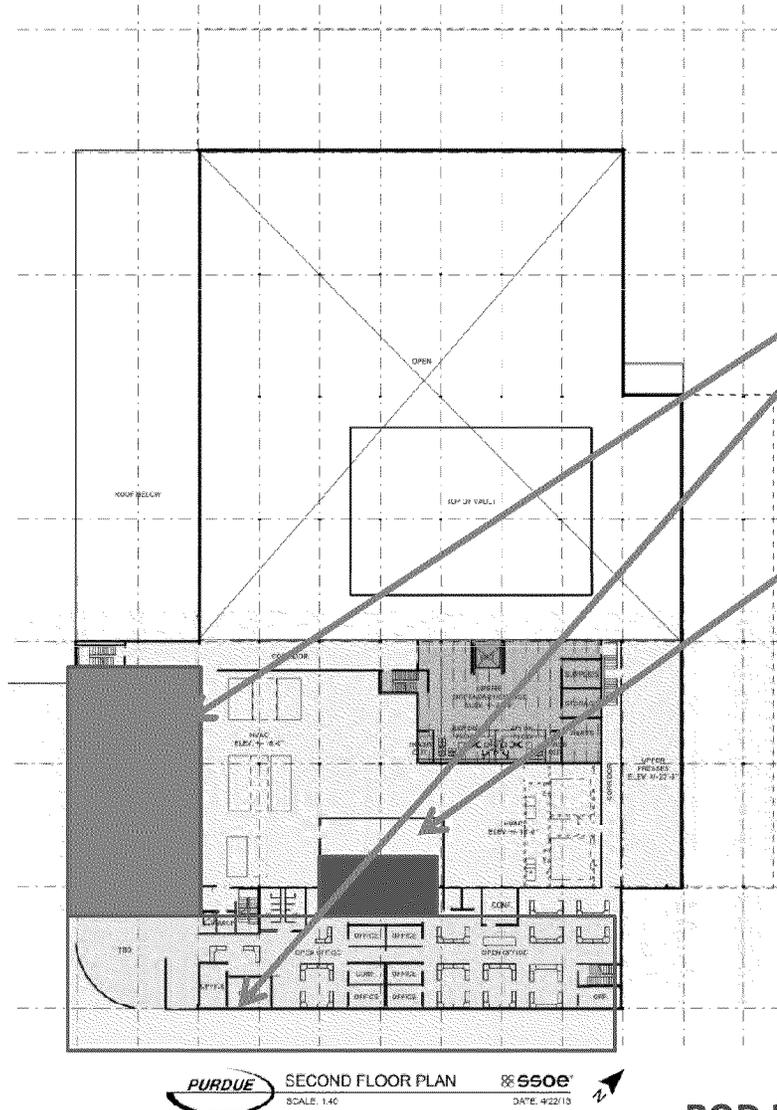
Summary Comparison of Key Site Characteristics

	Mebane	Treyburn
Site Environment and Facility Quality	Mixed-use industrial park. Functional and likely use simple external design	Corporate park, High-Tech feel and finish.
Distance from Wilson	100miles- on limits of daily commute	75miles - more likely to be commutable
Timeline and impact of site Planning Requirements	Late 2016: Likely 3 month faster	Late 2016/early 2017. More intensive planning application and site preparation
Construction costs: Site Development Cost Impact	Neutral	Projected to be +\$3mm for additional land and site development costs
Future ROI: *Professional Opinion of commercial realtor on future sale value of facility	Base value	\$4.1mm greater residual value on building* \$1.4mm additional value of land/ acreage <u>\$0.4 mm clearing site and new road</u> \$5.9mm in total greater value to Mebane
Corporate Expansion: Potential for future Corporate Functions	No. High Density Industrial park is not suitable . Limited available land on the selected site to reduce costs	YES. Master plan outlines future area for Corporate office on site. Standalone building yet using site infrastructure
IT Infrastructure Hub suitability (Active – Active – Accept: projected \$1.0mm savings /annum)	Yes. Mebane has been short listed for IT hub projects	YES. Closer proximity to Wilson and Raleigh helps recruit staff and daily operation
Operational Synergy elimination of Totowa-hub and cost saving from proximity of two manufacturing sites	\$0.8mm/annum	\$1.0mm/annum

