In re Purdue Pharma LP, et al.

Joseph Hage Aaronson LLC

Counsel to Raymond Sackler Family ("Side B")

Defense Presentation Part 3: Diversion

April 26, 2021

Negligent Diversion Claims

Claimants' Allegation: Purdue's Diversion Efforts Were Insufficient

NY AG FAC ¶853:

> 853. Each Defendant is strictly liable for violating the [New York Controlled Substances Act] in each separate instance in which it: (i) failed to maintain effective controls to prevent the diversion of controlled substances; (ii) failed to report suspicious orders for controlled substances; (iii) failed to report actual or alleged incidents of known or possible diversion of controlled substances; (iv) failed to provide truthful statements in its licensing filings with New York authorities; (v) and/or failed to notify New York authorities when its actions and/or omissions caused it to violate the NYCSA.

NY AG FAC ¶853

NY AG FAC ¶874:

> 874. Each of the Defendants breached its duties through its . . . violations of the New York Controlled Substances Act, in the course of its manufacture, distribution, sale, and/or marketing of opioid drugs within the state.

NY AG FAC ¶874

No allegation the Directors personally participated in Purdue's anti-diversion activities — and they did not

The Directors Responsibly Monitored But Did Not Personally Participate in Purdue's Anti-Diversion Efforts

- Directors monitored but did not personally participate in Purdue's anti-diversion activities — they had no role in deciding which prescribers to place in Region Zero
- The Board monitored anti-diversion activities based on information from management, including that:
  - Purdue was vigorously implementing its Abuse Deterrence & Detection (ADD) Program, specifically including Region Zero
  - Sales reps were trained in the ADD Program and Region Zero requirements
  - Management monitored the ADD Program
  - The ADD Program was working to stop diversion
  - Multiple Departments were working to stop diversion and ensure compliance with DEA requirements

"In performing his duties, a director shall be entitled to rely on information, opinions, reports or statements … prepared or presented by … officers or employees of the corporation … whom the director believes to be reliable and competent in the matters presented …."

N.Y. Bus. Corp. Law §717

DOJ's Allegation: Family Directors Should Have Known of Diversion

DOJ alleges in Addendum A to the Sackler Settlement Agreement:

"3. Although the Named Sacklers knew that the legitimate market for Purdue's opioids had contracted, the Named Sacklers nevertheless requested that Purdue executives recapture lost sales and increase Purdue's share of the opioid market."

"4. As a result of these requests, from at least 2013-2018, Purdue developed an aggressive marketing program [Evolve 2 Excellence (or E2E), conceived by McKinsey & Co.] that focused on detailing over 100,000 doctors and nurse practitioners each year, including thousands of prescribers that the Named Sacklers knew or should have known were prescribing opioids that were not for a medically accepted indication; were unsafe, ineffective, and medically unnecessary; and that were diverted for uses that lacked a legitimate medical purpose."

DOJ/Sackler Settlement Agreement, Addendum A, ¶¶3-4

DOJ's Allegations Are Demonstrably Untrue

- The Board was advised there was a huge, multibillion-dollar legitimate market for Purdue to pursue
- The Board was continuously advised by management that Purdue was operating in compliance with law — and for 5 years this was confirmed by the OIG of HHS
- The Board's focus on increasing sales — on the understanding it was being done in compliance with law — was perfectly appropriate
- The Board relied on McKinsey's marketing advice, which McKinsey said simply brought "best industry practices" to Purdue
- The resulting marketing program, E2E, targeted the legitimate market for Purdue's opioids and emphasized OxyContin's abuse-deterrent properties

The Board Was Advised There Was a Huge Legitimate Market for Purdue to Pursue

Annual Prescriptions and Dollars in Various Segments of the Analgesic Market

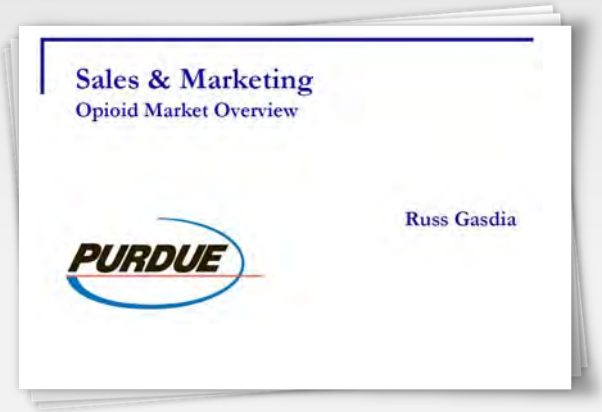
(IMS MAT August 2012)

	Dollars	% Change	TRxs	% Change
Non-Opioid/Non-NSAID	$3.9 Billion	7.6%	50.6 million	8.8%
Extended-Release Opioids	$5.3 Billion	-2.8%	26.2 million	-0.1%
Immediate-Release SEOs	$1.4 Billion	-11.6%	23.8 million	10.8%
Combination Opioids	$1.5 Billion	5.5%	189.9 million	-2.5%

2012

Total market: $12.1B

Purdue's sales: $2.8B



Nov. 2012 Sales & Mktg. Presentation to Board (PPLPC012000396110)

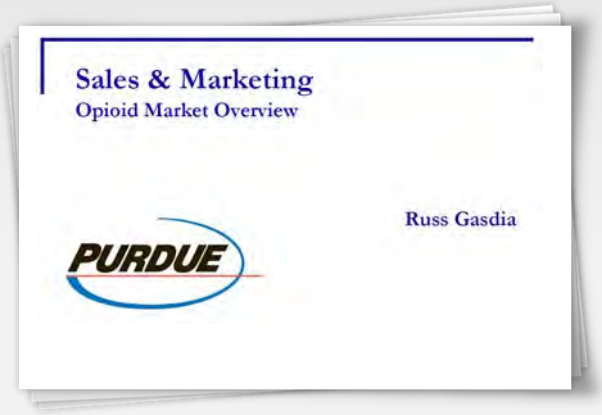
The Board Was Advised There Was a Huge Legitimate Market for Purdue to Pursue

Extended-Release Opioid Competitive Landscape

Brand Name	Chemical Name	Company	Brand	Generic
Avinza®	Morphine sulfate extended-release capsules	Pfizer	√	
Butrans®	Buprenorphine transdermal system	Purdue	√	
Exalgo®	Hydromorphone hydrochloride extended-release tablets	Mallinckrodt	√	
Embeda®*	Morphine sulfate and naltrexone extended-release capsules	Pfizer	√	
Duragesic®	Fentanyl transdermal system	Janssen	√	√
Kadian®	Morphine sulfate extended-release capsules	Actavis	√	√
MS Contin®	Morphine sulfate controlled-release tablets	Purdue	√	√
Nucynta® ER	Tapentadol extended-release oral tablets	Janssen	√	
Opana® ER	Oxymorphone hydrochloride extended-release tablets	Endo	√	√**
OxyContin®	Oxycodone hydrochloride controlled-release tablets	Purdue	√	
Dolophine®	Methadone hydrochloride tablets	Roxane	√	√

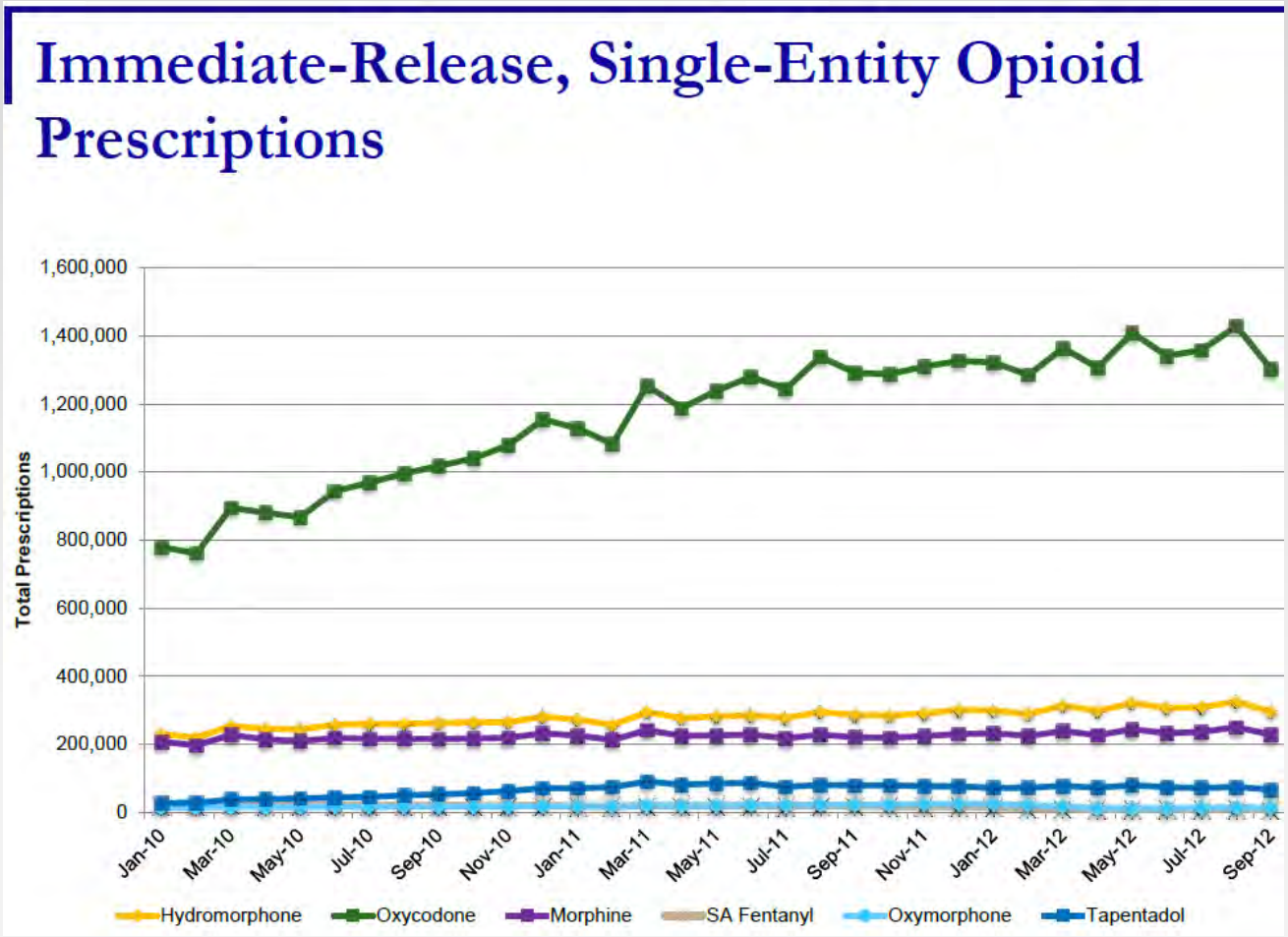
2012

Extend-Release Opioids: $5.3 billion market



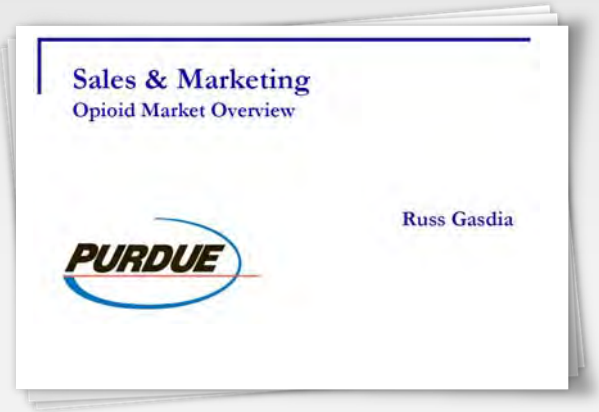
Nov. 2012 Sales & Mktg. Presentation to Board (PPLPC012000396110)

The Board Was Advised There Was a Huge Legitimate Market for Purdue to Pursue



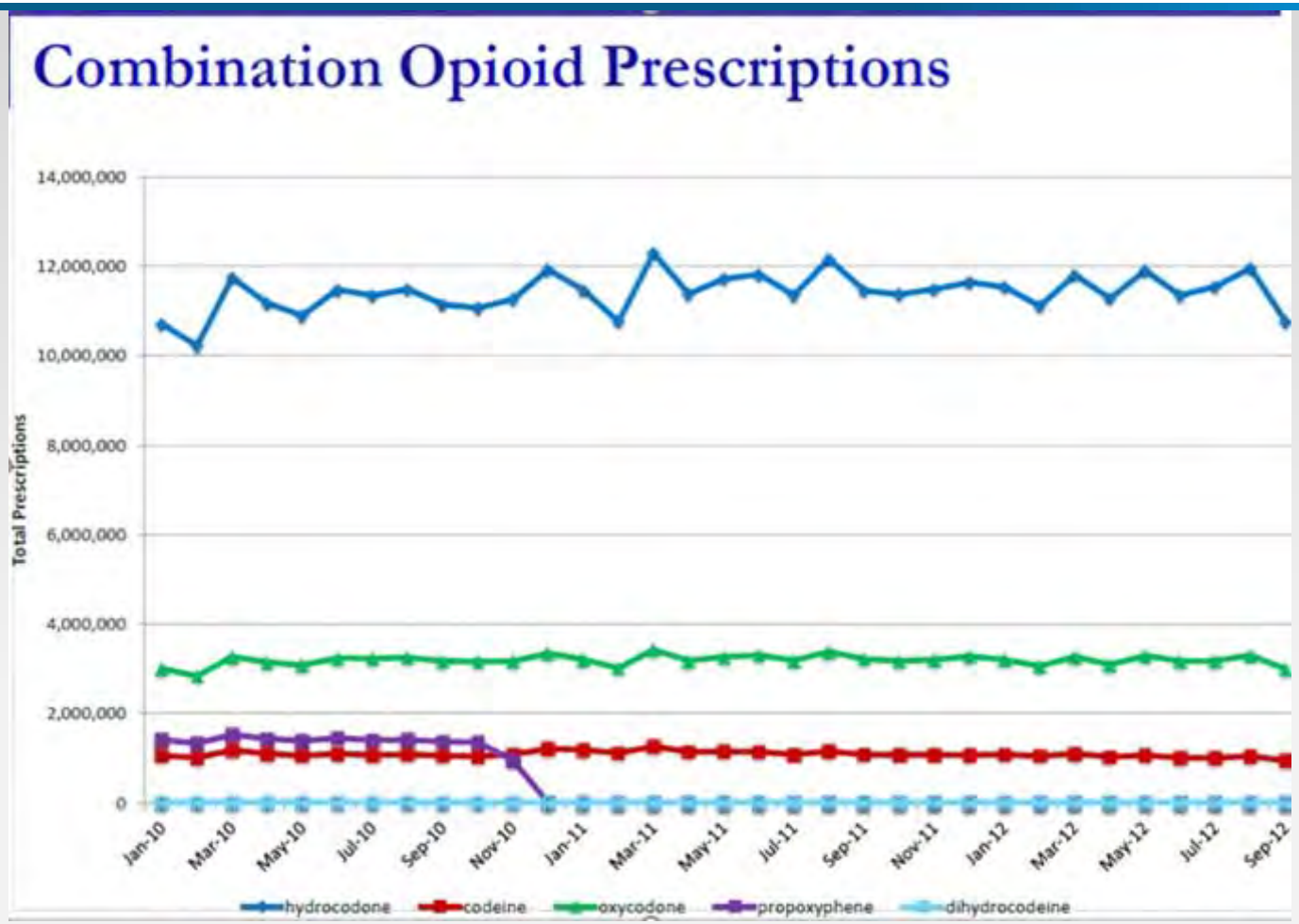
2012

Immediate-Release Opioids: $1.4 billion market



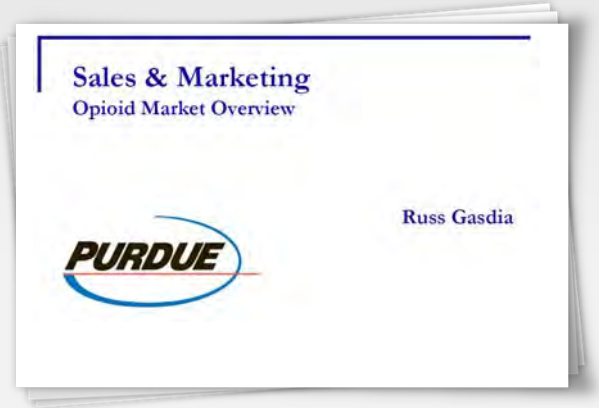
Nov. 2012 Sales & Mktg. Presentation to Board (PPLPC012000396110)

The Board Was Advised There Was a Huge Legitimate Market for Purdue to Pursue



2012

Combination Medications: $1.5 billion market



Nov. 2012 Sales & Mktg. Presentation to Board (PPLPC012000396110)

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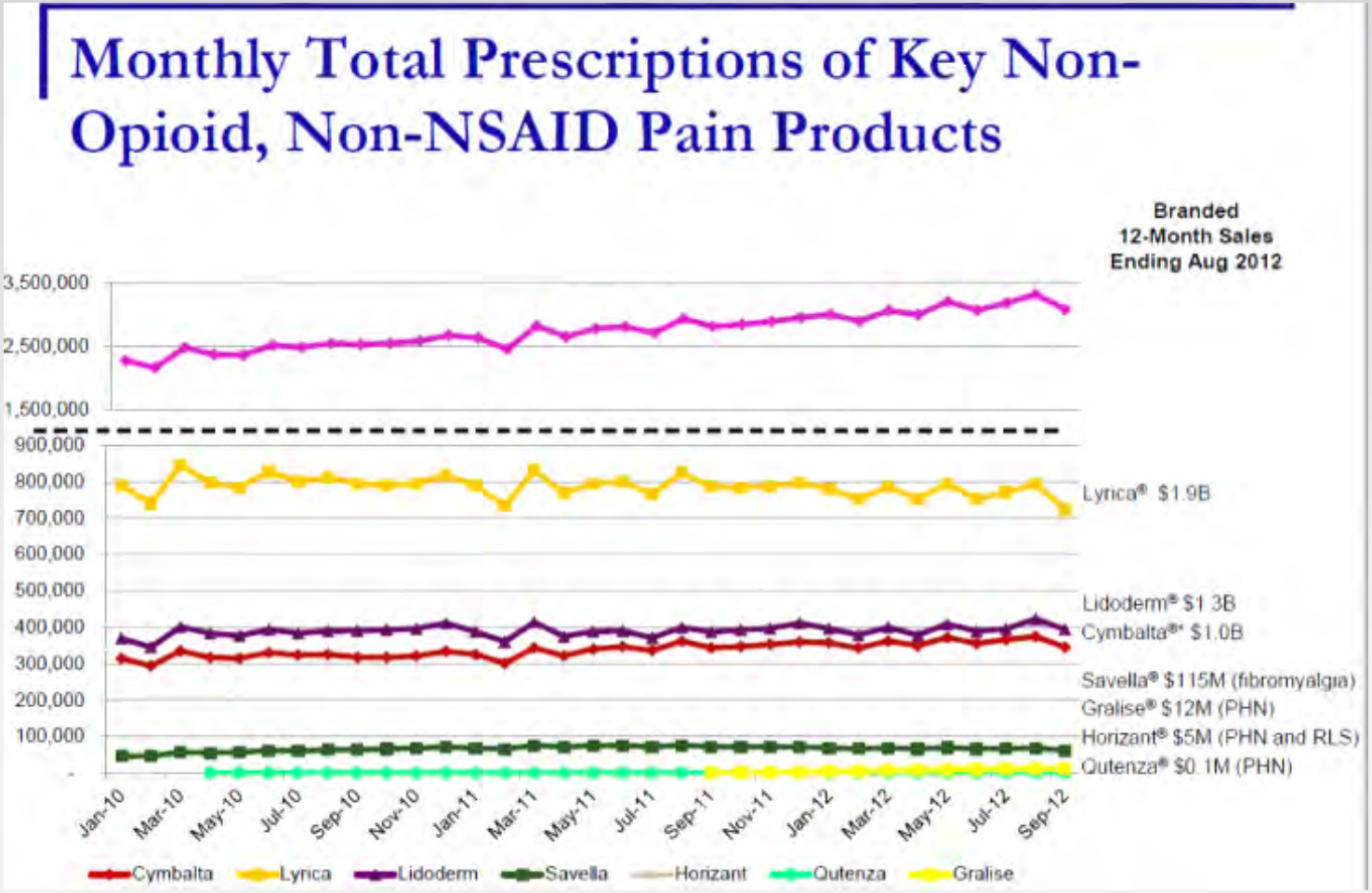
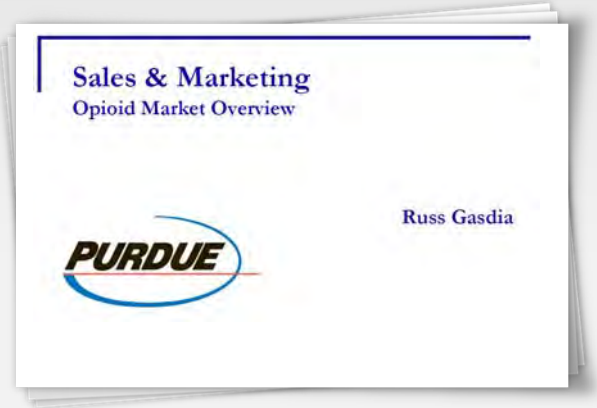