Project To-Date Spending

Vendor	2011	2012	2013 as of July 12	Total
SSOE	\$ -	\$ -	\$ 330,381	\$ 330,381
STRATEGIC & TECHNICAL	\$ 172,295	\$ 50,664	\$ 48,309	\$ 271,268
CASSIDY TURLEY MIDWEST II	\$ -	\$ 33,974	\$ 55,000	\$ 88,974
McGuire Woods Consulting	\$ -	\$ -	\$ 22,000	\$ 22,000
Poyner Spruill	\$ -	\$ -	\$ 15,336	\$ 15,336
JOHN R MCADAM & CO INC	\$ -	\$ -	\$ 14,500	\$ 14,500
Land Options	\$ -	\$ -	\$ 9,750	\$ 9,750
URSCORP	\$ -	\$ -	\$ 4,030	\$ 4,030
Realized FX	\$ (1,666)	\$ 462	\$ 404	\$ (799)
Total	\$ 170,629	\$ 85,100	\$ 499,711	\$ 755,440

Office Floor Design and Initial Office Expansion as Proposed

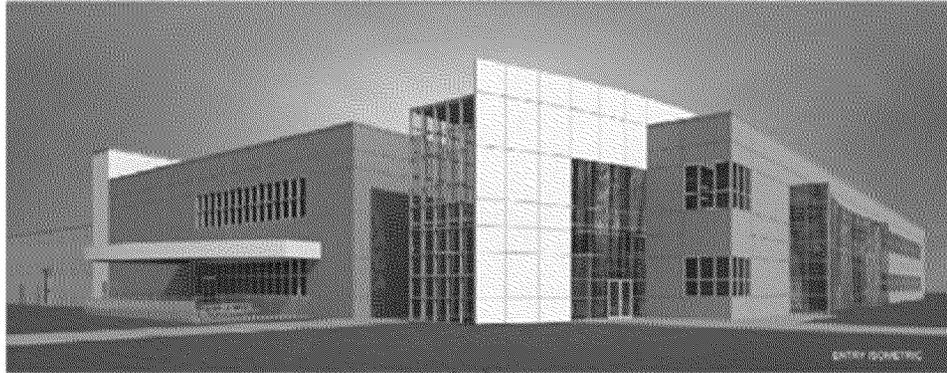


- **Key Points**
 - 21,000 sq ft of potential office accommodation on mezzanine in two phases
 - Will accommodate approx 110 personnel total
 - Active-Active capability
 - Open design concept: multiple configurations possible
 - Construction of Mezzanine \$2.0mm
 - Additional cost of \$1.4mm, to include fit-out of phase 1 (approx. 70 personnel: Manufacturing, IT and Supply Chain and Quality)
 - Complete Phase 2 (additional 40 personnel) at \$0.74mm

BOD Meeting - July 2013

Future Office Expansion Options

Option	Description	Construction Cost Estimate	People
Option 1A	Kit out 65 % of office mezzanine	\$1,412,579	70-80
Option 1B	Complete office mezzanine	\$738,360	40-45
Option 2	Expand building front by 60 ft. for offices	\$3,340,712	110-120
Option 3	New free standing 2 story office building	\$5,356,300	110-120



Project Breeze

Thank you

**PROJECT BREEZE
(New Facility Update)**

Questions & Answers

July 2013

Executive Summary

The purpose of this Board update is to ensure an awareness of the progress on Project Breeze. Overall, there are no major issues to report within the different implementation teams, and we want the Board to understand the background to the future manufacturing site selection. Treyburn and Mebane continue as two viable locations for the new manufacturing facility but with different outcomes. Mebane is the lower cost functional approach that provides an alternative manufacturing location to Wilson with limited options beyond a back-up role. Management are recommending Treyburn, as it provides more strategic options for the company and will be an attractive location with greater residual value. It is important to capture our incentives package in the coming weeks, and also allow the project to move forward with site preparation and more detail construction plans.

Positive developments include proposed major taxation reform in NC in addition to the incentives package, estimated \$10mm saving by using existing Totowa process equipment and expansion of the office space at the time of construction for future cost efficiencies within Technical Operations and IT.

In addition to summarizing each location, we have prepared an outline of the building plans and external finishes for Board review. No additional capital is required at this time, and the existing capital approved in 2012 will allow the project continue to the end of 2013.

What are the Incentives and Taxation updates?

The exploration of incentives and project initiation has used strong national consultants; [REDACTED] an Indianapolis based location and incentives firm, and Raleigh based lobbying group McGuireWoods. McGuireWoods facilitated meetings with local representatives in the region and were able to get an early meeting with the new North Carolina Secretary of Commerce, Ms. Sharon Decker. North Carolina (NC) is going through significant change at the state level; where the new administration is much more focused on taxation reform to maintain the positive NC economic climate.