2012

Key Non-Opioid, Non-NSAIDs: > $3.9 billion market

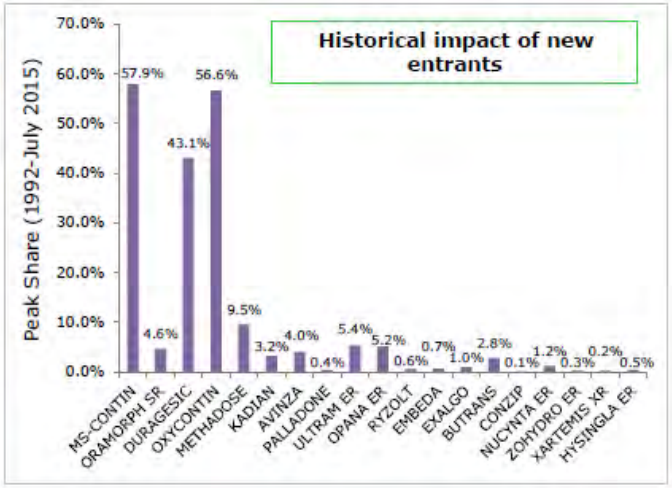


Nov. 2012 Sales & Mktg. Presentation to Board (PPLPC012000396110)

The Board Was Advised There Was a Huge Legitimate Market for Purdue to Pursue

More EROs are expected to enter the market in 2016

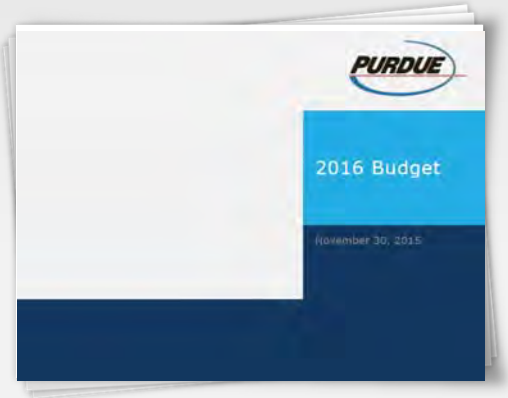
Product (Company)	PDUFA	Commentary
Belbuca (Endo)	Approved	▪ Buprenorphine ▪ Buccal delivery
Vantrela ER (Teva)	Q4 2015	▪ ER Hydrocodone ▪ Potential to be blocked
ALO-02 (Pfizer)	Q1 2016	▪ Oxycodone Naltrexone ▪ Embeda experienced limited success
Xtampza ER (Collegium)	Tentative Approval	▪ Oxycodone ▪ Targeting dysphasia patients
MorphaBond ER (Inspirion)	Approved	▪ Morphine ▪ Abuse Deterrent Properties



Impact of new entrants:

- Projected peak share 0.9% to 2.2%
- Peak sales $60MM to $150MM
- Impact on portfolio is $32MM

New EROs Continued to be Introduced



Nov. 30, 2015 Budget Presentation to Board (PPLPC063000003207)

The Board Understood That Abuse-Deterrent OxyContin Was a Success—Abuse and Diversion Fell Substantially after Its Introduction

The Board Understood That Abuse-Deterrent OxyContin Was a Success — Abuse and Diversion Fell Substantially

- **DOJ alleges:**

  "Purdue's profits declined in 2010 after the introduction of its Reformulated OxyContin.... The Named Sacklers and Purdue executives tracked Purdue's lost sales closely and regularly scrutinized sales reports and related data. They attributed the majority of the decline to two trends: (i) individuals abusing opioids moving from OxyContin to opioids that were easier to abuse ... and (ii) increased scrutiny of prescribers, pharmacists, and other actors in the opioid distribution chain." (DOJ/Sackler Settlement Agreement, Addendum A ¶2)

- **The Board considered it a great success that abuse and diversion fell after the introduction of the abuse-deterrent formulation ("ADF") of OxyContin**

- **The Board had authorized over $1 billion in anti-abuse initiatives, including the ADF**

The Board Understood That Abuse-Deterrent OxyContin Was a Success — Abuse and Diversion Fell Substantially

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

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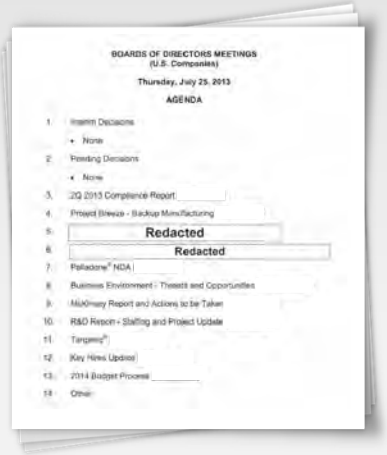
BOARDS OF DIRECTORS MEETINGS
(U.S. Companies)

Thursday, July 25, 2013

AGENDA

1. Interim Decisions
   - None
2. Pending Decisions
   - None
3. 2Q 2013 Compliance Report
4. Project Breeze - Backup Manufacturing
5. Redacted
6. Redacted
7. Palladone® NDA
8. Business Environment - Threats and Opportunities
9. McKinsey Report and Actions to be Taken
10. R&D Retool - Staffing and Project Update
11. Targiniq®
12. Key News Updates
13. 2014 Budget Process
14. Other

PPLP004409860 (July 25, 2013 Presentation to Board)

The Board Understood That Abuse-Deterrent OxyContin Was a Success — Abuse and Diversion Fell Substantially

Summary of Findings from Ongoing Epidemiology Studies*

- Reduced abuse relative to original OxyContin (consistent, durable)
- Reduced diversion and "doctor-shopping"
- Improved safety for patients
- Improved safety from accidental exposures

Proof of concept for abuse-deterrent tablets demonstrated

*OxyContin and other prescription opioids remain subject to abuse

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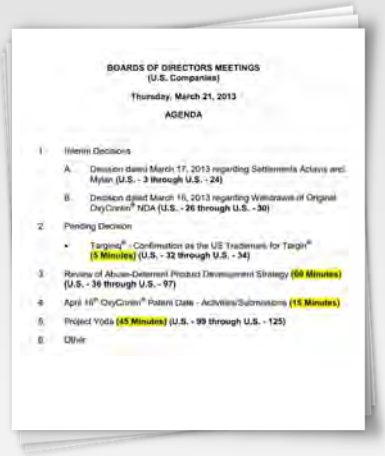
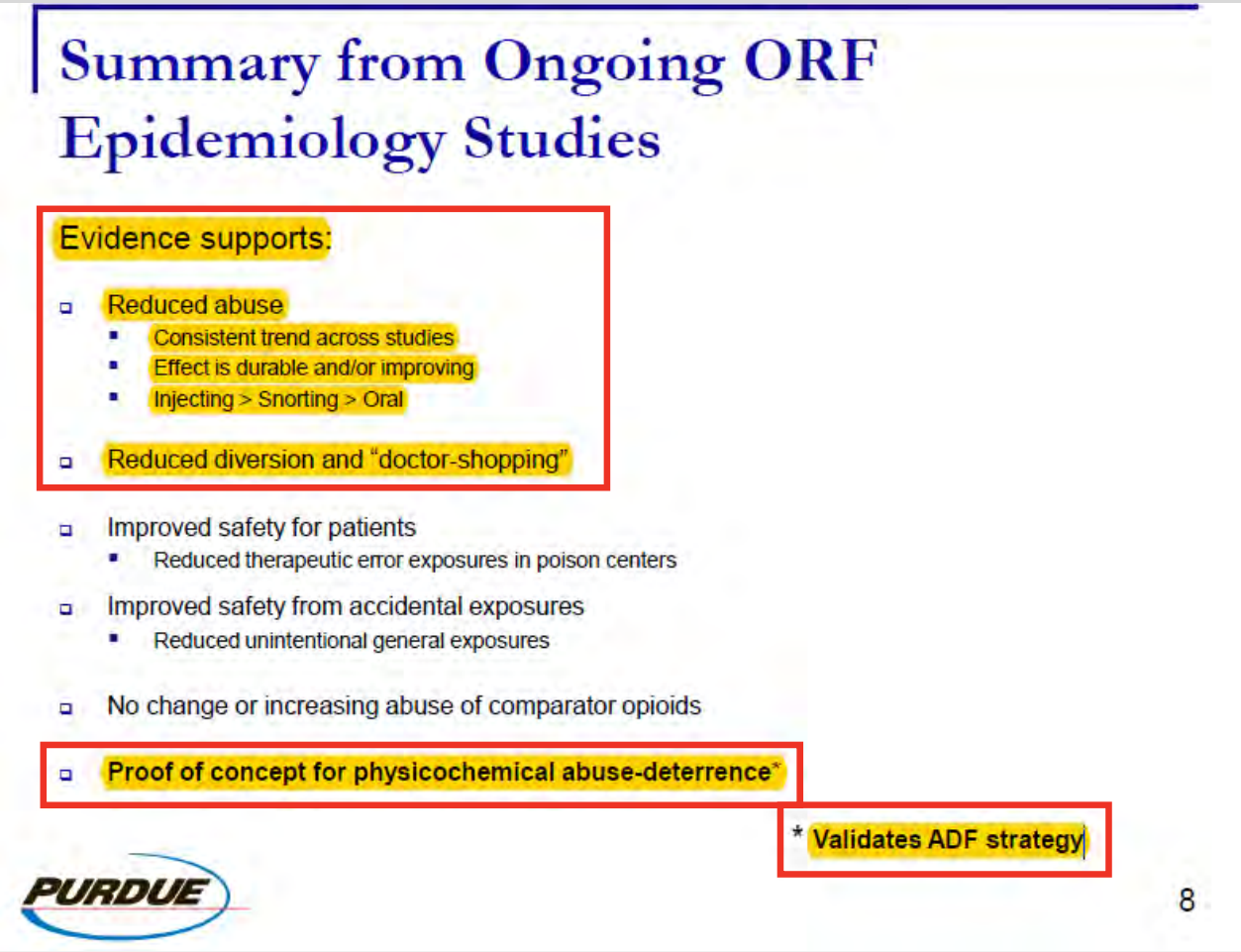

BOARDS OF DIRECTORS MEETINGS
(U.S. Companies)

Thursday, March 21, 2013

AGENDA

PPLPC044000041968 (Mar. 21, 2013 Presentation to Board)

The Board Understood That Abuse-Deterrent OxyContin Was a Success — Abuse and Diversion Fell Substantially



Summary from Ongoing ORF Epidemiology Studies

Evidence supports:

- Reduced abuse
  - Consistent trend across studies
  - Effect is durable and/or improving
  - Injecting > Snorting > Oral
- Reduced diversion and "doctor-shopping"
- Improved safety for patients
  - Reduced therapeutic error exposures in poison centers
- Improved safety from accidental exposures
  - Reduced unintentional general exposures
- No change or increasing abuse of comparator opioids
- **Proof of concept for physicochemical abuse-deterrence***

* Validates ADF strategy

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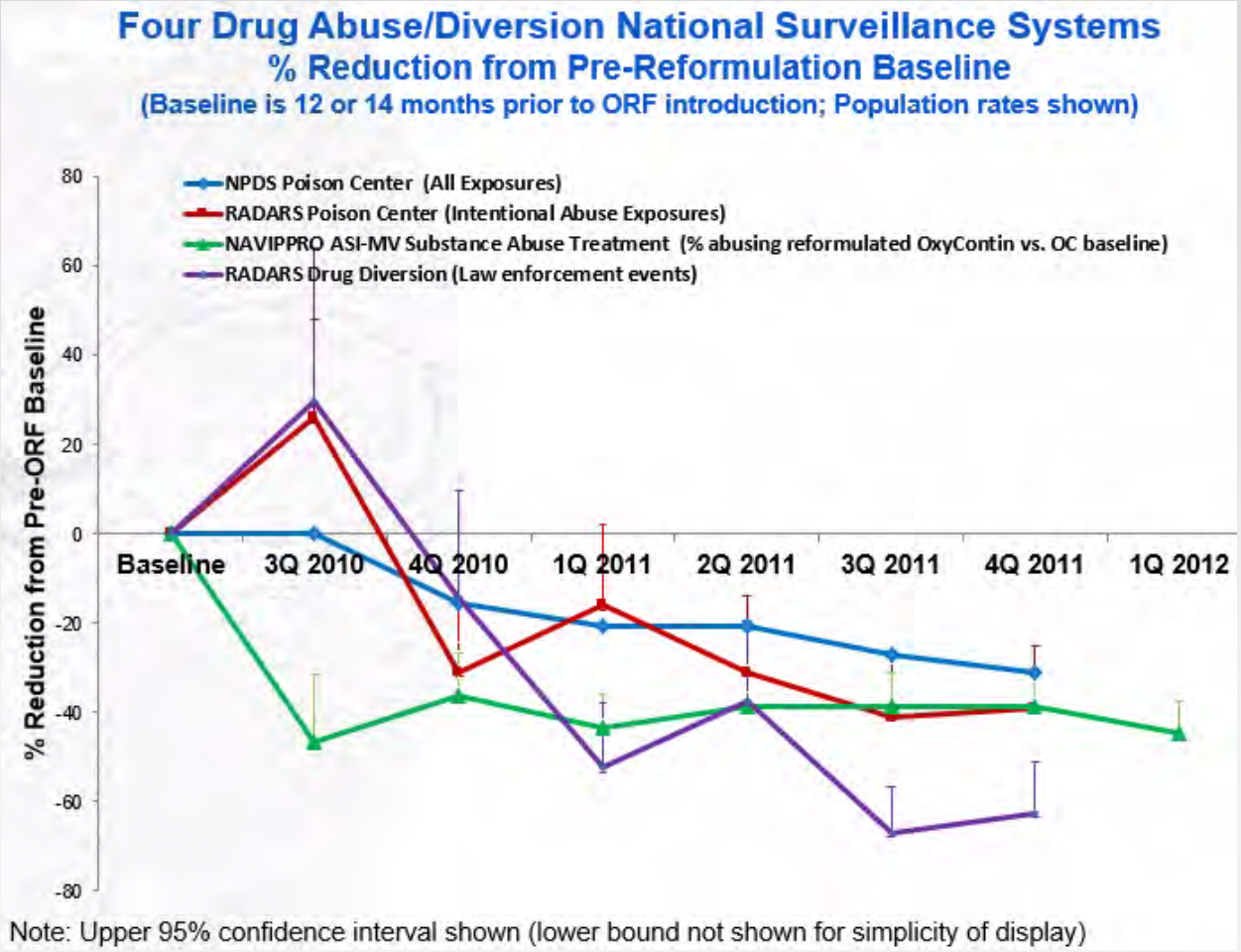
PPLP004409195 (Nov. 3, 2012 Purdue Presentation to Beneficiaries)

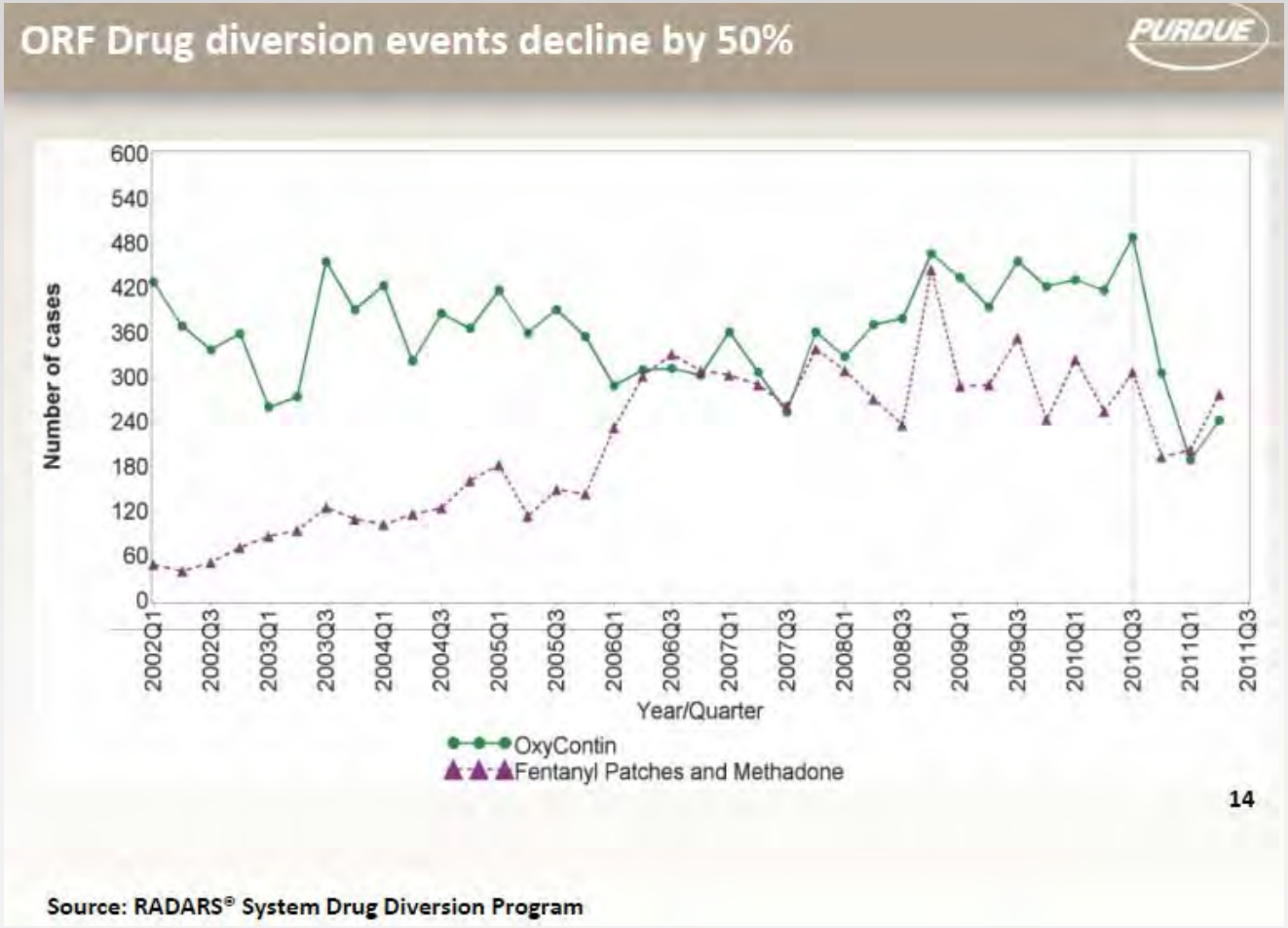
The Board Understood That Abuse-Deterrent OxyContin Was a Success — Abuse and Diversion Fell Substantially



Note: Upper 95% confidence interval shown (lower bound not shown for simplicity of display)

June 18, 2012
Presentation to Board
(PPLPC057000011188)

The Board Understood That Abuse-Deterrent OxyContin Was a Success — Diversion Fell Substantially

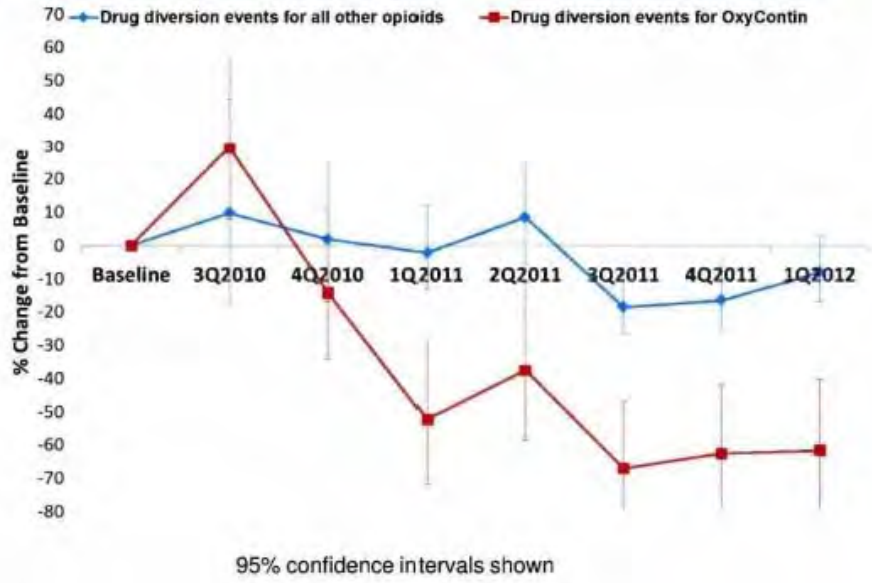


Attachment to Exec. Comm. Notes
Sent to Board on Oct. 25, 2011
(PURDUE-COR-00032185)

The Board Understood That Abuse-Deterrent OxyContin Was a Success — Diversion Fell Substantially

Drug Diversion/Law Enforcement Events in RADARS® System

% Reduction from Baseline
(Baseline is 12 months prior to ORF introduction; Population-adjusted rates)



95% confidence intervals shown

PURDUE

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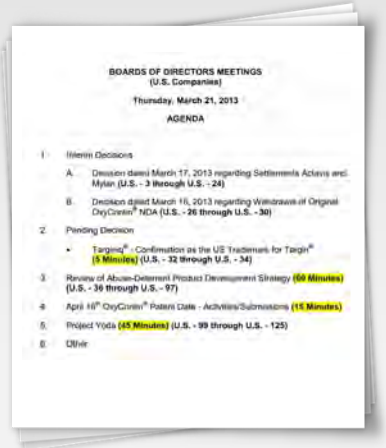


BOARDS OF DIRECTORS MEETINGS
(U.S. Companies)