We have been able to negotiate a strong incentives package by leveraging Purdue's history in Wilson as a strong employer and community partner. The project headcount commitment was expanded to 100 people when the plant is in full operation in order to qualify the project for the maximum incentives offered by the state. The State administration is moving to reduce the substantial incentives for new projects like the one we have negotiated in favor of lower personal and corporate taxation. Having said that, we are keen to capture our negotiated incentives package in the coming weeks.

The new administration is proposing a tax reform package that could reduce personal and corporate tax levels by 2% resulting in annual gain of \$500k / annum for the shareholders.

What are the advantages and features of the Mebane, NC location?

The city of Mebane, NC, is situated in Alamance County, midway between Raleigh and Greensboro. It is a rural area with limited pharmaceutical presence located in that region. Mebane Chamber of Commerce and State officials have put together an incentives package that is very competitive and would rank as one of the best nationally, \$5.2 mm over 10 years. The local officials and park developer (Samet) leverage their close working relationship to limit planning delays, and they are very keen to get this project. The developer owns the 25 acres of land and would also construct the building shell to our outline design. This approach combined with less stringent planning could shorten the project time line by some 3 months compared to Treyburn. Situated just off Interstates I-85 / I-40, Mebane has attracted various distribution centers, but is eager to gain a premium manufacturing company such as Purdue. The park is a multi-use industrial layout with dense land utilization and limited space between buildings. Mebane and the park was recently on a short list for consideration for some major IT based projects by utilizing their lower tier rating to optimize local and State incentives.

What are the advantages and features of the Treyburn, NC location?

Treyburn is situated in Durham County just 5 miles north of Durham City. Durham has made the transition from an old tobacco based town to the 'City of Medicine'. The owner of Treyburn Corporate Park, Terry Sanford Jr., has played a major role in the revitalization and environmentally sensitive development of the region. Having disposed of some of his major assets over the last few years, the corporate park remains one of his core projects as he lives at the restored and historically significant, Fairtosh Farm home across the road. The park is situated just north of Raleigh-Durham International (RDU) Airport, Duke University and the Research Triangle Park (RTP), and has a number of pharmaceutical manufacturing plants (including Merck, Organon, bioMerieux, and Becton Dickinson).

Development land just outside RTP and Durham is more expensive than Mebane as there are stricter planning controls to maintain both the corporate park feel and the environment of the blue-chip group of companies in the park. The Treyburn site is much more attractive for recruiting pharma staff and has the added advantage of being closer to Wilson than Mebane. Purchasing 50 acres of land also allows for future expansion if required.

What is the status on the land purchase?

We have prepared a Letter of Intent to purchase both Mebane and Treyburn. Both parties are aware of the other project, and in general terms we have approximately 3-6 months to carry out due-diligence and pre-planning before having to commit to either more substantial payments, or go / no-go decision on the purchase of that site.

What is the outline of the Engineering progress?

On the engineering side, we had five firms tender and make proposals. SSOE, a national firm with a NC presence, was chosen. SSOE has an office in Research Triangle Park, convenient to Wilson and the two potential sites, and has executed similar projects in the area. As a smaller firm they have lower overhead; thereby, are flexible in responding to the project team. Overall, we have been very happy with their progress and deliverables to date. SSOE is positioned to perform more extensive design work, but need information about the specific site chosen to do so.

The equipment vendors have been narrowed down to two major suppliers, and negotiations are ongoing. The philosophy is focused on improved product material handling and containment, and using large bins instead of small drums as containers. Utilization of existing equipment from Totowa (such as blender, tablet presses, coater, laboratory equipment and packaging line) will save some \$10 mm over alternatively purchasing new equipment. The equipment list is focused on the two products: OxyContin and one other product being transferred on start-up. Additional equipment will be purchased as new products or technologies are identified, and additional unfinished space has been allocated in the building design to facilitate this.

We have adopted international best practice in relation to GMP philosophies and Security strategies, while not compromising the overall functional design. We have been careful to limit the proposed investment to only the equipment required for the initial product transfers

What is the outline Building Design?

The building is designed to allow for future expansion of laboratory, processing or warehousing areas. We also decided to include additional office space over the base scope during the design and construction of the facility. Inclusion at the time of initial design and construction is the most cost effective way of gaining this space. This office expansion facilitates the relocation of the Supply Chain, Quality and IT functions from NJ directly to NC with the full return on that additional office investment within 1.5 years. This space can also be potentially used for the IT infrastructure back-up with further cost savings that are not included in the ROI numbers. We explored different options of future office expansion: considering a third floor on the building or adding office space to the front of the building. We decided the best expansion strategy was to place offices on the mezzanine; therefore, any future office expansion could be accommodated in a separate building.