Thursday, March 21, 2013

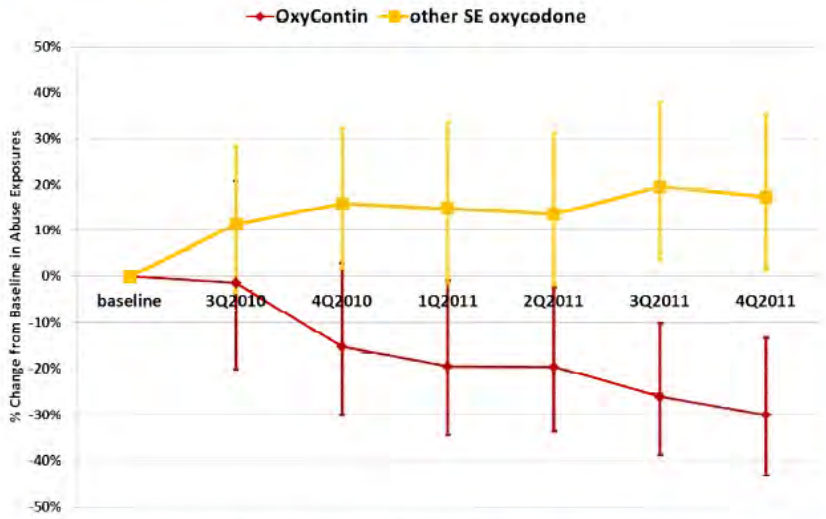
AGENDA

PPLPC044000041964
(Mar. 21, 2013
Presentation to Board)

The Board Understood That Abuse-Deterrent OxyContin Was a Success — Abuse Fell Substantially

Poison Center Data from National Poison Data System

% Reduction from Baseline in Number of Intentional Abuse Exposures
(Baseline is 12 months prior to ORF introduction)



Source: National Poison Data System. Note: Baseline is average of 4 quarters from 3Q2009 to 2Q2010. 95% CI shown

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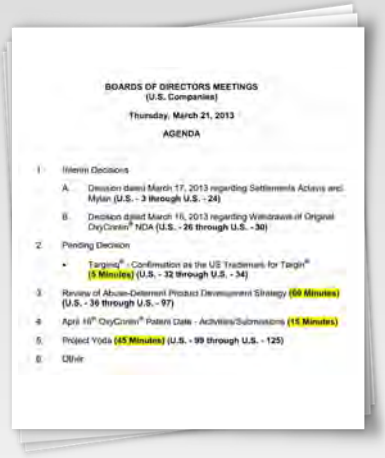


BOARDS OF DIRECTORS MEETINGS
(U.S. Companies)

Thursday, March 21, 2013

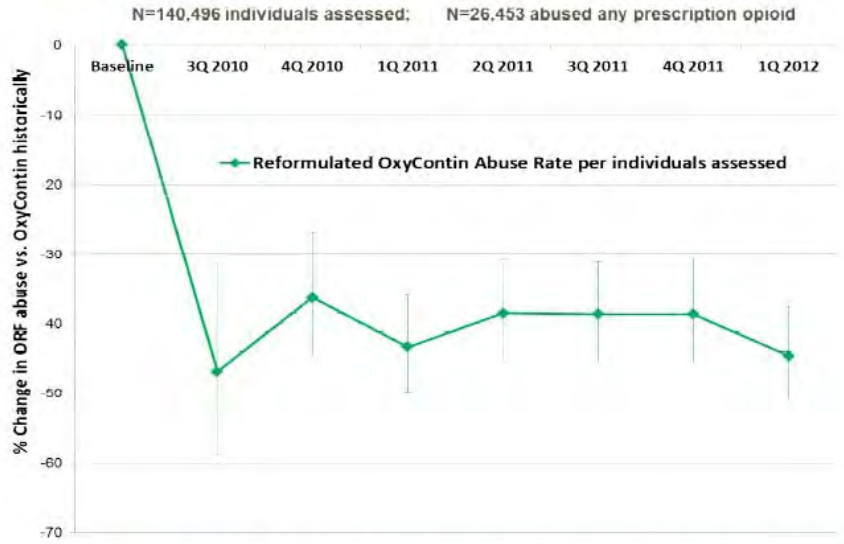
AGENDA

PPLPC044000041962
(Mar. 21, 2013
Presentation to Board)

The Board Understood That Abuse-Deterrent OxyContin Was a Success — Abuse Fell Substantially

Abuse by Individuals Assessed for Substance Abuse Treatment

% Reduction from Baseline in NAVIPPRO® System
(Baseline is 14 months prior to ORF introduction)



95% confidence intervals shown; Baseline is average rate per individuals assessed over 14 months.

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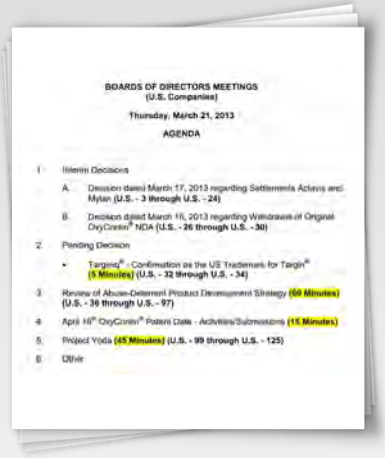
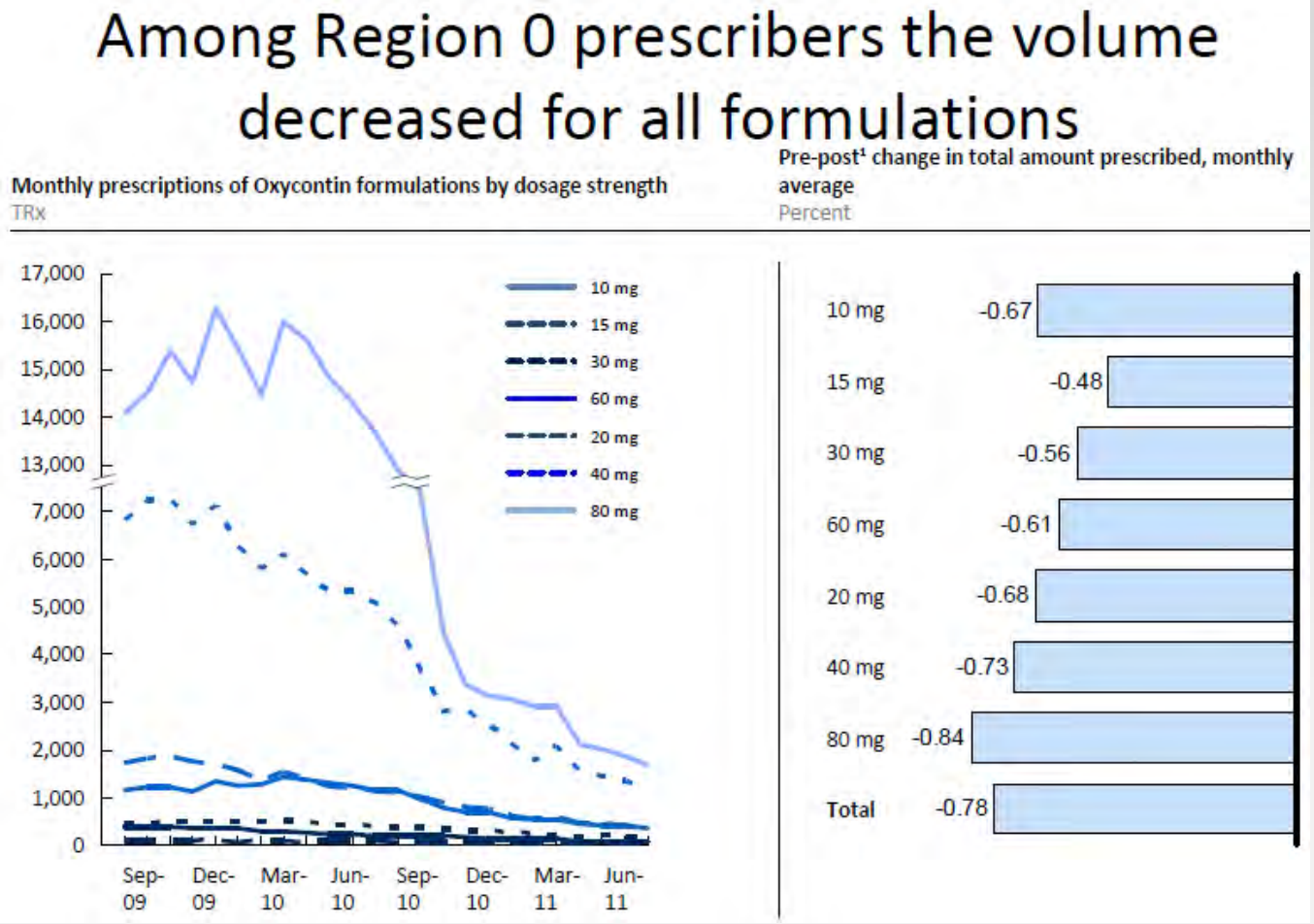

BOARDS OF DIRECTORS MEETINGS
(U.S. Companies)

Thursday, March 21, 2013

AGENDA

PPLPC044000041961
(Mar. 21, 2013
Presentation to Board)

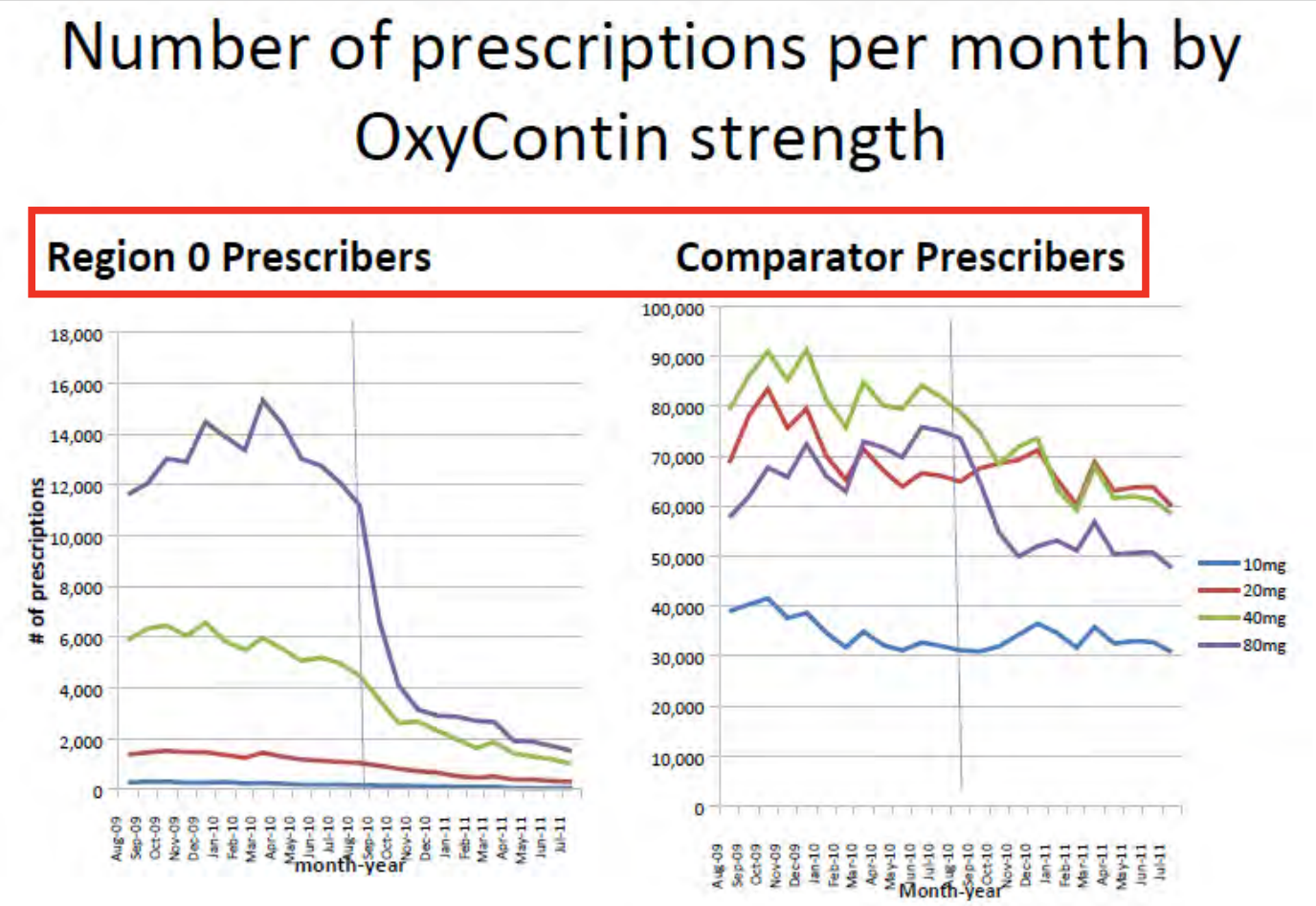
The Board Understood That Abuse-Deterrent OxyContin Was a Success — Prescriptions by Region Zero Prescribers Fell Substantially



- **Region Zero was a list of suspicious prescribers identified through Purdue's Abuse Diversion & Detection (ADD) Program**
- **Purdue sales reps did not call on Region Zero prescribers, but Purdue could not prevent them from prescribing OxyContin**

Attachment to Exec. Comm. Notes Sent to Board Oct. 25, 2011 (PPLPC042000024694)

The Board Understood That Abuse-Deterrent OxyContin Was a Success — Prescriptions by Region Zero Prescribers Fell Substantially

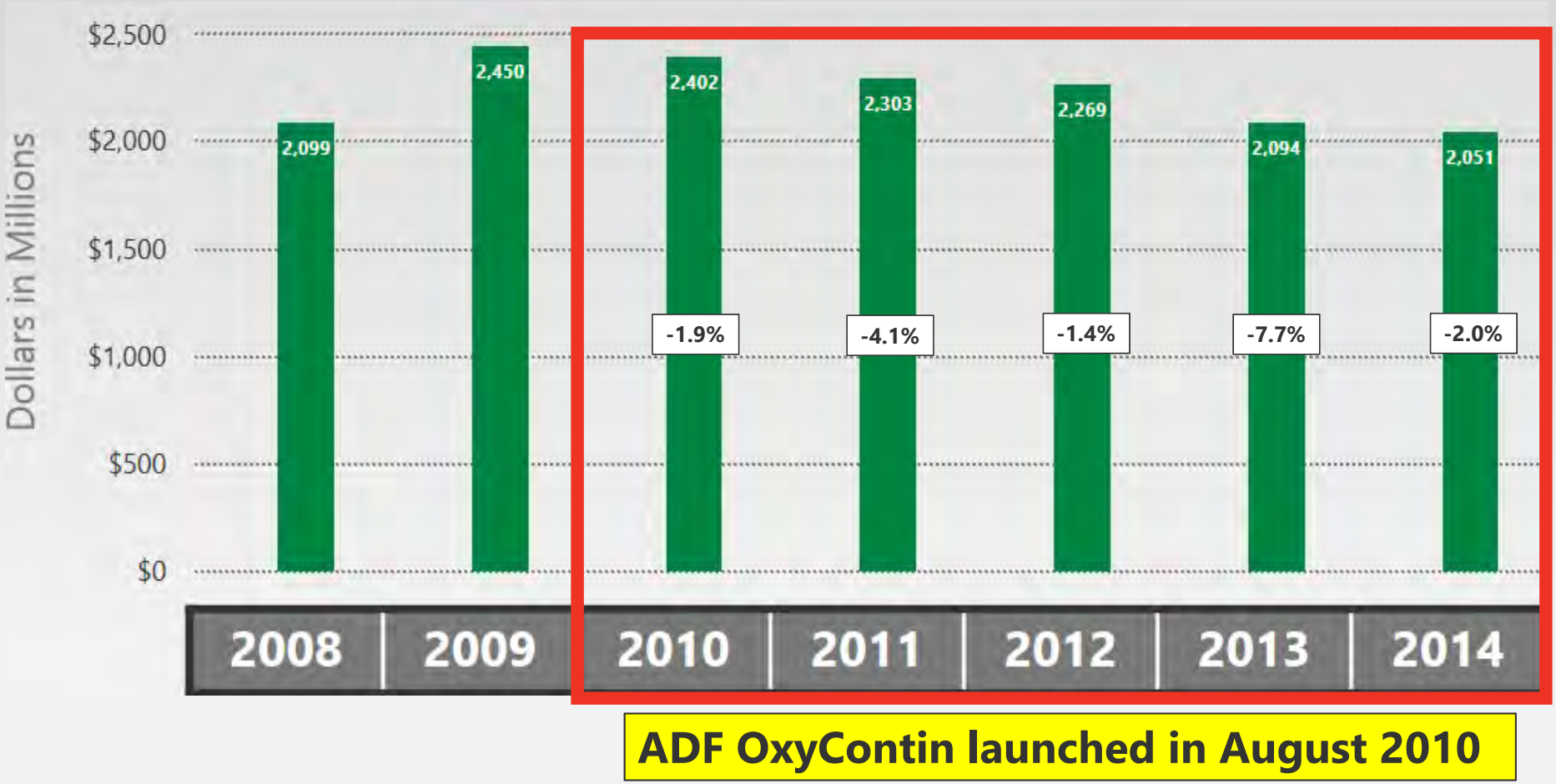


Attachment to Exec. Comm. Notes Sent to Board Oct. 25, 2011 (PPLPC042000024694)

The Board Understood That Abuse-Deterrent OxyContin Was a Success — Abuse and Diversion Fell Substantially

- Purdue sales began to decline in 2010 — for multiple reasons — and that prompted focus on sales
- The Board was advised that the Company's marketing campaign — E2E — was designed to encourage HCPs to identify and convert to OxyContin appropriate patients not currently on OxyContin
- As sales fell, the Board dramatically increased Purdue's cash on hand to ensure the vitality of the Company

The Decline in Purdue Sales Began in 2010 and Was Gradual



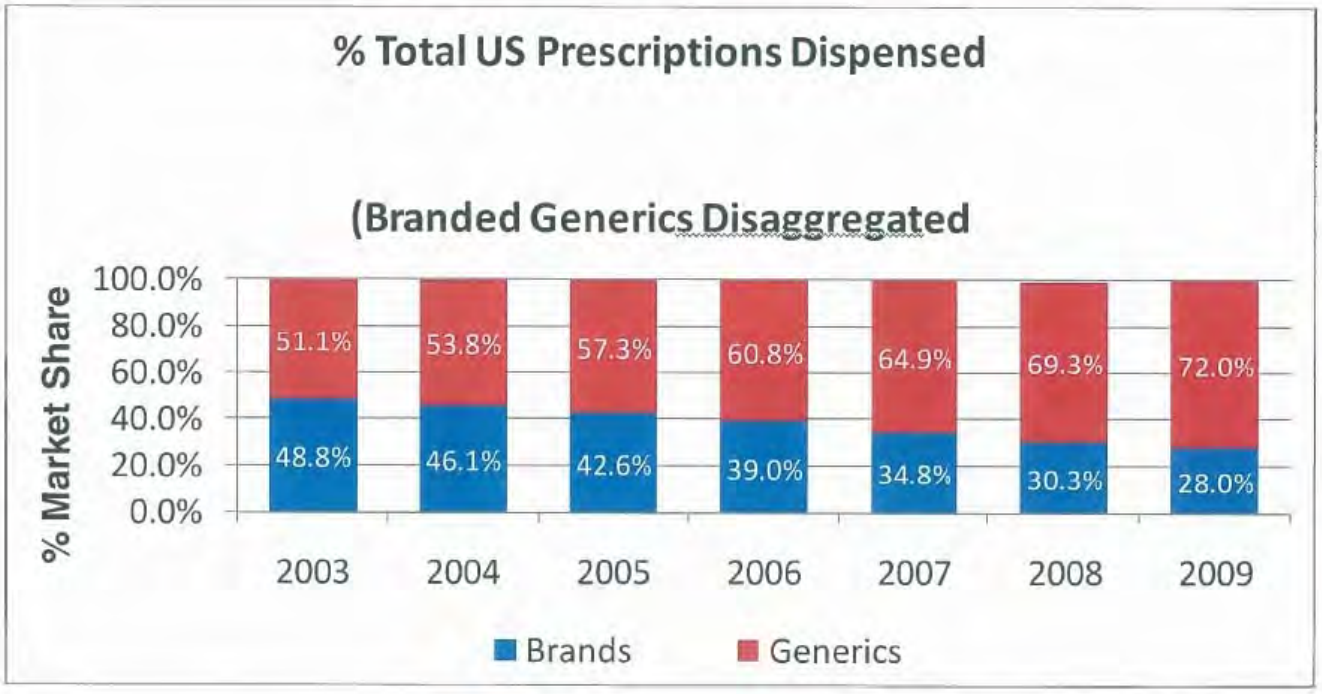
ADF OxyContin launched in August 2010

The Board Understood There Were Multiple Reasons for the Sales Decline

- The overall share of generic prescriptions was rising
- New, competing long-acting opioids were entering the market
- New entrants were targeting OxyContin
- The total market share held by branded extended-release opioids ("EROs") like OxyContin was falling