The Mebane site is not considered suitable for a major relocation of corporate-type departments as the site is only 25 acres which limits the room to expand, and the park is not considered an attractive corporate park environment.

As part of an outline master plan for the Treyburn site, we also have included the concept of a future administration building that could accommodate some 120 staff from departments outside of manufacturing. This would bring the total site population to some 300 staff including manufacturing.

The IAC' have some very distinctive buildings at the different locations. Will this be a square functional building or have some level of high-tech external appearance?

Using some architectural changes to the front of the building and good design, we can transform the building from a 'square block' to a high-tech building that is more aesthetically pleasing and would enhance any potential future sale. This would particularly apply to the Treyburn location where other companies have incorporated a signature style approach. In Mebane, the buildings are based on a simple, fast-build format. Three alternative set of drawings were developed and will be shared with the BOD at the July 25, 2013, BOD Meeting. We are moving into the detailed design and layout phase so approval is needed now on these building concepts to keep the project on track.

Project Breeze progress was slowed-down to facilitate a greater review of incentives and also get past the April 16, 2013, patent milestone. What is the timeline update?

The overall project timeline was impacted by a slight delay of the project as we further explored the Texas options, and while we continued to negotiate with state and local officials on the alternate NC options. It also ensured we had not committed to significant cash expenditure until we had the April 16, 2013, patent and FDA guidance decision. We have lost some 3 months to the overall project timeline due to these delays, but are still targeting a late 2016 FDA approval in Mebane. In the case of Treyburn, this could be early 2017, subject to the adopted FDA regulatory strategy and timeliness of any FDA inspections.

From an FDA perspective, we plan to seek a meeting with the Atlanta District Office in August 2013 to further discuss the details of our project. The DEA has been advised and are open to working with us on all aspects of security and ensuring product integrity in manufacturing.

What are the first products?

The two designated products remain unchanged from the original plans at this time but will continue to review the choice of the second product. As the number one product, we plan 20% of OxyContin manufacture and the second product will be a product probably from the Rhodes Pharmaceuticals pipeline. The Rhodes product could be the high volume strengths of Oxy / APAP or another high volume product in their portfolio. The concept is that we get two major volume products into the new site freeing up internal capacity on the Wilson site. This approach mitigates the risk to OxyContin supply and allows the Totowa site to be closed.

In addition, we are poised to support the installation of any new technology platform or new products with available capacity. As we see the products move to approval and launch, a program of work will be established to transfer products from the Purdue portfolio. Products that would be considered include: the OCI product (Tamper Resistant IR Oxycodone), the HYD product and Targiniq as well other products using the TR or other platforms.

What are the estimated capital cost updates?

We do not have final costs, but we have a much better understanding of what the total capital costs will be to build the facility. The next phase of the project will further refine the costs by completing the approved design and generating final construction documents, and then tender the site clearing, site construction and equipment installation.

The base cost to construct a manufacturing facility in Mebane is projected to be \$62.1mm. When you consider the strong incentives package of \$5.2 mm for new facility, this demonstrates that we can get a new building to our overall design for a net cost comparable to that estimated for brown field or existing facility refurbishment. This would be a functional building, and we recommend the office area is expanded during the initial construction, which would add an additional \$1.4mm in cost, bringing the total to \$63.5mm.

This office / footprint expansion facilitates transferring staff to that location, and positions the new site for future IT infrastructure investment in server back-up on the site.

Treyburn is more expensive to build the base building due to more costly site preparation, purchasing more land and slightly more costly construction. This base cost of \$65.3mm (including extra land) would come to \$66.7mm when an office expansion is included. Again, on both sites, the cost of the office extension has 1.3 year payback. Despite being on the edge of the RTP area and top tier location, Treyburn gets some \$1.9 mm in incentives.

In the case of a future sale of the sites, Treyburn is estimated to be \$5.9mm more valuable than Mebane based on our commercial Realtor's professional opinion of the value of the empty building-shell and the value of the additional land in the Treyburn Corporate Park. So while the estimated capital for Treyburn (\$66.7mm) is more expensive than Mebane (\$63.5mm), it has a projected greater residual value of \$5.9mm.

What is the overall cash flow against approved capital spend?

We have an approved spend of \$10mm and have spent \$0.77mm to date. The commitments to different parties are detailed in the accompanying slide deck. No additional capital approval is required at this time. Finance, Legal and Corporate Procurement are part of the project overall governance.

What is the site selection recommendation?

The recommendation to the BOD is that we go forward to negotiate the final package to purchase, develop and construct the facility on the Treyburn site using the funds already approved in 2012.