The Board Understood There Were Multiple Reasons for the Sales Decline

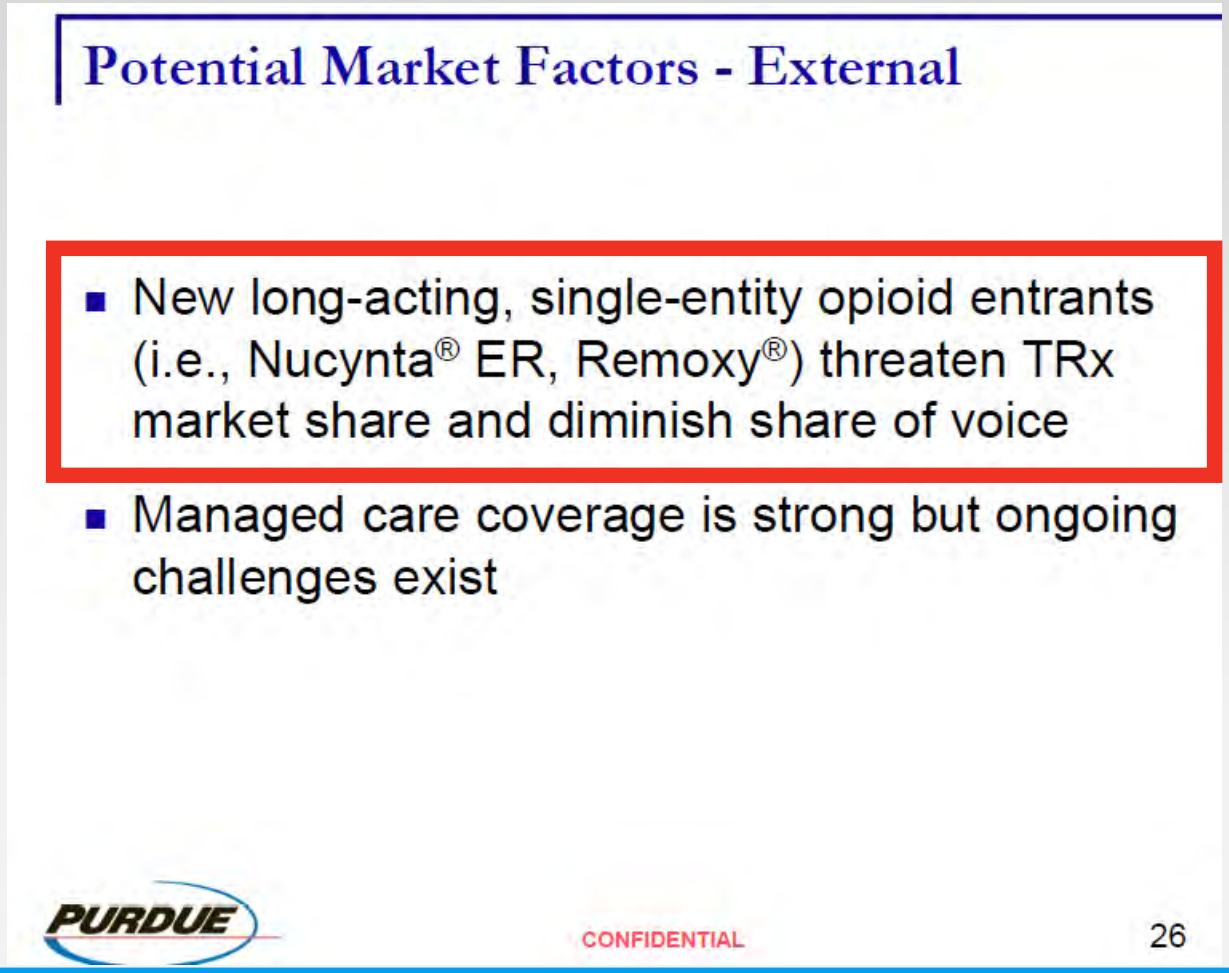
Overall Generic Share of Rx's is Increasing



Source: IMS "Perspective on the US Pharmaceutical Market A New Reality"

Nov. 2010 Full Budget Presentation (PPLP004404901)

The Board Understood There Were Multiple Reasons for the Sales Decline



Nov. 2010 Sales & Marketing Presentation (PPLP004404901)

The Board Understood There Were Multiple Reasons for the Sales Decline

Nucynta® ER is Targeting OxyContin® Tablets

POWERFUL PAIN MANAGEMENT

Mean change in pain intensity at Week 12 from baseline as measured by Numerical Rating Scale (NRS)[1]

*In a double-blind study, eligible patients were randomized 1:1:1 (N=981) to receive NUCYNTA® ER, oxycodone CR, or placebo. The intent-to-treat population[1] included 958 patients. Primary efficacy analysis is based on the last observation carried forward (LOCF) imputation method. Treatment comparisons used ANCOVA model and were based on least squares mean difference from placebo.

Incidence of treatment-emergent adverse events (TEAEs) reported in at least 5% of patients in any treatment group[11]

System/Organ Class Dictionary-Derived Term	% of Patients (N=965) Placebo (n=319)	NUCYNTA® ER (n=318)	Oxy [illegible] CR[1] (n=328)
Gastrointestinal Disorders	26	44	62
Nausea	9	20	35
Vomiting	2	9	19
Constipation	5	14	27
Diarrhea	7	6	2
Dry Mouth	2	8	4
Dyspepsia	3	5	2
Nervous System Disorders	23	40	45
Dizziness	6	12	17
Somnolence	3	13	16
Headache	14	20	17
Psychiatric Disorders	9	15	18
Insomnia	3	4	8
General Disorders	10	16	19
Fatigue	4	7	7
Skin and Subcutaneous Tissue Disorders	5	14	28
Hyperhidrosis	0	4	5
Skin Pruritus	2	7	17

Discontinuation rates due to TEAEs[1]
placebo 4%
NUCYNTA® ER 17%
oxycodone CR 32%

Nucynta ER Promotional Support

- ~1,000 Sales Representatives
- Web Site
- Competitive Savings Card Program
- Speaker's Programs

Prescriber Overlap

Nucynta IR Prescribers: 53,713
OxyContin Prescribers: 209,328
***Overlap* = 33,885**

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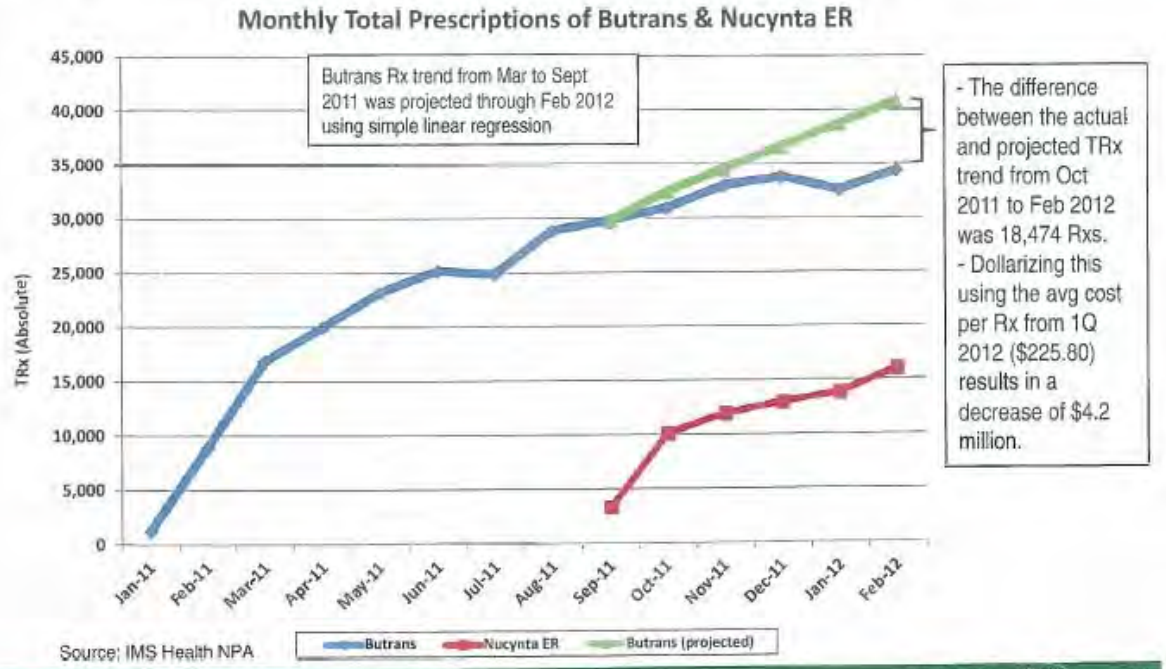
Oct. 2011 Full Budget Presentation at PPLPUCC003392177

The Board Understood There Were Multiple Reasons for the Sales Decline

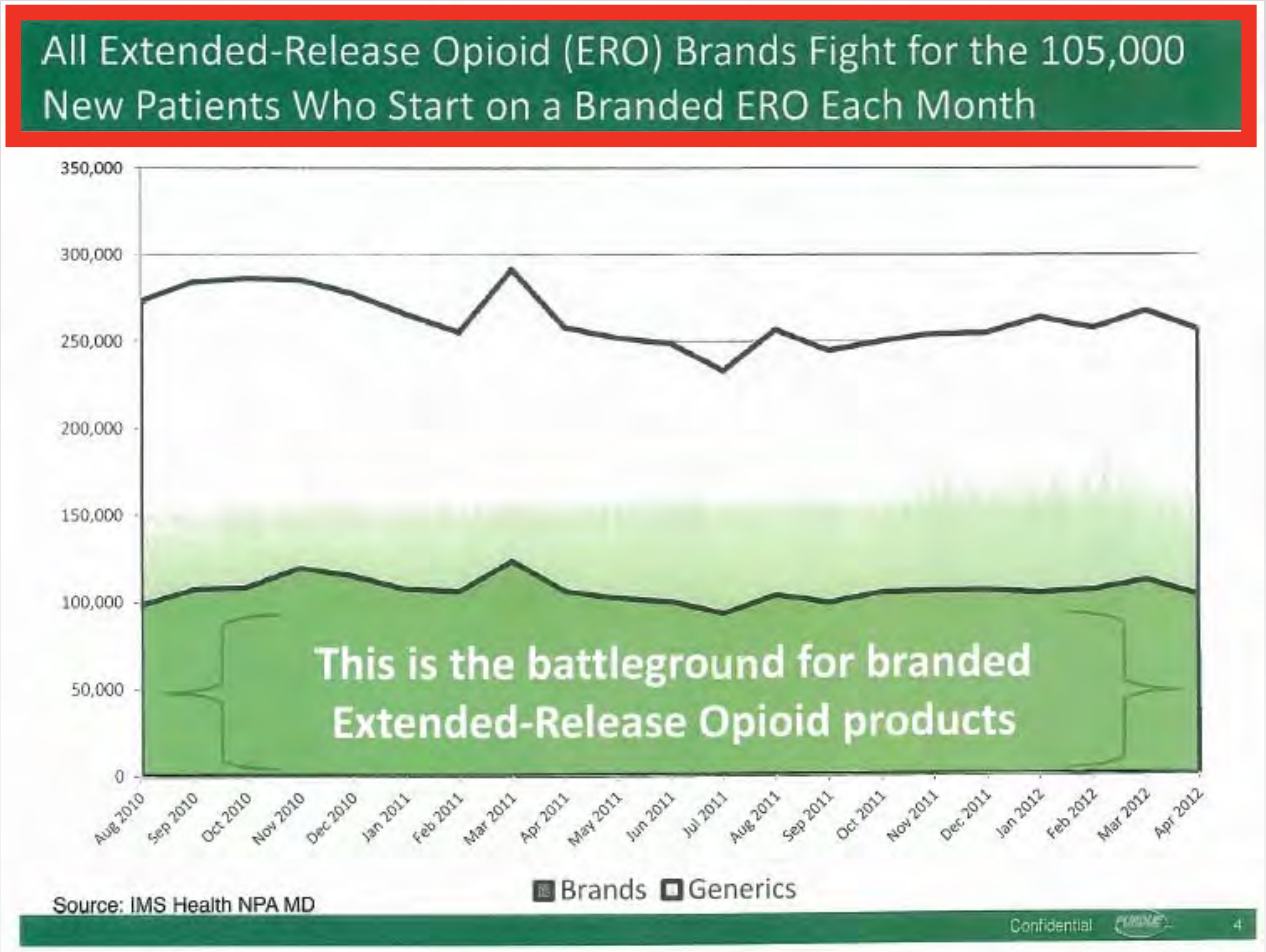
Nucynta® ER has Slowed Butrans® Monthly TRxs

Butrans 2012 budget assumed Nucynta ER would launch January 2012. Nucynta ER actual launch was September 2011.



June 2012 Full Budget Presentation

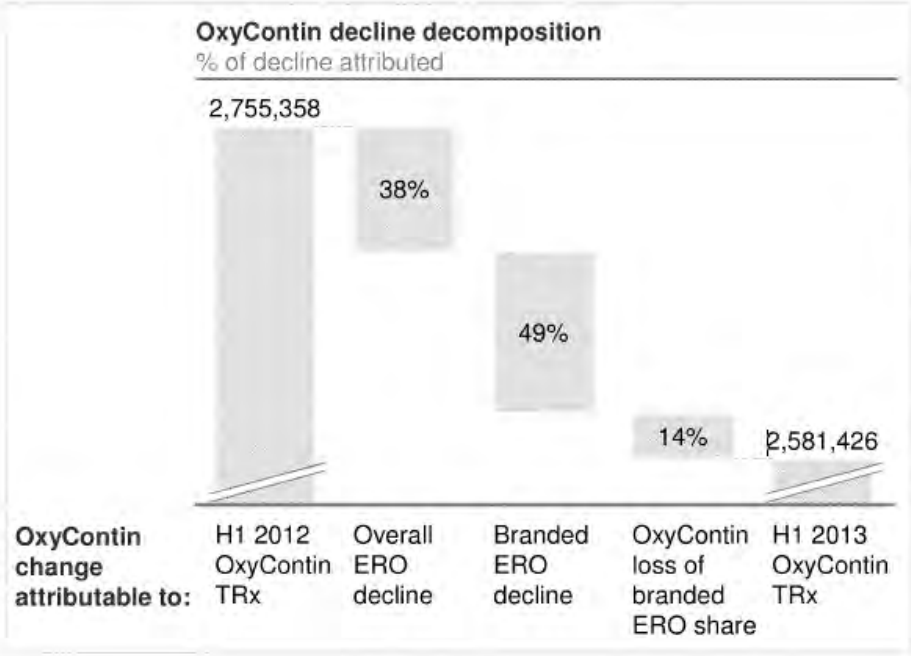
The Board Understood There Were Multiple Reasons for the Sales Decline



June 2012 Full Budget Presentation
(PPLPUCC001174050 at slide 4)

The Board Understood There Were Multiple Reasons for the Sales Decline

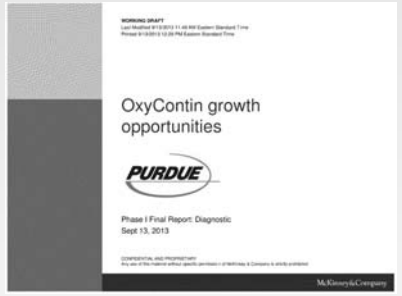
OxyContin's recent decline can largely be attributed to decline in branded ERO market



While OxyContin has lost share of branded ERO, the largest portion of OxyContin's decline can be attributed to overall decline in ERO and branded ERO

SOURCE: IMS

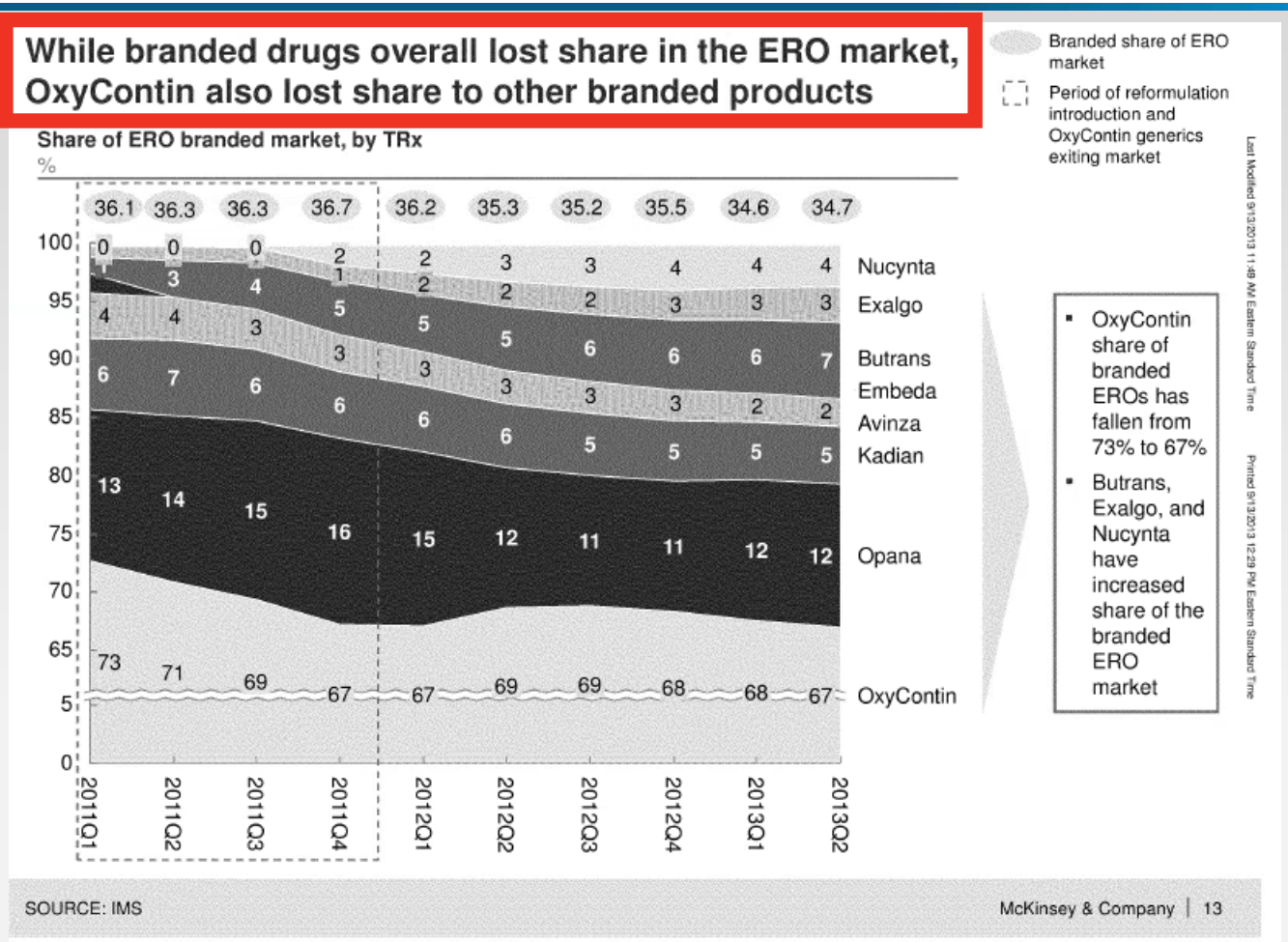
McKinsey & Company | 12

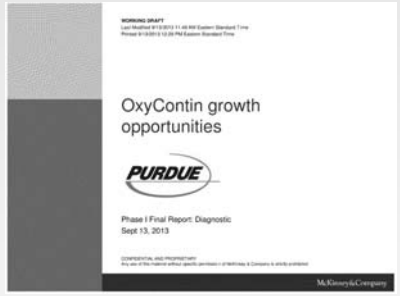


Sept. 13, 2013 McKinsey Deck
PURDUE-COR-00016506

The Board Understood There Were Multiple Reasons for the Sales Decline

While branded drugs overall lost share in the ERO market, OxyContin also lost share to other branded products





Sept. 13, 2013 McKinsey Deck
PURDUE-COR-00016507

The Board Understood There Were Multiple Reasons for the Sales Decline

Events Potentially Impacting the Extended Release Opioid Market

- Competitive
  - Increased Genericization: Opana® ER, Exalgo®, Generic OER Agreements
  - Re-launch of Embeda®
  - Approval/Launch of Targiniq
  - Approval/Launch of Zohydro
  - Approval/Launch of ER oxycodone/APAP

Nov. 2013 Year End Budget Book (PPLP004409973)

The Board Understood There Were Multiple Reasons for the Sales Decline

Events Potentially Impacting the Extended Release Opioid Market

- Legislation + Market Events
  - Affordable Care Act
  - State legislation, such as in WA
  - Support for abuse deterrent formulations (e.g., STOPP Act)
  - Restrictions on APAP doses beginning in Jan 2014
  - Hydrocodone combinations to schedule II
  - e-prescribing for Schedule II products
  - DEA pressure on physicians and pharmacies
  - Other pressures (e.g. PROP)

Nov. 2013 Year End Budget Book (PPLP004409973)

The Board Understood There Were Multiple Reasons for the Sales Decline

External Market Dynamics

		Market Impact
Opioid Rescheduling	• Rescheduling of hydrocodone and tramadol could: – Reduce the overall size of the hydrocodone IR market – Reduce barriers to switching hydrocodone IR patients to EROs – Improve relative accessibility of Butrans (currently CIII)	↑↓
Managed Care	• Increasing pressure from managed care organizations resulting in: – Tighter utilization management including more use of exclusion lists – Demands for higher rebates on branded products • Managed care taking more active role in opioid abuse management (e.g., BCBS Tennessee)	↓
Policy	• Class-wide and state-level regulatory changes (e.g., limiting daily dose, mandated reporting) • DEA guidelines may result in reduction / limitation of supply to wholesale distributors and retail pharmacy chains reducing patient access • However, some state legislation favoring ADP products (i.e., Massachusetts)	↑↓
Abuse Deterrent Properties (ADP)	• FDA guidance / regulations on abuse deterrence has been favorable for OxyContin to date • Competitors are launching abuse deterrent technologies which could confuse the marketplace and dilute Purdue's ADP differentiation	↑↓
Integrated Delivery Networks (IDNs)	• Increasing prevalence and evolving business models for IDNs could impact current pain management practices including potential to limit access to branded products	↑↓