Ten Reasons for Recommending the Preferred Location:

- 1) Treyburn promotes the optimum operational synergy between two NC sites and is in line with the NC manufacturing-hub concept.
- 2) The overall slightly higher projected capital cost compared to Mebane is mitigated over time when you include the higher residual value on that location.
- 3) Superior Corporate Park location with master plan for site expansion that not only includes manufacturing, warehousing and laboratory, but also potential for significant expansion of office / administration functions.
- 4) Ideally positioned to support collaboration with the 140 companies based in RTP and adjacent top universities and hospitals.
- 5) Preferred location for future IT infrastructure hub.
- 6) Proposed building designs provide for attractive but highly functional building in line with shareholder's buildings in other locations.
- 7) Adjacent to a number of top tier pharmaceutical manufacturing companies providing local talent pool.
- 8) Attractive location for attracting management / technical talent to the region or for future site salability.
- 9) Owner's, Terry Sandford Jr., tight control of development within the Treyburn Park is in line with Purdue's desire for locating a high-tech, manufacturing operation in a secure and well planned location.
- 10) North Carolina region that continues to have strong business fundamentals, improving tax position and top national ranking as an investment location.

What are the next steps?

BOD approves the site selection recommendation. This allows final negotiations with all contracting and other parties.

BOD supports the projected costs for Treyburn construction, to include additional office space.

BOD supports approach to the building exterior design, the overall drawings and approach to the building layout.

Next BOD update at yearend would capture the capital required for next phase of the project and overall update.

TAB 5

PROPOSED DECISION

July 25, 2013

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TAB 6

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PROPOSED DECISION

July 25, 2013

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TAB 8

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Business Conditions Report

External Environment

John H. Stewart
July 25, 2013

Privileged and Confidential

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Overview

- Review the convergence of several activities that significantly impact the environment, including:
 - Pharma - generally
 - Purdue - specifically
 - Opioid analgesics and OxyContin in particular
- Provide context to these issues and how we see them impacting Purdue and its Products
- Outline a strategy and tactics to address the issues, seeking to engage others and leverage opportunities
- Recognize that some of the changes underway will impact the opioid analgesic market for the foreseeable future



Positive Impact of AD OxyContin

- ❑ Positive Media Coverage of Abuse-Deterrent Formulations
- ❑ Meaningful Reduction in Abuse - Especially Parenteral
- ❑ Fewer Pharmacy Thefts Reported by Law Enforcement
- ❑ Positive Reputation and Relationships with FDA and DEA
- ❑ Opportunity to link AD Formulations with Broader Anti-Abuse Initiatives
- ❑ Opportunity to Build on Expertise with ADFs



Context: Environment Challenges

- Legal/Regulatory

Redacted

- State Legislative/Regulatory
 - Actions to Limit Opioid Prescribing



Context: Environment Challenges

- Advocacy
 - Impact of Senate Finance Committee and other Initiatives
 - Key Opinion Leaders
- Commercial (Payor and Retail Pharmacy)
 - Significant downward pressure on sales of OxyContin and potential revenue from pipeline analgesic products
- Media/Reputational



Context: Environment Challenges

- PROP Citizen's Petition
 - Strike the term moderate from the indication for use in non-cancer pain
 - Add a maximum daily dose of 100mg morphine for non-cancer pain
 - Add a maximum of 90 days continuous use for non-cancer pain
- PROP Message: Opioids Harmful to Patients, Even when Taken as Prescribed; Overprescribing the Problem
 - Challenge to CME program content
 - Challenge to HYD protocol and informed consent
 - Widespread presence at conferences, FDA meetings, in media



Context: Environment Challenges

- ❑ Paradigm has shifted to reduced risk tolerance, as opposed to the need for treatment of pain
- ❑ Forces seeking to restrict opioid prescribing
 - PROP
 - DEA
 - CDC
 - States
 - WCBs
- ❑ Impact on important audiences
 - Prescribers
 - Wholesalers
 - Chain drug stores
 - Pharmacists
 - FDA



Plan To Address These Issues

- ❑ Strategic Response: Highest Priority
- ❑ Well-coordinated and Interdisciplinary Effort
- ❑ Resources to Accelerate and Broaden Response
- ❑ Develop and Disseminate More Data - with Interpretations
 - Opioid Safety and Efficacy Analyses
 - OxyContin Epidemiology Studies
 - Pharmacoeconomic Analyses
 - Publication Plans
 - Presentations to KOLs and Policy Influencers (CDC, ONDCP, etc.)