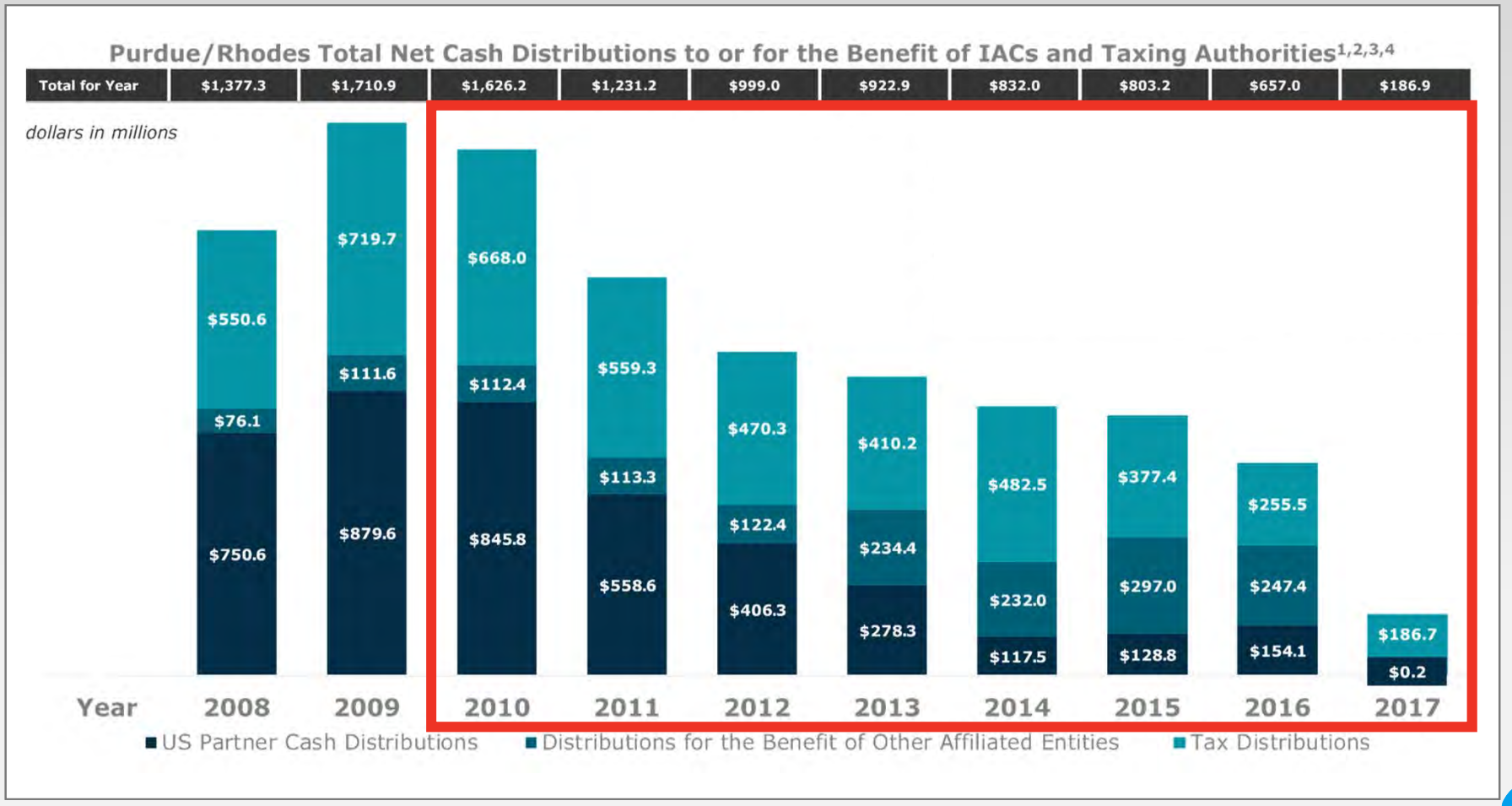
OxyContin 2014 Budget Proposal (PPLP004409973)

The Board Responded By Leaving Enormous Amounts Of Cash in Purdue <u>After</u> Distributions To Ensure The Company's Vitality

Sources: PPLPC031001244649 (2008-12); PPLPC051000265076 (2013-14); PPLPC045000018249 (2015); PPLPC032000398822 (2016)

ADF OxyContin launched in August 2010

The Board Cut Distributions As It Left More and More Cash in Purdue



AlixPartners Cash Transfers of Value Report (12/16/2019) at Slide 11 (SDNY (Bankr.) No. 19-23649-rdd Doc 654-1)

The Board Understood McKinsey Brought Industry Best Practices to Purdue's Marketing

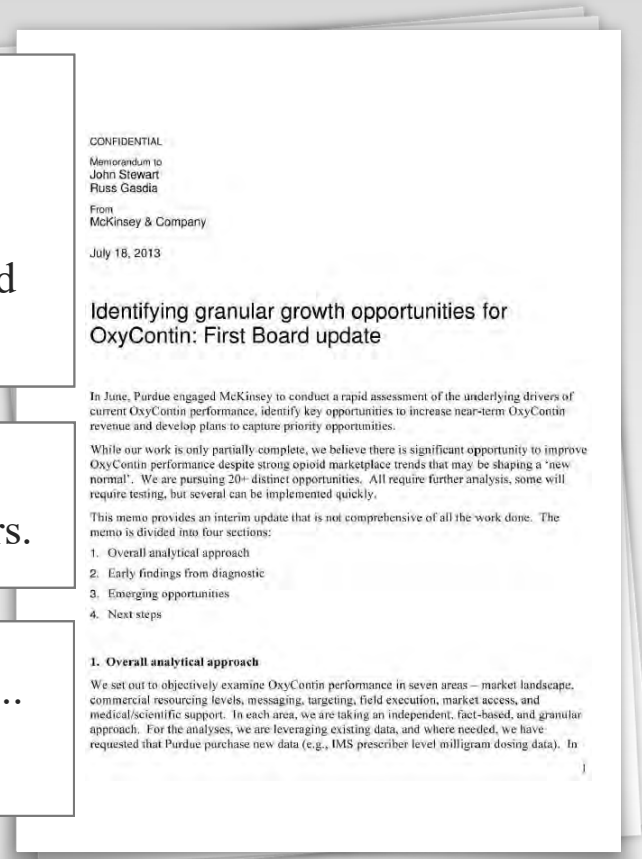
The Board Understood That McKinsey Brought Industry Best Practices to Purdue

July 18, 2013 McKinsey Report to Board:

These ideas are primarily about implementing industry best practices in execution. These best practices can be adapted for Purdue and rolled out quickly. These include: higher call productivity, fully delivery of OxyContin P1s, higher reach of decile 6-10 prescribers, greater adherence to call lists, and field training on how to appropriately engage medical.

Industry best practice targets physicians based on a composite value incorporating TRx and NBRx, as well as access and other behavioral indicators.

Best practice field force optimization requires a significant holistic approach ... with robust analysis of many factors....



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

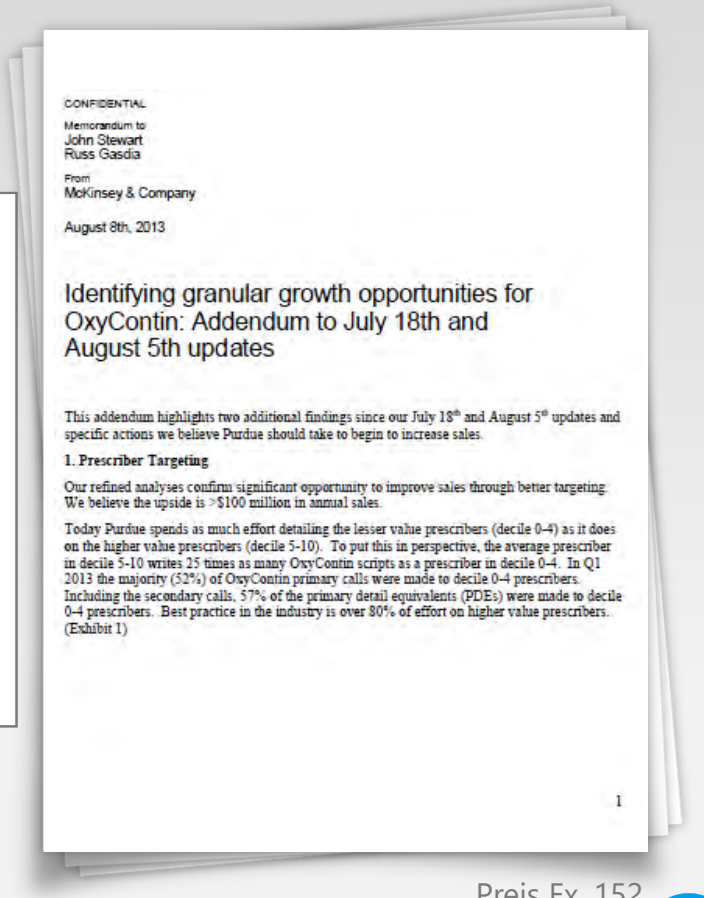
We set out to objectively examine OxyContin performance in seven areas – market landscape, commercial resourcing levels, messaging, targeting, field execution, market access, and medical/scientific support. In each area, we are taking an independent, fact-based, and granular approach. For the analyses, 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

July 25, 2013 Board Book (PPLP004409781)

The Board Understood That McKinsey Brought Industry Best Practices to Purdue

August 8, 2013 McKinsey Report:

Today Purdue spends as much effort detailing the lesser value prescribers (decile 0-4) as it does on the higher value prescribers (decile 5-10). To put this in perspective, the average prescriber in decile 5-10 writes 25 times as many OxyContin scripts as a prescriber in decile 0-4. In Q1 2013 the majority (52%) of OxyContin primary calls were made to decile 0-4 prescribers. Including the secondary calls, 57% of the primary detail equivalents (PDEs) were made to decile 0-4 prescribers. Best practice in the industry is over 80% of effort on higher value prescribers.



CONFIDENTIAL

Memorandum to
John Stewart
Russ Gasdia

From
McKinsey & Company

August 8th, 2013

Identifying granular growth opportunities for OxyContin: Addendum to July 18th and August 5th updates

This addendum highlights two additional findings since our July 18th and August 5th updates and specific actions we believe Purdue should take to begin to increase sales.

1. Prescriber Targeting

Our refined analyses confirm significant opportunity to improve sales through better targeting. We believe the upside is >$100 million in annual sales.

Today Purdue spends as much effort detailing the lesser value prescribers (decile 0-4) as it does on the higher value prescribers (decile 5-10). To put this in perspective, the average prescriber in decile 5-10 writes 25 times as many OxyContin scripts as a prescriber in decile 0-4. In Q1 2013 the majority (52%) of OxyContin primary calls were made to decile 0-4 prescribers. Including the secondary calls, 57% of the primary detail equivalents (PDEs) were made to decile 0-4 prescribers. Best practice in the industry is over 80% of effort on higher value prescribers. (Exhibit 1)

1

Preis Ex. 152

The Board Understood That McKinsey and E2E Stressed OxyContin's Abuse-Deterrent Properties

Work Streams/Issue Teams

Training and Communications

- Prepare for full implementation - at the 2014 National Sales Meeting
- Conduct ongoing internal communications regarding the transformative changes and associated benefits
- Identify, write-up and communicate supporting analytics from the "internal pilots" and other sources

Messaging

- OxyContin® sales and marketing messaging/positioning
- Payer "pull through" improvements
- Messaging about abuse-deterrent formulations/properties
- Liaise with R&D and Corporate Affairs to develop information in support of messaging efforts.

Alternative promotion strategies

- Call centers, video detailing, relationship marketing, and other approaches to "no-see" and "low-see" prescribers

Pharmacy/Trade

- Alternative distribution methods, if the current shortages don't show clear signs of resolution
- Communication of pharmacy policy changes and their potential impact
- Active liaison with wholesalers and chain pharmacies

OxyContin Growth Opportunities Action Plan

September 12th, 2013

Sept. 12, 2013 Presentation to Board (PPLPC063000002005)

The Board Understood That McKinsey and E2E Stressed OxyContin's Abuse-Deterrent Properties

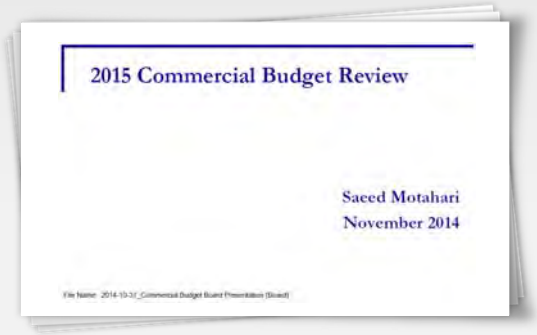
2015 Brand Strategy and Forecast

- OxyContin remains the dominant branded ERO; however, the regulatory, payer and competitive landscape will put increasing pressure on OxyContin

- Four strategies will drive OxyContin success:
  - **Drive profitable access**
  - **Improve Managed Care Pull-through**
  - **Increase oxycodone IR conversions**
  - Elevate the **importance of abuse deterrence**

- The current forecast projects a **2015 gross sales of $1,620M and net sales of $1,001M** (-29% & -36% lower than 2014 LE respectively)
  - Decline driven by settlements ($313M), share decline ($153M) in part due to Hysingla ER, higher rebate rates ($102M) and change in strength and tab mix ($99M), but offset in part by 6% price increase of $109M
  - The product contribution has **improved by $118M** vs. 10 Year Plan despite shifting of AGs

- 2015 **S&P budget of $92.8M** (-14% vs 2014 LE)
  - Marketing $21.3M (-1.5% vs 2014 LE)
  - Sales Force $86.1 (-17% vs 2014 LE)



Nov. 2014 Budget Proposal for 2015 (PPLP004411368 at -408)

The Board Understood That E2E Targeted The Legitimate Pain Market for OxyContin

Brand Vision and Goals

Vision: Leverage ADF leadership and Managed Care coverage to strengthen first line ERO from IR oxycodone switches

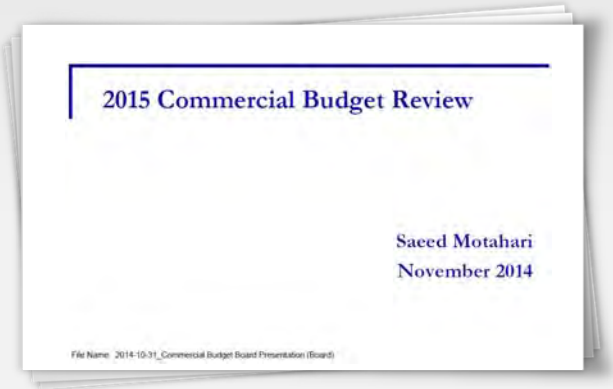
2015 Objectives:

- Gross Sales: $1,620M
- Net Sales: $1,001M
- 4.8M Rxs[1]

Strategic Pillars

1. Drive Profitable Access	2. Improve Managed Care Pull-through	3. New Patient Starts	4. ADP in Prescribing
Focus on profitable access by driving optimal access / contracting via strategic account segmentation	Enhance uptake in regions with high managed care coverage but are under-indexed	Drive new patient starts by focusing on IR oxycodone conversions	Elevate the importance of abuse deterrence as a key driver for ERO prescribing

ADF = Abuse-Deterrent Formulation



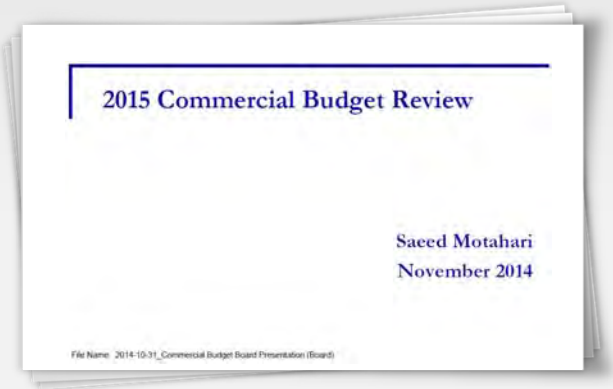
Nov. 2014 Budget Proposal for 2015 (PPLP004411368 at -412)

The Board Understood That E2E Targeted The Legitimate Pain Market for OxyContin

68% of IR oxycodone conversions go to other ERO molecules:
Opportunity to increase IR oxycodone to OxyContin® conversion rate

SWITCHED FROM/ADDED TO PRODUCT	OXYCODONE PLAIN, OXYCODONE COMBOS	
Switched To/Added On Product	**Sum of MAT TRxs Mar2014**	**% of Total**
OXYCONTIN*	266,970	32.0%
GENERIC 2X/DAY MORPHINE	225,771	27.1%
TRANS. FENTANYL	174,057	20.9%
METHADONE	61,323	7.4%
OPANA ER/GENERICS	52,057	6.2%
BUTRANS*	23,850	2.9%
EXALGO*	13,398	1.6%
NUCYNTA ER*	10,466	1.3%
KADIAN*	3,870	0.5%
AVINZA*	1,891	0.2%
ZOHYDRO ER*	168	0.0%
TOTAL BRANDED PRODUCTS*	**320,613**	**38.5%**
TOTAL ALL PRODUCTS	**833,821**	**100.0%**

Each 0.1% increase in the IR oxycodone to ERO conversion rate equals $350k in gross sales



Nov. 2014 Budget Proposal for 2015 (PPLP004411368 at -409)

The Board Understood That E2E Targeted The Legitimate Pain Market for OxyContin

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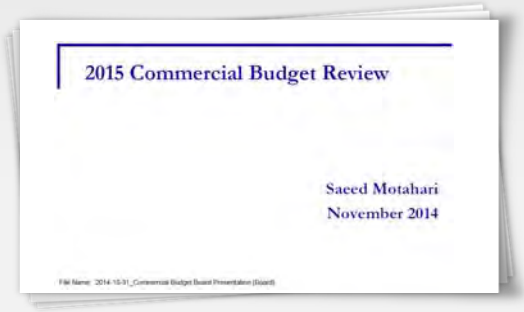
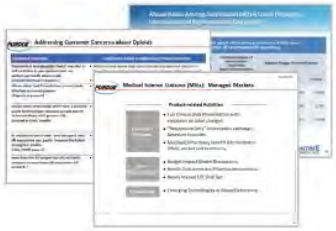


Nov. 2014 Budget Proposal for 2015 (PPLP004411368 at -408)

The Board Understood That E2E Targeted The Legitimate Pain Market for OxyContin

Tier 4 Abuse Deterrence Labeling

4.

	Objective	Description	Deliverable
a)	Increase promotional efforts on OxyContin Abuse Deterrence Studies to raise awareness	• Sales force to proactively communicate aspects of abuse deterrence studies	
b)	Highlight the financial impact of OxyContin reformulation to payers	• Develop data and materials to support proactive and reactive conversations with payers regarding the financial impact of abuse deterrence • Empower MSLs with additional materials for various interactions	
c)	Increase awareness of Abuse Deterrence through Non-Personal Channels	• Drive awareness of OxyContin Abuse Deterrence Studies / Tier 4 Label through medical publications, med-education conferences etc.	

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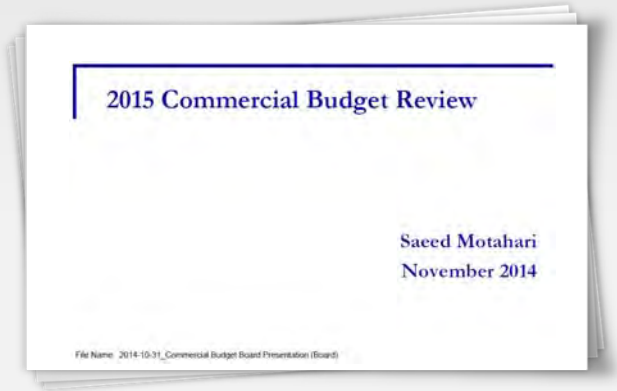
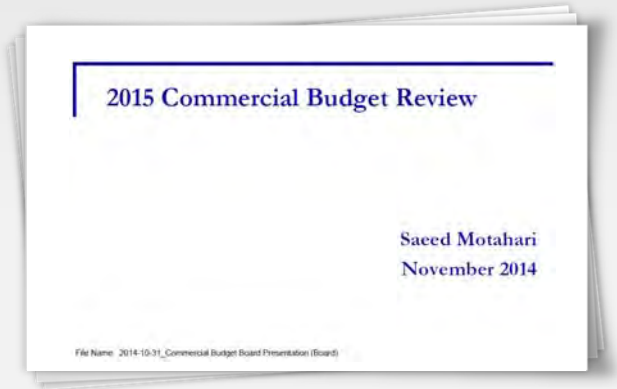


Nov. 2014 Budget Presentation to Board (PPLP004411383)

The Board Understood That E2E Targeted The Legitimate Pain Market for OxyContin

OxyContin Strategic Pillars and Objectives

1. Drive Profitable Access	2. Improve Managed Care Pull-through	3. New Patient Starts	4. ADP in Prescribing
a) Rebate based on data-driven, profitable levels	a) Enhance pull-through efforts via close team collaboration of field sales and account management teams	a) Target molecule to molecule switch from IR oxycodone to OxyContin	a) Leverage Tier 4 labeling in appropriate promotions
b) Streamline contracting processes	b) Target pull-through "identify / prioritize" efforts in territories that are under-indexed vs. national average in spite of favorable managed care coverage	b) Target HCPs with high NBRx share and a high oxycodone to non-OxyContin switch rate	b) Highlight the financial impact of OxyContin reformulation to payers
c) Customize value propositions based on segment needs		c) Educate payers on the benefits of maintaining a patient on same ERO molecule to minimize access barriers	c) Equip sales force to effectively communicate OxyContin Abuse Deterrence clinical information
d) Identify and engage key healthcare stakeholders & influencers			d) Increase promotional efforts on OxyContin Abuse Deterrence Studies to raise awareness

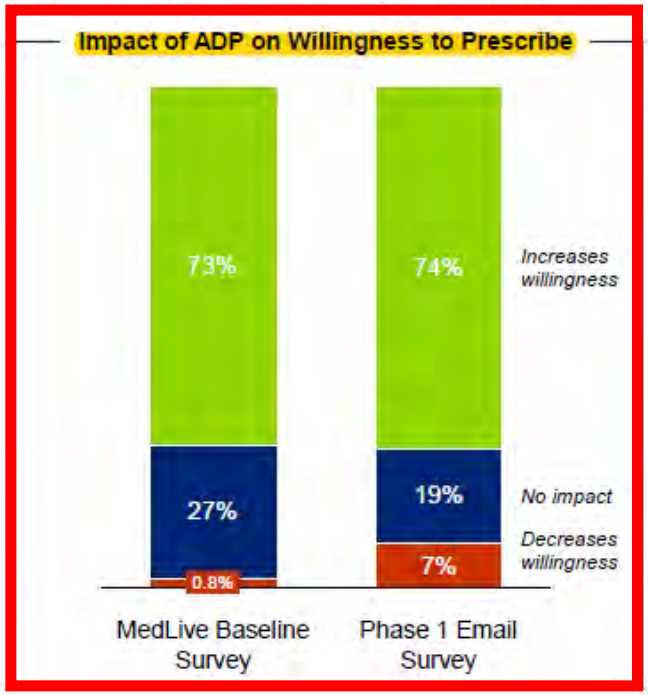


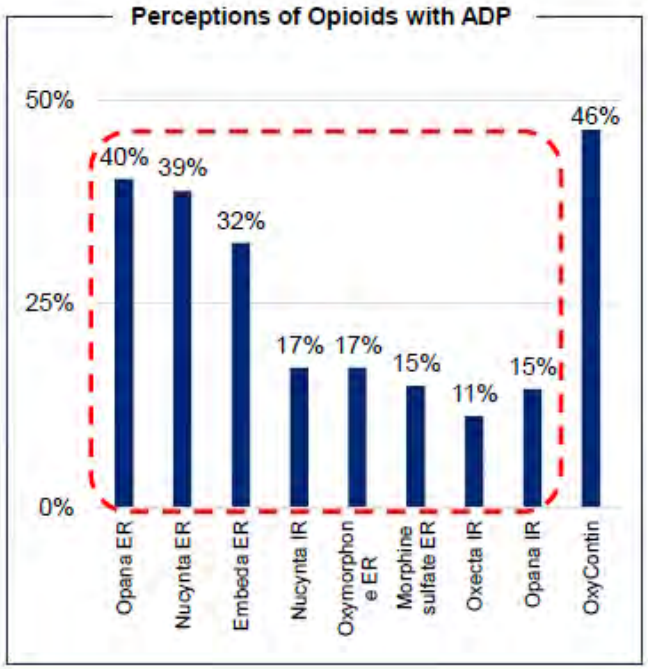
Nov. 2014 Budget Proposal for 2015 (PPLP004411368 at -413)

The Board Understood That E2E Targeted The Legitimate Pain Market for OxyContin

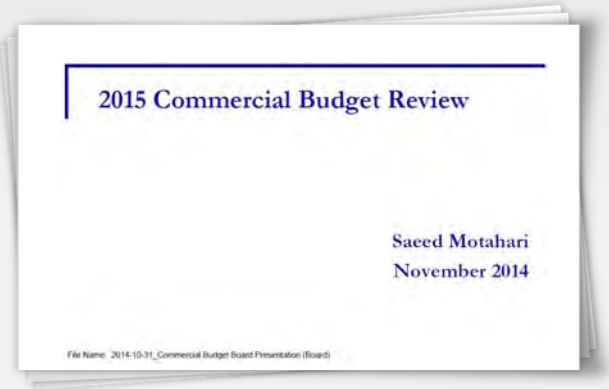
Opportunity to further differentiate OxyContin® versus other EROs and educate on ADPs

Although ~3/4 of physicians indicate an increased willingness to prescribe opioids that have ADPs, misperceptions regarding pain medications and ADFs are common





ADP = Abuse-Deterrent Properties


2015 Commercial Budget Review

Saeed Motahari
November 2014

Nov. 2014 Budget Proposal for 2015 (PPLP004411368 at -410)

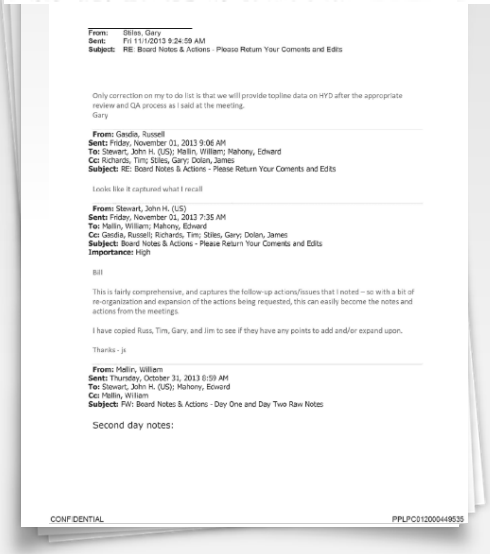
The Board Instructed That E2E Target The Legitimate Pain Market for OxyContin

Notes from 10/30/13 Board Meeting

From: Mallin, William
Sent: Wednesday, October 30, 2013 8:19 AM
To: Stewart, John H. (US); Mahony, Edward
Cc: Mallin, William
Subject: Board Notes & Actions - Day One Raw Notes

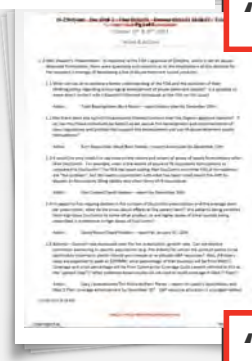
Gents:

Raw notes from the meeting day one. We can review for the meaningful actions once today is completed.



Purdue U.S. Budget Presentation
October 29th & 30th, 2013

Notes & Actions



"not just push to obtain scripts"

1. Must focus on sales force incentives (behaviors) not just push to obtain scripts – integrate this across the entire culture not just sales – language, attitude, etc – do well by doing good (Dr K/Judy)

"do well by doing good"

"be driven to be of high value to patients and physicians"

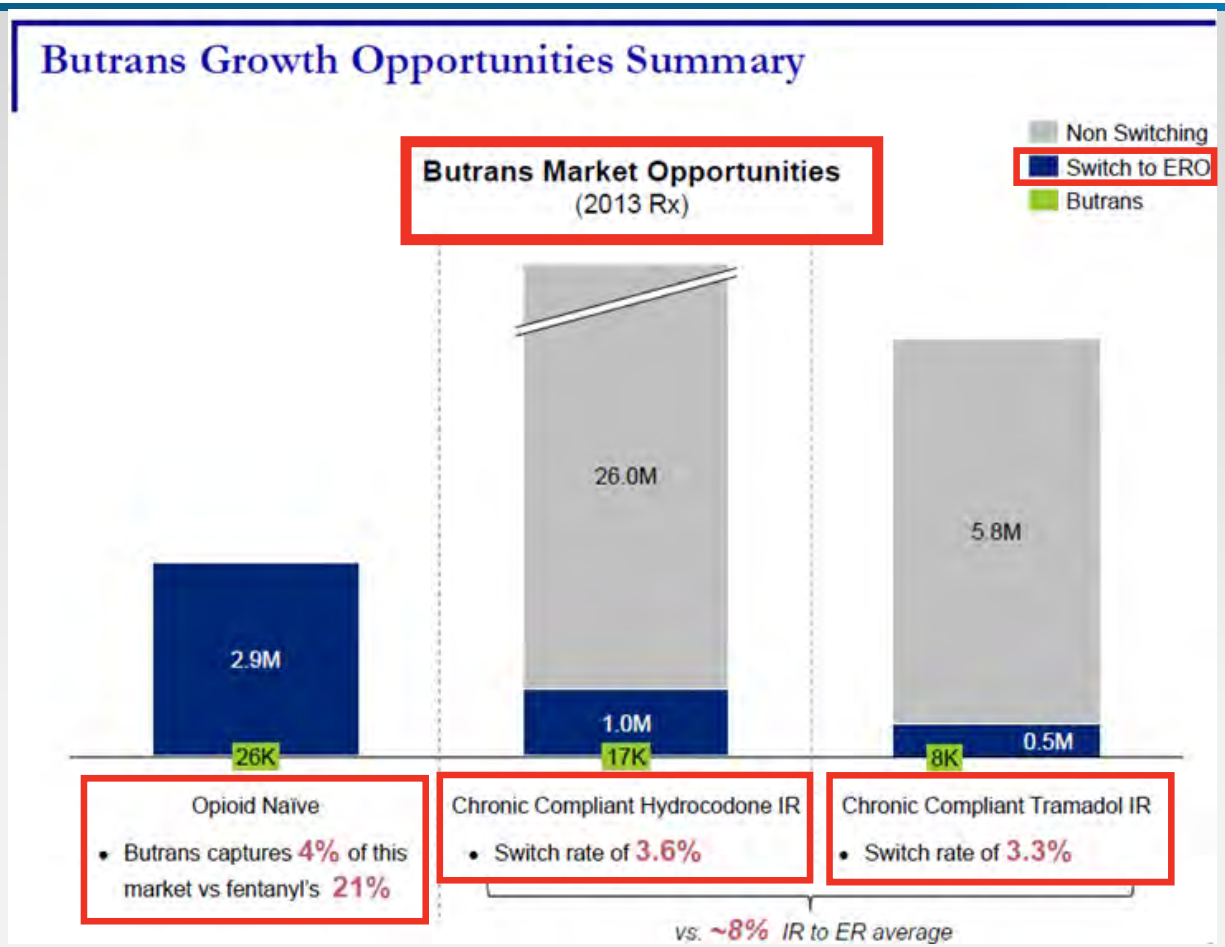
2.3 In regard to the E2E Project, the following comments/questions were raised:

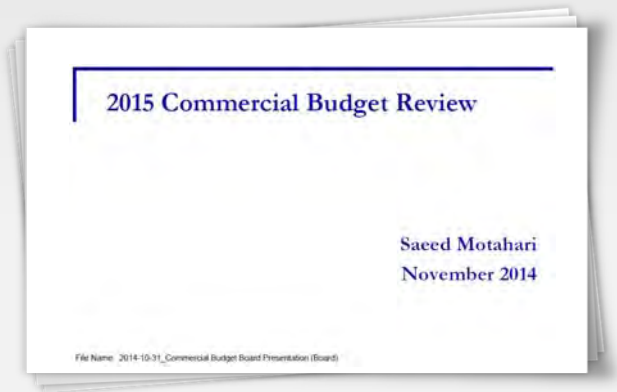
i. In terms of incentives, the salesforce (and indeed the entire organization) should be driven to be of high value to patients and physicians (and the healthcare system), and not simply to increase prescriptions for Purdue products.

"not simply to increase prescriptions for Purdue products"

PPLPC012000449535, PPLPC012000452390

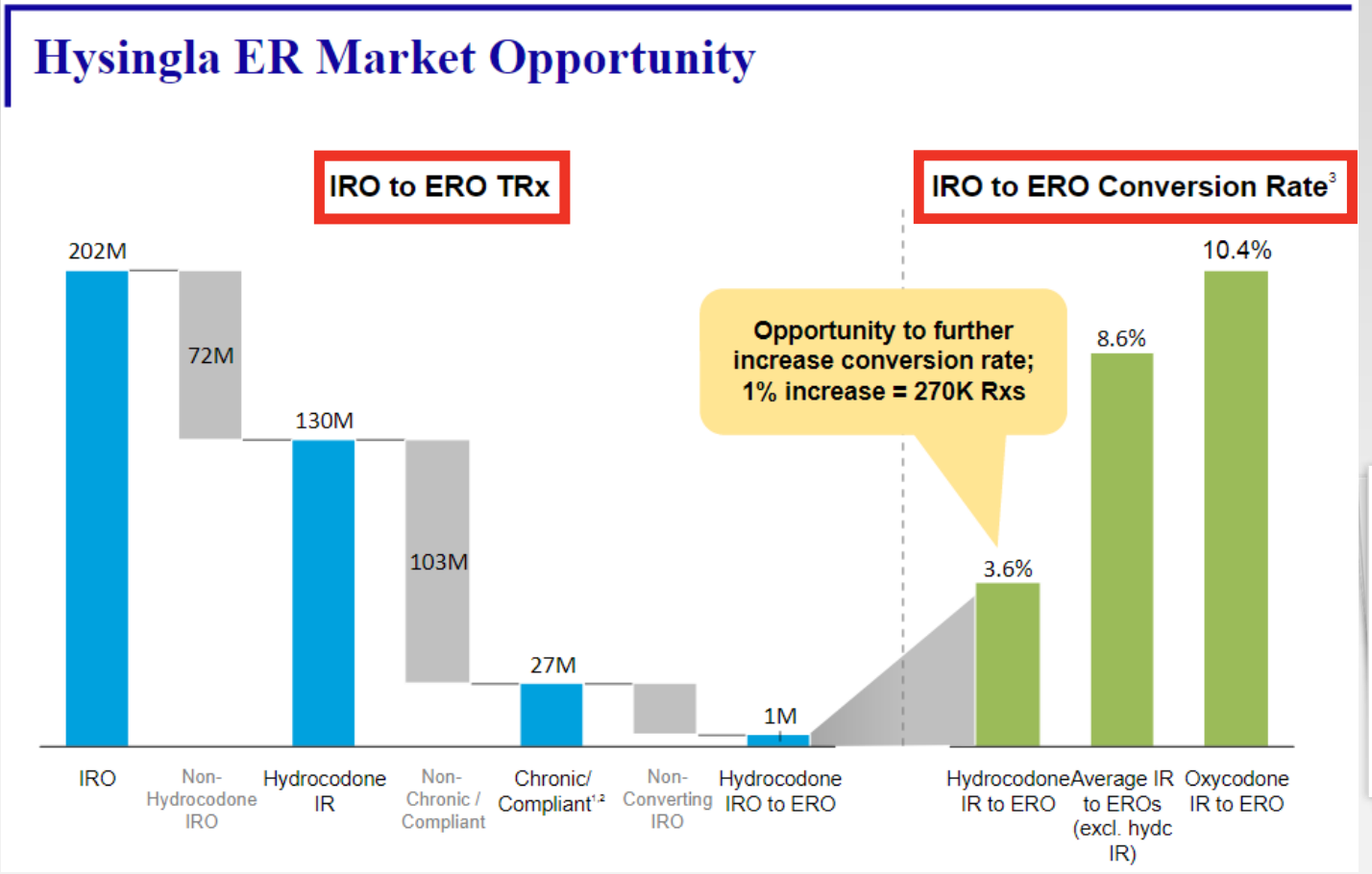
The Board Understood That E2E Targeted The Legitimate Pain Market for Butrans

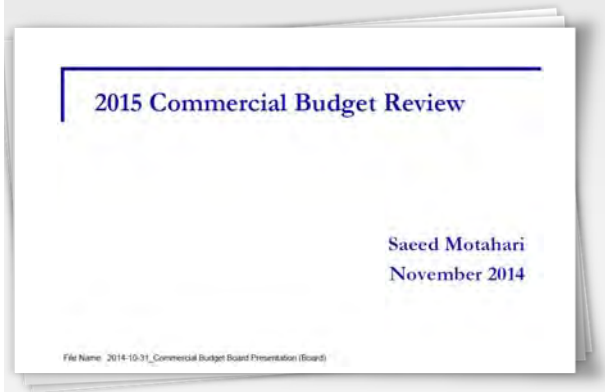




Nov. 2014 Budget Proposal for 2015 (PPLP004411368 at -428)

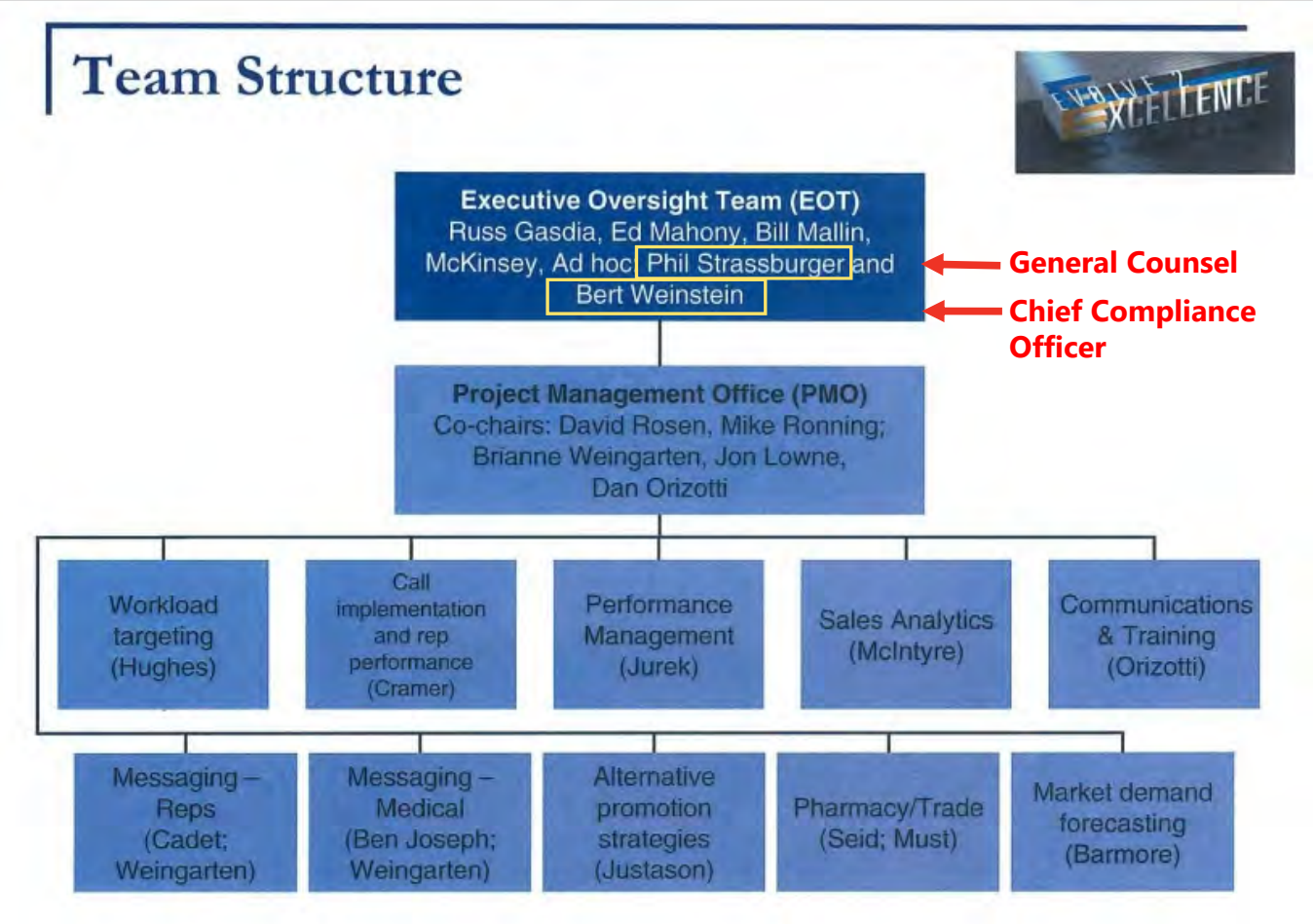
The Board Understood That E2E Targeted The Legitimate Pain Market for Hysingla

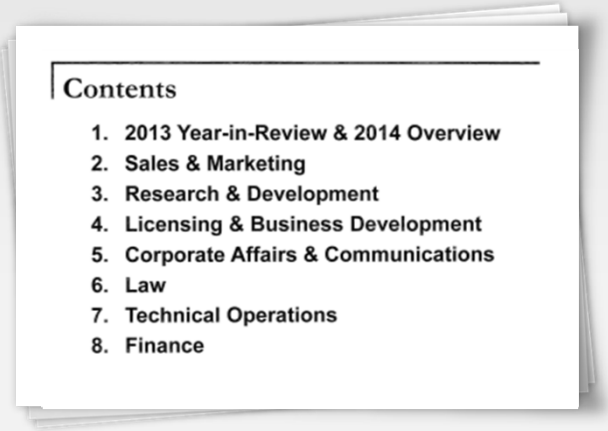




Nov. 2014 Budget Proposal for 2015 (PPLP004411368 at -444)

The Board Understood That Compliance Was Built into the Oversight of E2E





Nov. 2013 Budget Proposal for 2014 (PPLP004409973 at -022)

DOJ's Allegations Against the Family Depend Entirely on McKinsey/E2E — And Discard All of the States' Marketing Claims

- In Purdue's Addendum A, DOJ alleges that Purdue engaged in marketing misconduct from 2010-2018 (Purdue Addendum A ¶¶4, 9, 25, 40-41, 45)
- But in Sackler Addendum A, DOJ limits its allegations against the former Directors to the period 2013-2018 (Sackler Addendum A ¶¶4, 5, 23)
- Significance:

1. DOJ recognizes that the Board was entitled to rely on assurances from the OIG of HHS that Purdue was operating in compliance with the CIA from 2007-12
2. DOJ's allegations against the former Directors depend entirely on McKinsey/E2E — and are disproved by the evidence discussed above
3. DOJ rejected all of the States' prepetition claims of deceptive marketing because McKinsey/E2E are not alleged to have involved deception

DOJ Falsely Alleges That A "Titration Up Marketing Campaign" Was Presented to the Board

DOJ alleges:

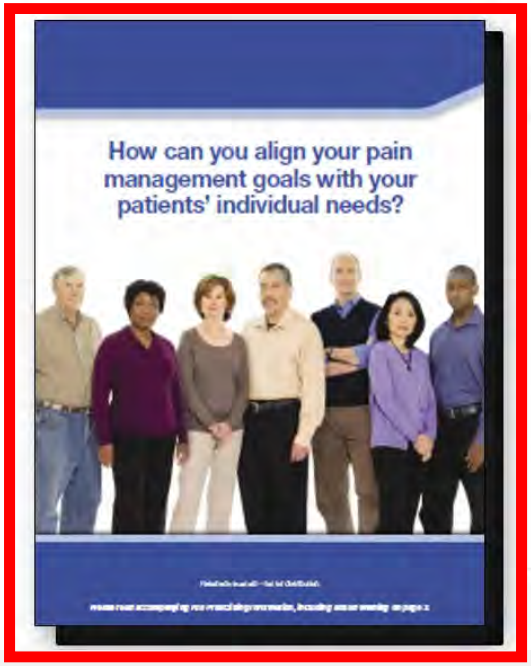
> "113. At the November 2013 meeting concerning Purdue's 2014 budget, a Purdue executive discussed with the Board the company's plans to 'refine the message' of the company's titration up marketing campaign and specifically referenced the 'Individualize the Dose' campaign, a Conversion & Titration Guide, and the S.T.A.R.T. principles to 'highlight important elements of titration throughout the course of treatment." (DOJ/Sackler Settlement Agreement, Addendum A, ¶113)

- **No "Titration Up Marketing Campaign" was ever presented to the Board**
- **DOJ's allegations distort the "Individualize the Dose" campaign, the "Conversion & Titration Guide" and "S.T.A.R.T." principles**
- **The Board was told titration was to go up or down as appropriate for the patent**

No "Titration Up Marketing Campaign" Was Ever Presented to the Board

Refining Our Message

Evolution of the *"Individualize the Dose"* Campaign



Campaign/ Message Refresh:

- Refreshed creative
- Refine promotional messages
  - Initiation/ Conversion
  - Titration
  - Managed Care Access/ Pull Through
  - Abuse Deterrent Formulation
  - Purdue's heritage in Pain Management

From the cited Nov. 2013 budget presentation to the Board


Contents

1. 2013 Year-in-Review & 2014 Overview
2. Sales & Marketing
3. Research & Development
4. Licensing & Business Development
5. Corporate Affairs & Communications
6. Law
7. Technical Operations
8. Finance

Nov. 2013 Budget Proposal for 2014 (PPLP004409973 at -059)

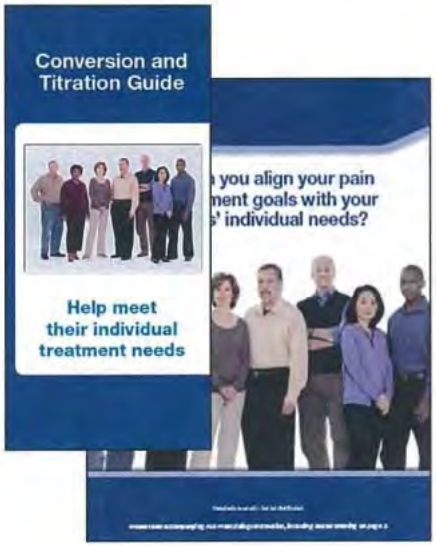
No "Titration Up Marketing Campaign" Was Ever Presented to the Board

Improving New Patient Starts

Help HCPs identify appropriate patients for OxyContin® and how to initiate therapy

Patient Profiles:

Conversion & Titration Guide



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Nov. 2013 Budget Proposal for 2014 (PPLP004409973 at -060)

No "Titration Up Marketing Campaign" Was Ever Presented to the Board

Encouraging Appropriate Titration of OxyContin®

S›T›A›R›T Principles:

- The objective of the **S.T.A.R.T. Principles** is to provide a suggested framework and talking points for the appropriate initiation and titration of OxyContin.
- Collectively, they are intended to highlight important elements of titration throughout the course of treatment.

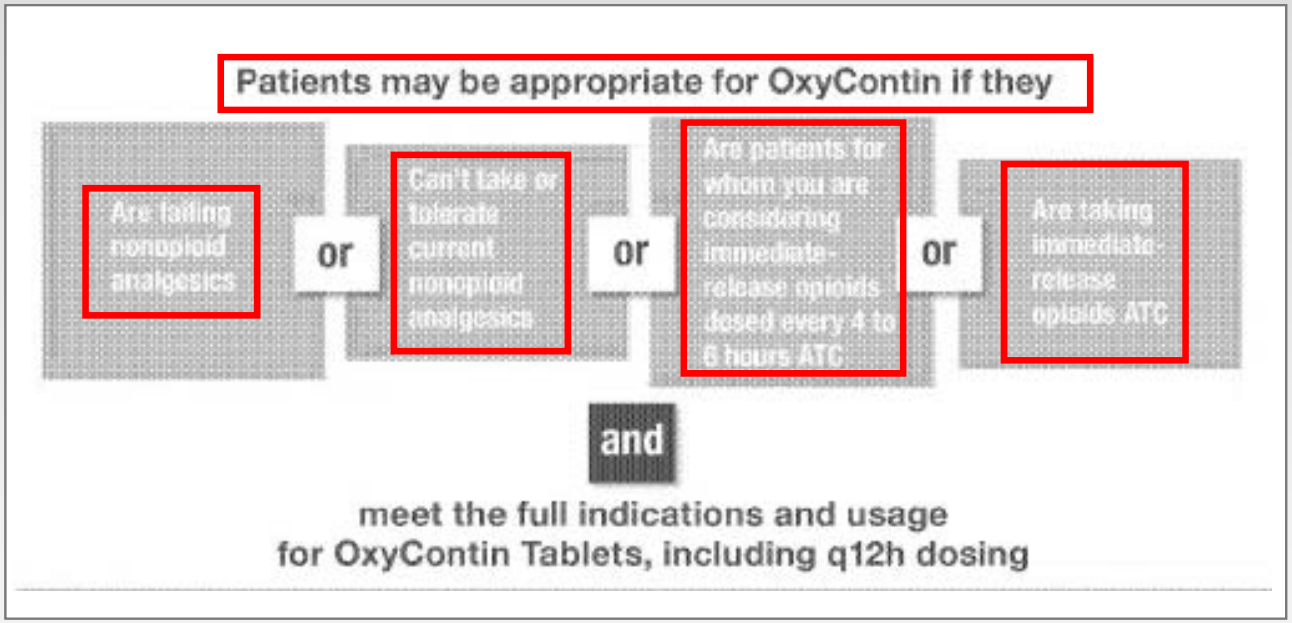
"Tailor the dose based on the reassessment, titrating up or down
- If signs of excessive opioid-related adverse reactions are observed, the next dose may be reduced"

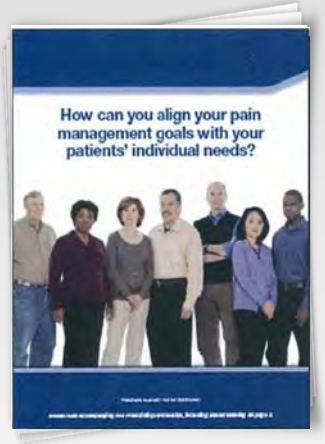
From the cited Nov. 2013 budget presentation to the Board

Nov. 2013 Budget Proposal for 2014 (PPLP004409973 at -063)

No "Titration Up Marketing Campaign" Is Reflected in the Depicted Brochures — Titration Was to Go Up or Down, As Appropriate

- "Initiation/Conversion" — Purdue sought to convert appropriate patients from other medications





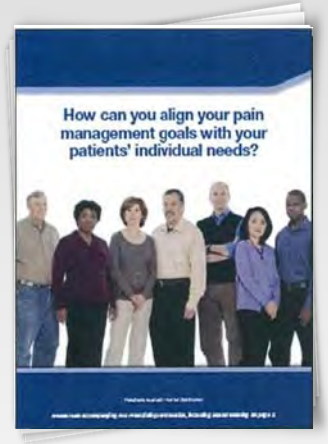
Individualize the Dose Brochure
PAZ000046439 at -442

No "Titration Up Marketing Campaign" Is Reflected in the Depicted Brochures — Titration Was to Go Up or Down, As Appropriate

- "Initiation Conversion" — For newly-converted patients, Purdue recommended low initial doses, and then titrating up or down as appropriate

To convert from other opioids to OxyContin

- **Determine** a patient's estimated 24-hour oxycodone requirement
- **Refer** to published potency data in clinical practice guidelines published by authorities in the field of pain medicine, but such ratios are approximations and there is substantial interpatient variation
- It is safer to **underestimate** a patient's 24-hour oral oxycodone requirement and provide rescue medication (e.g., immediate-release oxycodone) than to overestimate
- **Begin with half** of the estimated daily oxycodone requirement as the initial daily OxyContin estimate, then divide into two doses taken 12 hours apart
- Manage inadequate analgesia by **supplementation** with immediate-release oxycodone



Individualize the Dose Brochure
PAZ000046439 at -446

No "Titration Up Marketing Campaign" Is Reflected in the Depicted Brochures — Titration Was to Go Up or Down, As Appropriate

S T A R T

Supplement with an immediate-release analgesic, such as:

- IR oxycodone for patients being converted to OxyContin from other opioids to manage inadequate analgesia
- IR opioid or nonopioid medication for patients who experience breakthrough pain that may require rescue medication

Titrate every 1-2 days as needed

- Steady-state plasma concentrations are approximated in 1 day

Adjust the dose by 25%-50%

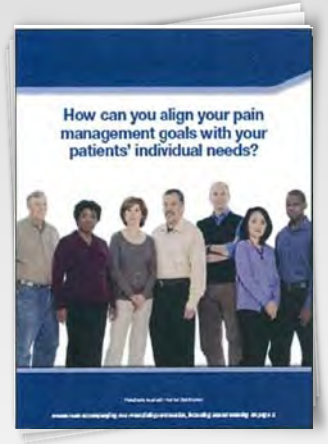
- Total daily dose usually can be increased by 25% to 50% of current dose as clinical need dictates, while maintaining q12h dosing

Reassess the patient's analgesia and tolerability throughout treatment

- If the level of pain increases, attempt to identify the source of increased pain, while adjusting the OxyContin dose

Tailor the dose based on the reassessment, titrating up or down

- If signs of excessive opioid-related adverse reactions are observed, the next dose may be reduced
- Adjust the dose to obtain an appropriate balance between management of pain and opioid-related adverse reactions

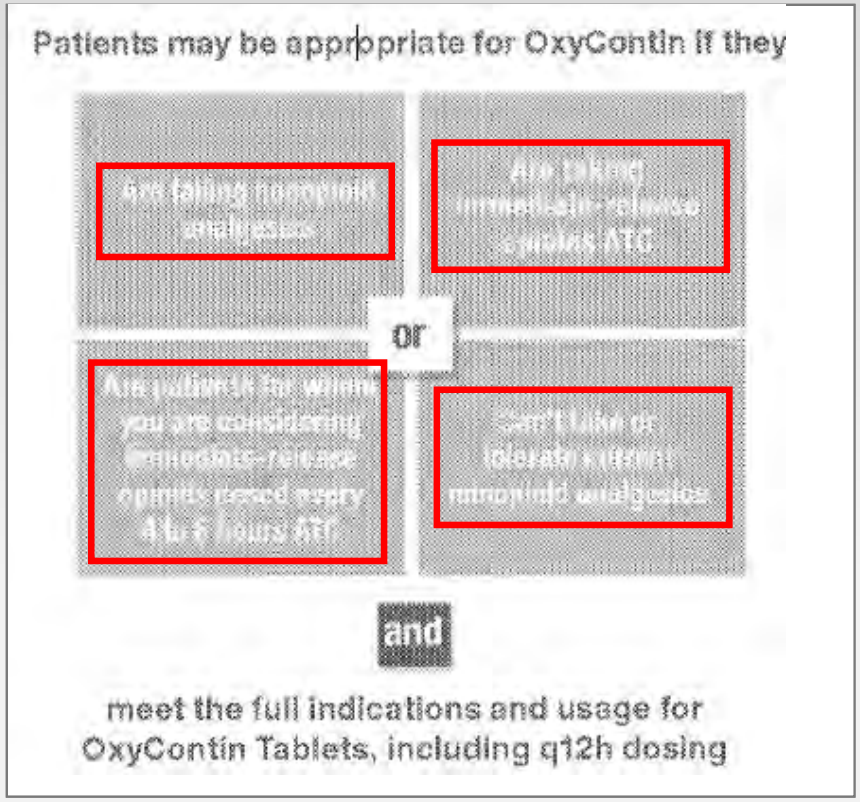


Individualize the Dose Brochure

PAZ000046439 at -448

No "Titration Up Marketing Campaign" Is Reflected in the Depicted Brochures — Titration Was to Go Up or Down, As Appropriate

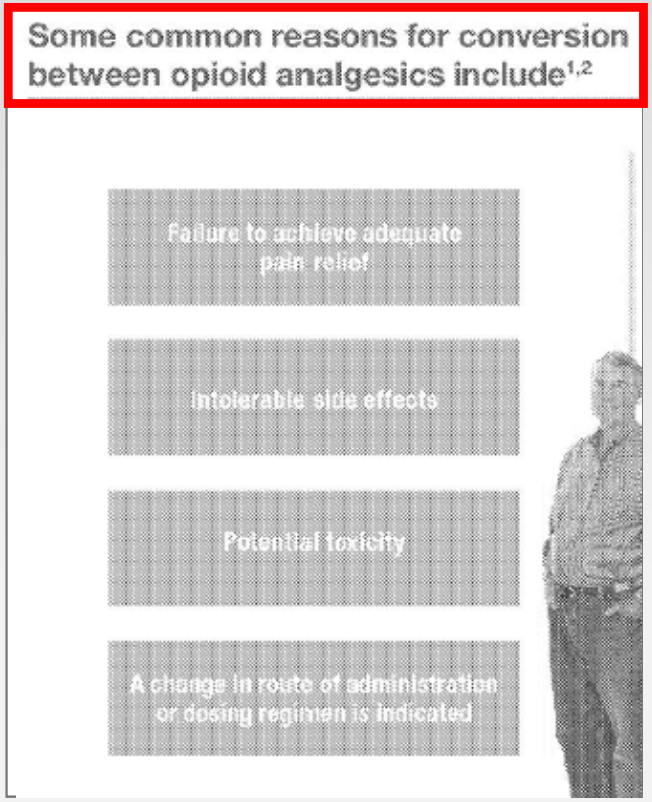
- "Initiation/Conversion" — Purdue sought to convert appropriate patients from other medications



Conversion & Titration Guide
PAK000971874, at -879

No "Titration Up Marketing Campaign" Is Reflected in the Depicted Brochures — Titration Was to Go Up or Down, As Appropriate

- "Initiation/Conversion" — Purdue sought to convert appropriate patients from other medications



Conversion & Titration Guide
PAK000971874, at -881

No "Titration Up Marketing Campaign" Is Reflected in the Depicted Brochures — Titration Was to Go Up or Down, As Appropriate

- "Initiation/Conversion" — For newly-converted patients, Purdue recommended low initial doses, and then titrating up or down as appropriate

> "**When initiating OxyContin as the first opioid analgesic** in patients taking nonopioid analgesics who require ATC [around-the-clock] therapy, OxyContin **10 mg q12h is a reasonable starting dose**"

Conversion & Titration Guide
PAK000971874 at -883

- 10 mg is the lowest dose of OxyContin on the market

No "Titration Up Marketing Campaign" Is Reflected in the Depicted Brochures — Titration Was to Go Up or Down, As Appropriate

- "Initiation/Conversion" — For newly-converted patients, Purdue recommended low initial doses, and then titrating up or down as appropriate

To convert from other opioids to OxyContin

- **Determine** a patient's estimated 24-hour oxycodone requirement

***

- It is safer to **underestimate** a patient's 24-hour oral oxycodone requirement and provide rescue medication (e.g., immediate-release oxycodone) than to overestimate
- **Begin with half** the estimate daily oxycodone requirement as the initial daily dose

To convert from other oral oxycodone formulations to OxyContin, consider the following

- **Determine** the patient's total daily oral oxycodone dose
- **Administer** one-half of the patient's total daily oral oxycodone dose as OxyContin q12h

Conversion & Titration Guide
PAK000971874 at -884, -885

No "Titration Up Marketing Campaign" Is Reflected in the Depicted Brochures — Titration Was to Go Up or Down, As Appropriate

"The purpose of titration is to adjust the dose to obtain an appropriate balance between management of pain and opioid related adverse reactions"

"Titrate every 1-2 days as needed"

"Tailor the dose based on the reassessment, titrating up or down

- If signs of excessive opioid-related adverse reactions are observed, the next dose may be reduced"

The purpose of titration is to adjust the dose to obtain an appropriate balance between management of pain and opioid-related adverse reactions.

START

Supplement with an immediate-release analgesic, such as:

- IR oxycodone for patients being converted to OxyContin from other opioids to manage inadequate analgesia
- IR opioid or non-opioid medication for patients who experience breakthrough pain that may require rescue medication

Titrate every 1-2 days as needed

- Steady-state plasma concentrations are approximated in 1 day

Adjust the dose by 25%- 50%

- Total daily dose usually can be increased by 25% to 50% of current dose as clinical need dictates while maintaining q12h dosing

Reassess the patient's analgesia and tolerability throughout treatment

- If the level of pain increases, attempt to identify the source of increased pain, while adjusting the OxyContin dose

Tailor the dose based on the reassessment, titrating up or down

- If signs of excessive opioid-related adverse reactions are observed, the next dose may be reduced
- Adjust the dose to obtain an appropriate balance between management of pain and opioid-related adverse reactions

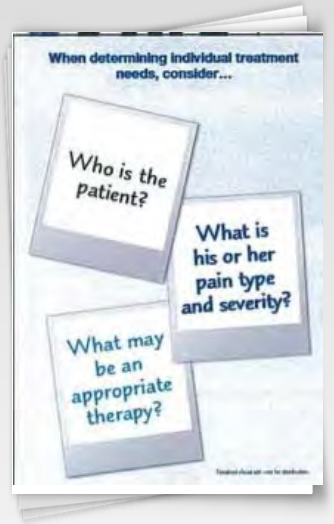
Conversion & Titration Guide
PAK000971874 at -891

No "Titration Up Marketing Campaign" Is Reflected in the Depicted Brochures — Titration Was to Go Up or Down, As Appropriate

- "Initiation/Conversion" — Purdue sought to convert appropriate patients from other medications

Patients may be appropriate for OxyContin if they

- Are failing nonopioid analgesics **or**
- Can't take or tolerate current nonopioid analgesics **or**
- Are patients for whom you are considering immediate-release opioids dosed every 4 to 6 hours ATC [around the clock] **or**
- Are taking immediate-release opioids ATC **and**
- **Meet the full indications and usage for OxyContin Tablets, including q12h dosing**



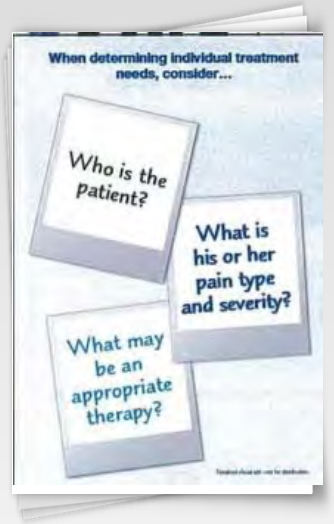
Patient Profiles
PAK000971389 at -391

No "Titration Up Marketing Campaign" Is Reflected in the Depicted Brochures — Titration Was to Go Up or Down, As Appropriate

- "Initiation/Conversion" — For newly-converted patients, Purdue recommended low initial doses, and then titrating up or down as appropriate

Sam should be started on the lowest appropriate dose and titrated as clinical need dictates

- Monitor closely for respiratory depression, especially within the first 12-72 hours of initiating therapy with OxyContin
- Individually titrate OxyContin to a dose that provides adequate analgesia and minimizes adverse reactions while maintaining an every-twelve-hour dosing regimen



Patient Profiles
PAK000971389 at -392

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

The Board Was Advised That Purdue Was Vigorously Implementing Its ADD Program, Including Region Zero

- Region Zero was the name of Purdue's Do-Not-Call list

Region 0 prescribers

- Prescribers identified through Purdue's Abuse and Diversion Detection (ADD) program
  - designed to ensure that the company does not promote Purdue's products in circumstances where there is a concern about potential abuse or diversion related activities

Changes in Prescribing Patterns Following Introduction of Reformulated OxyContin: A Window into Diversion?