Plan To Address These Issues

- Re-energize Pain Treatment Advocacy
 - Opioids to Treat Pain Debate at PAINWeek
 - PROP versus PROMPT
 - Opportunity to have balanced, scientific exchange
 - Potential broader discussion of policy implications
 - Utilize Burson Marsteller
- Collaboration on Order Monitoring Strategies
 - Wholesalers
 - National Chains



Plan To Address These Issues

- Federal Legislative Activity
 - STOPP Act
 - Pain Care Forum
- State Legislative Activity
 - AD Initiatives
 - Florida Attorney General Summit on Access to Medicines
 - State Boards of Pharmacy and Medicine
- Regulatory Activity
 - Application of ADF Draft Guidance
 - Citizen's Petitions



Summary of Action Plans

□ Media and Reputation

■ Proactive Communications by:

- Third Parties
- Purdue

■ Topics

- Advantages of AD-Opioid Analgesics
- Data on Long-Term Safety and Effectiveness of Opioids
- IOM Report Findings and Recommendations
 - Prevalence of Under-treatment of Pain
 - Costs of Under-treated Pain (Human, Financial)



Summary of Action Plans

- Advocacy: Thought Leaders and Patients
 - Proactive and Reactive Communication by:
 - Patients & Patient-organizations
 - Key Opinion Leaders
- Focus and Messaging
 - Support Access to Medication
 - Address Challenges for Patients (e.g., Stigmatization)
 - Identify and Rectify Unintended Consequences of Legislative and Regulatory Actions Aimed at Reducing Abuse and Diversion
 - Support Utilization of AD Opioid Formulations



TAB 9

CONFIDENTIAL

Memorandum to
John Stewart
Russ Gasdia

From
McKinsey & Company

July 18, 2013

Identifying granular growth opportunities for OxyContin: First Board update

In June, Purdue engaged McKinsey to conduct a rapid assessment of the underlying drivers of current OxyContin performance, identify key opportunities to increase near-term OxyContin revenue and develop plans to capture priority opportunities.

While our work is only partially complete, we believe there is significant opportunity to improve OxyContin performance despite strong opioid marketplace trends that may be shaping a 'new normal'. We are pursuing 20+ distinct opportunities. All require further analysis, some will require testing, but several can be implemented quickly.

This memo provides an interim update that is not comprehensive of all the work done. The memo is divided into four sections:

1. Overall analytical approach
2. Early findings from diagnostic
3. Emerging opportunities
4. Next steps

1. Overall analytical approach

We set out to objectively examine OxyContin performance in seven areas – market landscape, commercial resourcing levels, messaging, targeting, field execution, market access, and medical/scientific support. In each area, we are taking an independent, fact-based, and granular approach. For the analyses, we are leveraging existing data, and where needed, we have requested that Purdue purchase new data (e.g., IMS prescriber level milligram dosing data). In

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some cases we are generating entirely new data (e.g., having Purdue's sales force match specific prescribers to local 'corporatized providers' that make economically based usage decisions, such as Accountable Care Organizations.)

Our perspectives are shaped by 30+ interviews with external stakeholders including physicians, nurse practitioners, and pharmacists, as well as daily discussions with leaders in Stamford and initial ride-alongs with reps. There are strong marketplace headwinds from newer stakeholders (e.g., PROP, Corporatized Providers) that we are continuing to assess and quantify. In recognition of the complexity of the landscape and to better uncover root drivers, we have purposely and consistently focused on analyses at the local market level (e.g., zip code level analysis of growth). We have also leveraged McKinsey experts (e.g., field force execution, medical affairs) as well as proprietary tools (e.g., corporatized provider network connector) and McKinsey benchmarks (e.g., commercial spend, field productivity). Lastly our work builds upon our prior experiences serving Purdue that go back 10 years.

One important note: We have gathered and analyzed large amounts of data in a short period of time. Some initial findings will require refinement as we fill gaps in our fact base. We have been encouraged to provide an unvarnished, independent perspective on opportunities for improvement. As a result, our diagnostic focuses more on what's not working than what is. We see opportunity for Purdue to improve performance and hope these perspectives are received in that spirit.

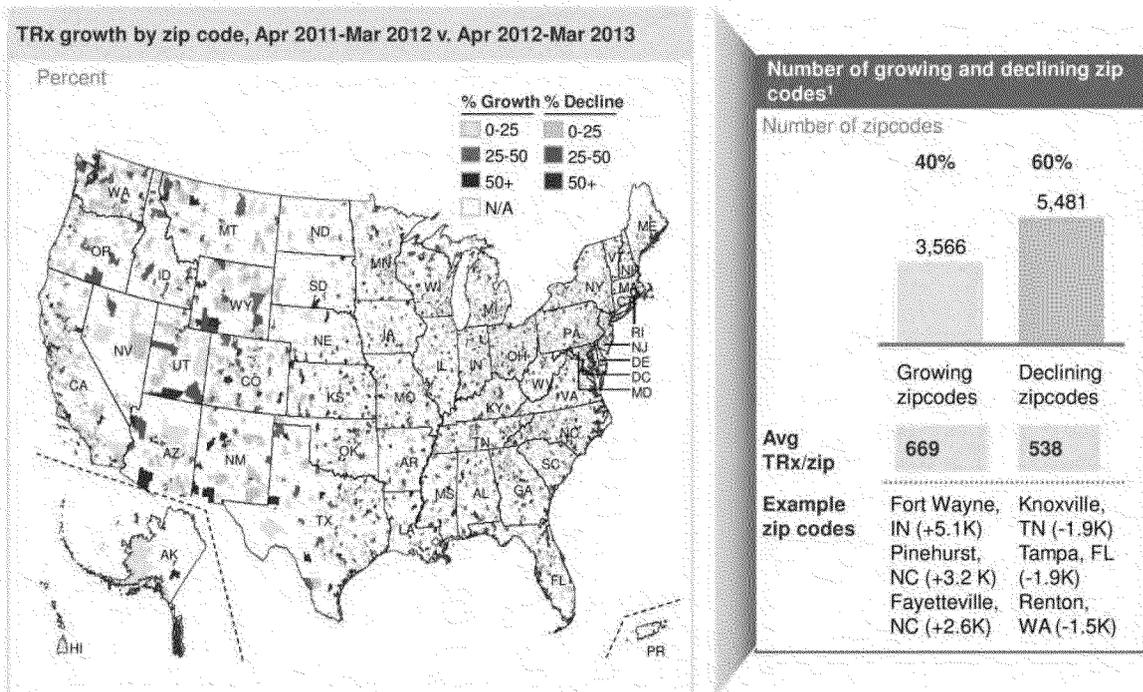
2. Findings from diagnostic

So far, we see four broad areas for improvement: market insights, local market fact-based decision-making, optimization of current resources, and tailored go-to-market approaches. Below we detail what we have found to date. These do not represent recommendations at this stage, although these findings inform the emerging opportunities we describe in section 3.

A) Growth by Geography

We believe that despite a national decline, micro market analysis suggests important pockets of growth that Purdue should focus on. It is encouraging that at a zip code level; roughly 40% of zips are actually growing their OxyContin prescription volume (Exhibit 1). The diffuse pattern in the geographic mapping also illustrates the extent of local dynamics—allowing Purdue to significantly improve its local market approach to capture these opportunities.

Exhibit 1: OxyContin growth by geography



SOURCE: IMS; Purdue Sales and Marketing; Team analysis

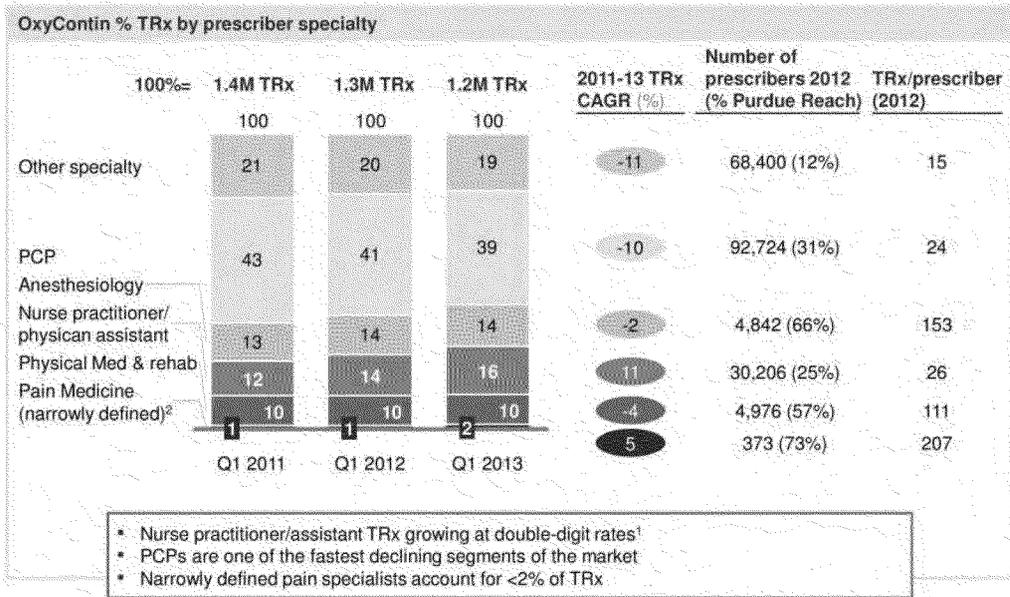
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B) Growth by Prescriber

Going one step further to a physician level, 47% of all OxyContin writers (between March 2012 and March 2013) increased their prescribing of OxyContin and 60,000 new prescribers began writing OxyContin. To better understand where this growth is coming from, we examined growth by specialty.

Nurse practitioners and physician assistants (NP/PAs) stand out as the only group growing in double digits (11%, Exhibit 2). They have the greatest sales rep access and are increasingly important in large group practices. NPs are currently able to prescribe OxyContin in 41 states. In addition, NP/PAs as a group are expected to grow at ~3.5% over the next 5 years. Today Purdue calls on NP/PAs when they appear on a target list, however there is not a tailored approach or strategy for NPs. Purdue also does not systematically capture data affiliating NP/PA OxyContin writers with the practice in which they work (e.g., in primary care or as part of a pain practice).

Exhibit 2: OxyContin growth by prescriber



1 NPs can prescribe controlled substances in 41 states
2 Does not include pain medicine as a subspecialty

SOURCE: IMS; NP Central; Team analysis

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C) OxyContin Reach and Targeting

The diffuse geographic pattern of OxyContin growth combined with the above prescriber analysis prompted an exploration of Purdue's current reach and targeting.

In Q1 2013, Purdue reached 21% of all OxyContin prescribers, covering 54% of total OxyContin prescriptions (TRx). (Exhibit 3)

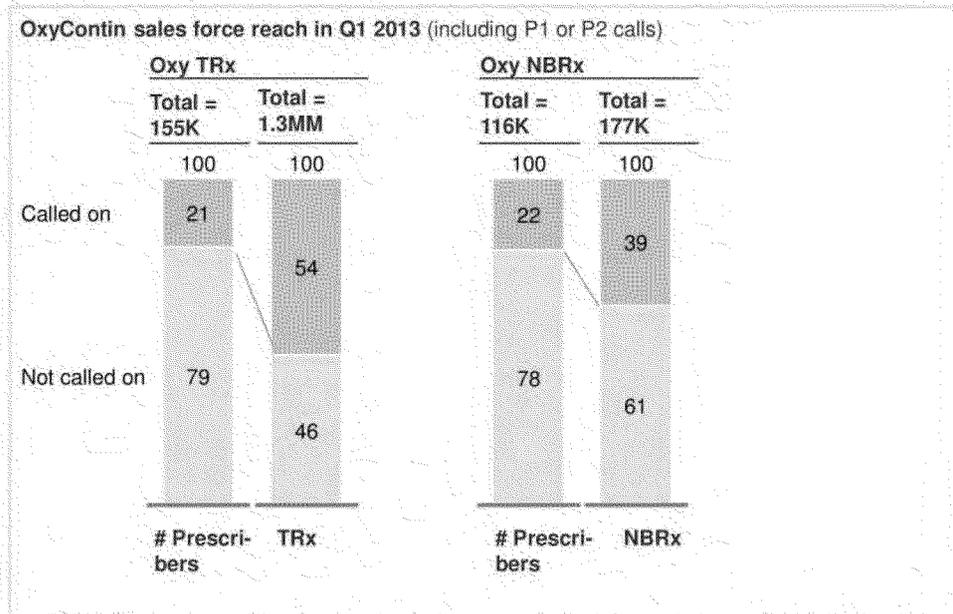
In Q1 2013, Purdue reached 22% of all OxyContin prescribers, covering 39% of total OxyContin prescriptions (NBRx).

Based on OxyContin's brand size, its relatively new reformulation and newer label change, improving Purdue's reach may be a profitable opportunity. Determining the optimal reach for OxyContin requires significant further analysis as it is both brand and situation specific. However for other brands of this size in similar situations, we regularly see reach near 80% of TRx when the brand is call sensitive.

Thus at an overall level, there is likely an opportunity to profitably expand reach.

The sales force today is designed and incented entirely on TRx, not incorporating NBRx. This is evident in the reach analysis of prescribers deciled by TRx vs by NBRx.(Exhibit 4) TRx reach is consistently higher than NBRx, e.g., in decile 10, Purdue covers 85% of TRx vs 61% of NBRx.

Exhibit 3: Reach by OxyContin TRx and NBRx



1 For 3-month period ending in March 2013; Reach defined as any physician who received at least one call (P1 or P2) in the time period specified

SOURCE: IMS; Purdue Sales and Marketing; team analysis

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