Purdue Presentation Sent to Board Oct. 25, 2011 (PPLPC042000024694)

- Government entities knew about the Region Zero program and required that Purdue keep it in place

Region Zero Used Objective Criteria To Identify Suspicious Prescribers

2002	– "Excessive number of patients for the practice type" – "Atypical pattern of prescribing techniques or locations" – "Information . . . that a healthcare professional or patients . . . are diverting medication" – "A prescriber writing a large number of prescriptions for patients who receive prescriptions and pay with cash" – "Sudden unexplained change in prescribing or dispensing patterns" – "Allegations that patients from a given practice have overdosed on medications" – "Allegations that prescriber, dispenser, staff or patient has or is actively abusing medications" – "Unlicensed individual is signing prescriptions or dispensing medications" – "Large number of patients who travel hundreds of miles for their prescriptions without rational explanation" – "Reports of frequent early requests for new prescriptions made long before the initial prescription would normally be completed" – "Credible allegations that a healthcare professional is under active investigation related to abuse or diversion by any law enforcement or regulatory authority" (PPLP003430434)
2003	– "A healthcare professional who moves his or her practice from one state to another on more than one occasion within a couple of years" (PDD1503493410)
2007	– "A Prescriber with an atypical patient population from that customarily observed in such an office based on this location and other attendant circumstances" (PPLP00342999)
2015	– "A Prescriber lacks understanding about the risks associated with prescribing opioids" – "Facts that suggest that the Prescriber's patients are seeking opioids for misuse and abuse, including but not limited to facts that a Prescriber has failed to comply with his or her state's prescription monitoring program" (PPLP004035073)

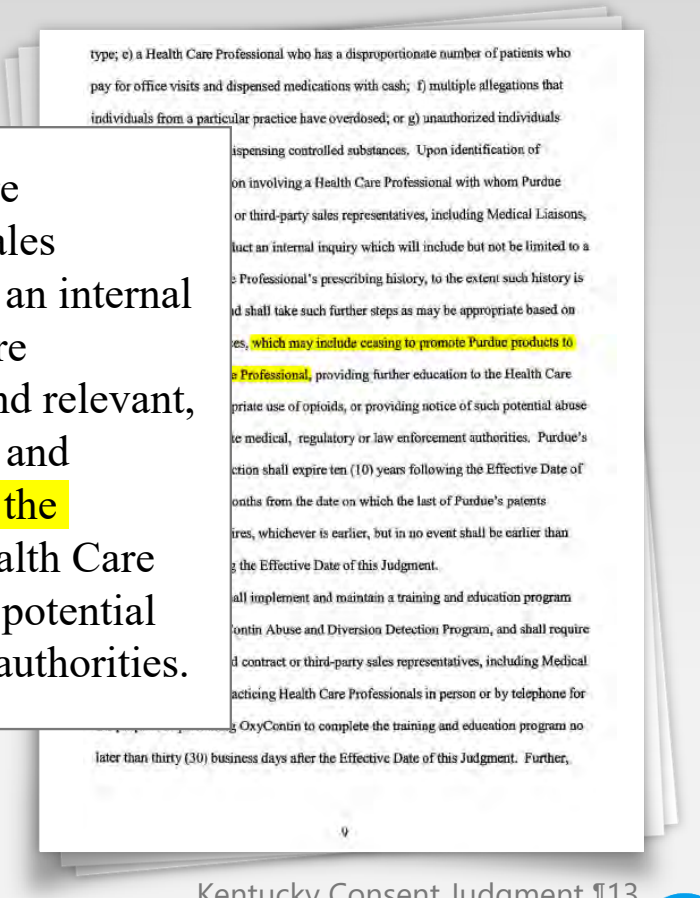
The Board Understood That Government Entities Required Purdue To Keep Region Zero In Place And Approved Purdue's Implementation Of It

- **Purdue was required to keep the Region Zero program in place for 10 years by the 2007 consent judgments** *(e.g.*, Kentucky Consent Judgment ¶13)
- **New York separately required Purdue to maintain Region Zero in 2015** (AOD)
- **An auditor approved by the New York Attorney General ("NYAG"") reviewed and endorsed Purdue's implementation of Region Zero in 3 Annual Reports** (2016 – 2018)
- **Purdue sent Annual Reports about Region Zero to the Ohio AG as designee of all Consent Judgment States**
- **On request, Purdue provided government officials with information about prescribers on its Region Zero list**

E.g., 10/10/13 Purdue Letter to Tenn. AG; 5/18/09 Purdue Letter to VA AG

Purdue Was Required To Keep the ADD Program and Region Zero In Place For 10 Years By 2007 Consent Judgments

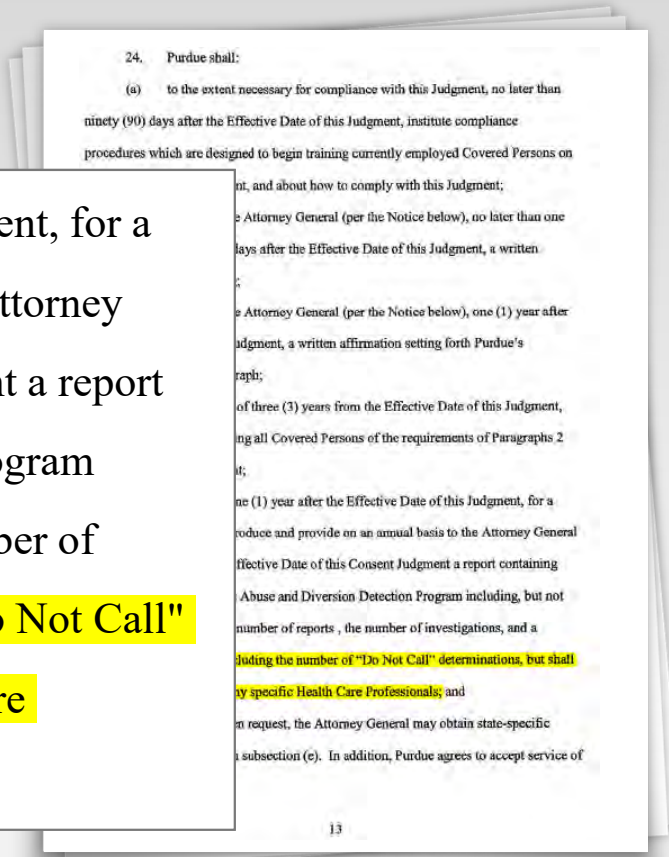
Upon identification of potential abuse or diversion involving a Health Care Professional with whom Purdue employees or its contract or third-party sales representatives, including Medical Liaisons, interact, Purdue will conduct an internal inquiry which will include but not be limited to a review of the Health Care Professional's prescribing history, to the extent such history is available and relevant, and shall take such further steps as may be appropriate based, on the facts and circumstances, which may include ceasing to promote Purdue products to the particular Health Care Professional, providing further education to the Health Care Professional about appropriate use of opioids, or providing notice of such potential abuse or diversion to appropriate medical, regulatory or law enforcement authorities.


type; e) a Health Care Professional who has a disproportionate number of patients who pay for office visits and dispensed medications with cash; f) multiple allegations that individuals from a particular practice have overdosed; or g) unauthorized individuals
ispensing controlled substances. Upon identification of
on involving a Health Care Professional with whom Purdue
or third-party sales representatives, including Medical Liaisons,
luct an internal inquiry which will include but not be limited to a
Professional's prescribing history, to the extent such history is
d shall take such further steps as may be appropriate based on
es, which may include ceasing to promote Purdue products to
Professional, providing further education to the Health Care
priate use of opioids, or providing notice of such potential abuse
te medical, regulatory or law enforcement authorities. Purdue's
ction shall expire ten (10) years following the Effective Date of
onths from the date on which the last of Purdue's patents
ires, whichever is earlier, but in no event shall be earlier than
the Effective Date of this Judgment.
all implement and maintain a training and education program
ontin Abuse and Diversion Detection Program, and shall require
d contract or third-party sales representatives, including Medical
acticing Health Care Professionals in person or by telephone for
OxyContin to complete the training and education program no
later than thirty (30) business days after the Effective Date of this Judgment. Further,
9

Kentucky Consent Judgment ¶13

Purdue Annually Reported About Region Zero For 3 Years, But Was Required Not To Name Any Specific HCP In The Annual Reports

(e) beginning one (1) year after the Effective Date of this Judgment, for a period of three (3) years, produce and provide on an annual basis to the Attorney General on the anniversary of the Effective Date of this Consent Judgment a report containing basic statistics on Purdue's Abuse and Diversion Detection Program including, but not limited to, statistics on the number of reports , the number of investigations, and a summary of the results, including the number of "Do Not Call" determinations, but shall not include the names of any specific Health Care Professionals; and



24. Purdue shall:

(a) to the extent necessary for compliance with this Judgment, no later than ninety (90) days after the Effective Date of this Judgment, institute compliance procedures which are designed to begin training currently employed Covered Persons on

nt, and about how to comply with this Judgment;

e Attorney General (per the Notice below), no later than one

lays after the Effective Date of this Judgment, a written

;

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n request, the Attorney General may obtain state-specific

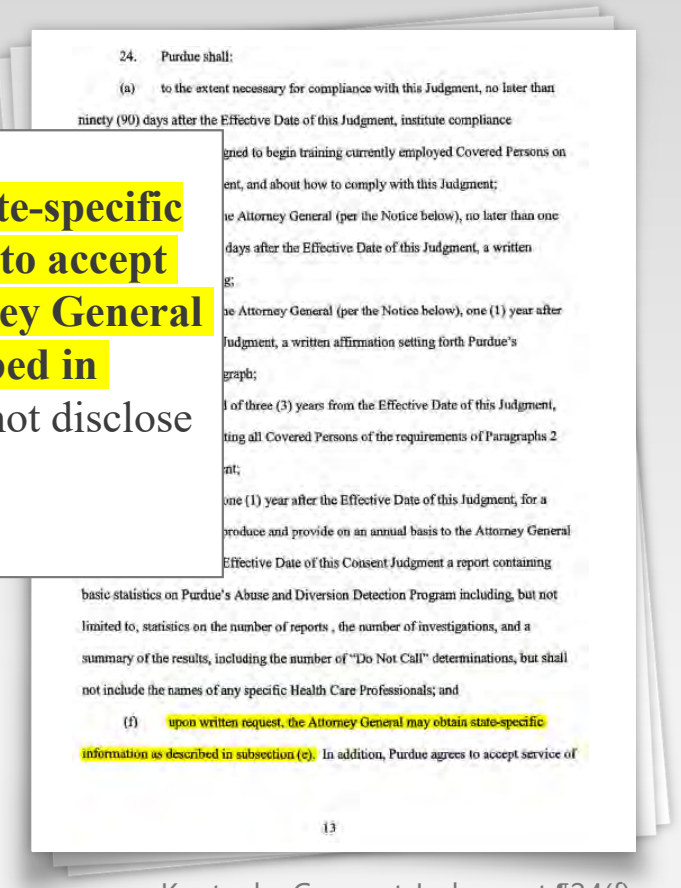
subsection (e). In addition, Purdue agrees to accept service of

13

Kentucky Consent Judgment ¶24(e)

AGs Could Request State-Specific Information And Purdue Was Required To Provide It

(f) **upon written request, the Attorney General may obtain state-specific information as described in subsection (e). In addition, Purdue agrees to accept service of a civil investigative demand or similar process by the Attorney General requesting the names of any specific Health Care Professionals described in subsection (e).** The Attorney General in receipt of such information shall not disclose it except as provided by law.



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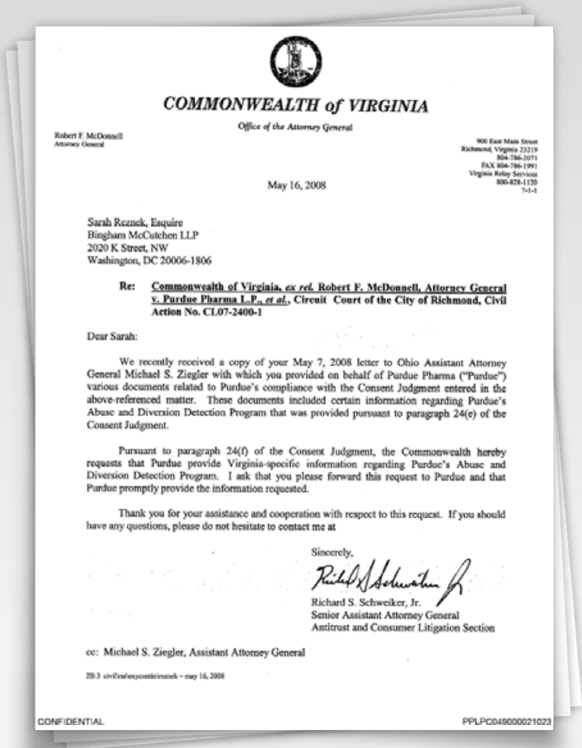
13

Kentucky Consent Judgment ¶24(f)

Purdue Provided AGs State-Specific Information On Request Per Consent Judgments



COMMONWEALTH of VIRGINIA

Office of the Attorney General

Robert F. McDonnell
Attorney General

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FAX 804-786-1991
Virginia Relay Services
800-828-1120
7-1-1

May 16, 2008

Sarah Reznek, Esquire
Bingham McCutchen LLP
2020 K Street, NW
Washington, DC 20006-1806

Re: Commonwealth of Virginia, *ex rel.* Robert F. McDonnell, Attorney General v. Purdue Pharma L.P., *et al.*, Circuit Court of the City of Richmond, Civil Action No. CL07-2400-1

Dear Sarah:

We recently received a copy of your May 7, 2008 letter to Ohio Assistant Attorney General Michael S. Ziegler with which you provided on behalf of Purdue Pharma ("Purdue") various documents related to Purdue's compliance with the Consent Judgment entered in the above-referenced matter. These documents included certain information regarding Purdue's Abuse and Diversion Detection Program that was provided pursuant to paragraph 24(e) of the Consent Judgment.

Pursuant to paragraph 24(f) of the Consent Judgment, the Commonwealth hereby requests that Purdue provide Virginia-specific information regarding Purdue's Abuse and Diversion Detection Program. I ask that you please forward this request to Purdue and that Purdue promptly provide the information requested.

Thank you for your assistance and cooperation with respect to this request. If you should have any questions, please do not hesitate to contact me at

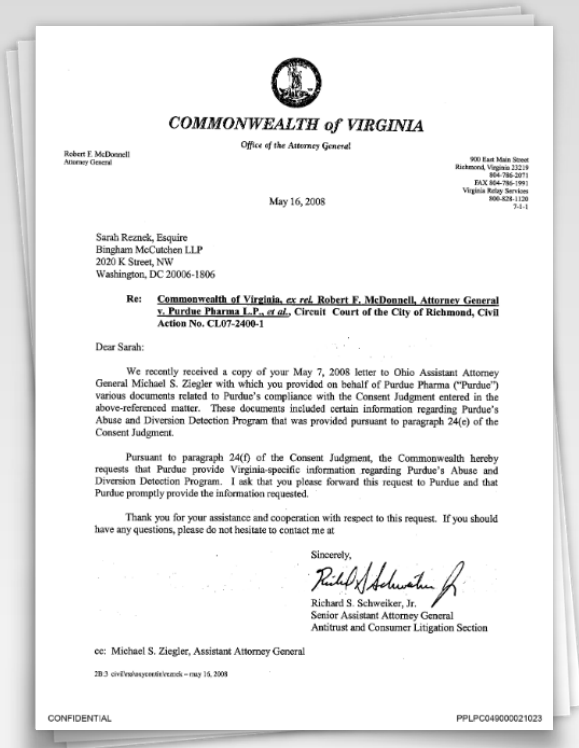
Sincerely,

Richard S. Schweiker, Jr.
Senior Assistant Attorney General
Antitrust and Consumer Litigation Section

cc: Michael S. Ziegler, Assistant Attorney General

CONFIDENTIAL PPLPC049000021023

5/16/08 Letter from Virginia to Purdue Counsel (PPLPC049000021023)



COMMONWEALTH of VIRGINIA

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May 16, 2008

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Dear Sarah:

We recently received a copy of your May 7, 2008 letter to Ohio Assistant Attorney General Michael S. Ziegler with which you provided on behalf of Purdue Pharma ("Purdue") various documents related to Purdue's compliance with the Consent Judgment entered in the above-referenced matter. These documents included certain information regarding Purdue's Abuse and Diversion Detection Program that was provided pursuant to paragraph 24(e) of the Consent Judgment.

Pursuant to paragraph 24(f) of the Consent Judgment, the Commonwealth hereby requests that Purdue provide Virginia-specific information regarding Purdue's Abuse and Diversion Detection Program. I ask that you please forward this request to Purdue and that Purdue promptly provide the information requested.

Thank you for your assistance and cooperation with respect to this request. If you should have any questions, please do not hesitate to contact me at

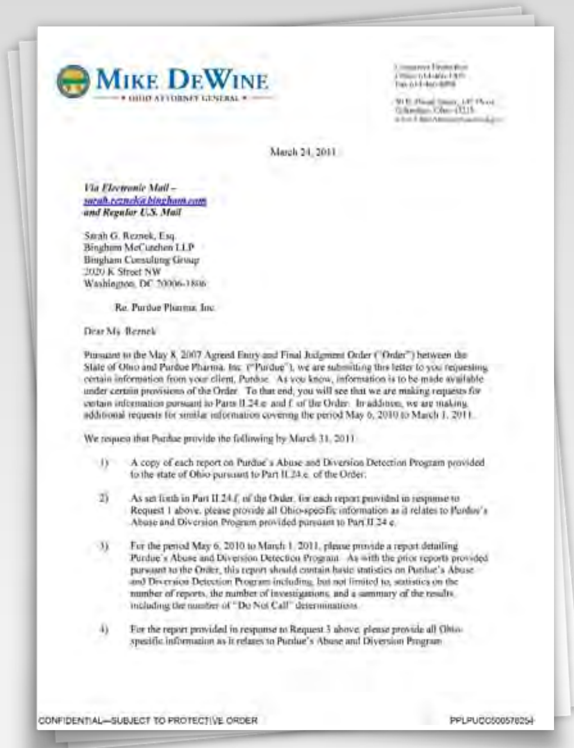
Sincerely,

Richard S. Schweiker, Jr.
Senior Assistant Attorney General
Antitrust and Consumer Litigation Section

cc: Michael S. Ziegler, Assistant Attorney General

CONFIDENTIAL PPLPC049000021023

5/13/10 Letter from Virginia to Purdue Counsel (PPLPD004671883)



MIKE DEWINE
OHIO ATTORNEY GENERAL

March 24, 2011

Via Electronic Mail –
sarah.reznek@bingham.com
and Regular U.S. Mail

Sarah G. Reznek, Esq.
Bingham McCutchen LLP
Bingham Consulting Group
2020 K Street NW
Washington, DC 20006-1806

Re. Purdue Pharma, Inc.

Dear Ms. Reznek

Pursuant to the May 8, 2007 Agreed Entry and Final Judgment Order ("Order") between the State of Ohio and Purdue Pharma, Inc. ("Purdue"), we are submitting this letter to you requesting certain information from your client, Purdue. As you know, information is to be made available under certain provisions of the Order. To that end, you will see that we are making requests for certain information pursuant to Parts II.24.e. and f. of the Order. In addition, we are making additional requests for similar information covering the period May 6, 2010 to March 1, 2011.

We request that Purdue provide the following by March 31, 2011:

1) A copy of each report on Purdue's Abuse and Diversion Detection Program provided to the state of Ohio pursuant to Part II.24.e. of the Order.

2) As set forth in Part II.24.f. of the Order, for each report provided in response to Request 1 above, please provide all Ohio-specific information as it relates to Purdue's Abuse and Diversion Program provided pursuant to Part II.24.e.

3) For the period May 6, 2010 to March 1, 2011, please provide a report detailing Purdue's Abuse and Diversion Detection Program. As with the prior reports provided pursuant to the Order, this report should contain basic statistics on Purdue's Abuse and Diversion Detection Program including, but not limited to, statistics on the number of reports, the number of investigations, and a summary of the results including the number of "Do Not Call" determinations.

4) For the report provided in response to Request 3 above, please provide all Ohio-specific information as it relates to Purdue's Abuse and Diversion Program.

CONFIDENTIAL—SUBJECT TO PROTECTIVE ORDER PPLPUCC500578254

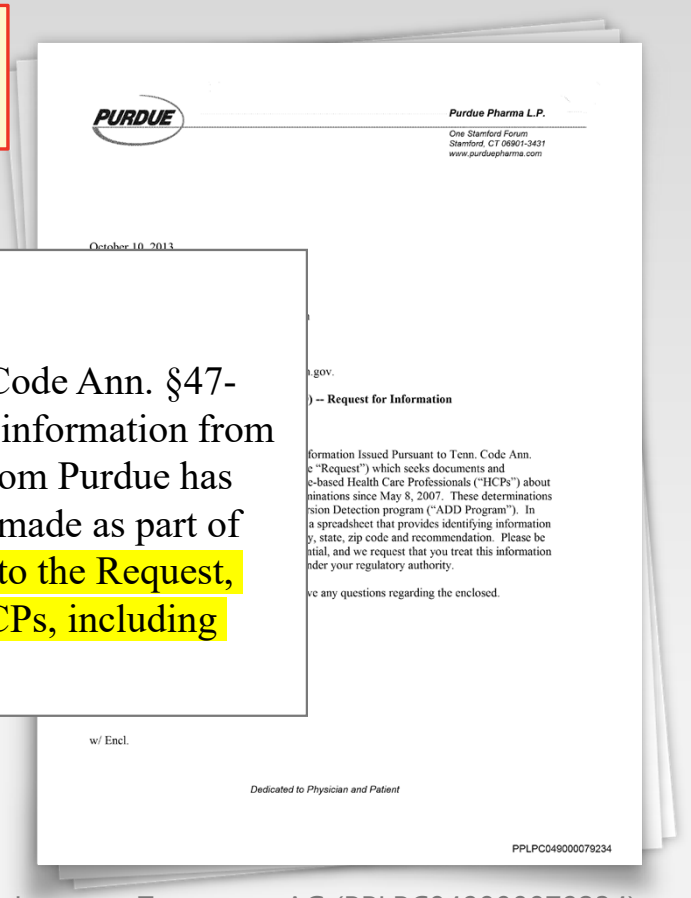
3/24/11 Letter from Ohio to Purdue Counsel (PPLPUCC500578254)

Purdue Provided AGs State-Specific Information On Request Per Consent Judgments

- In October 2013, Purdue sent the Tennessee AG's Office a list of 75 Tennessee HCPs on its "Do Not Call" list.

Dear Ms. Peacock:

I am writing in response to the Request for Information Issued Pursuant to Tenn. Code Ann. §47-18-101 et seq. dated October 8, 2013 (the "Request") which seeks documents and information from Purdue relating to Tennessee-based Health Care Professionals ("HCPs") about whom Purdue has made "Do Not Call" determinations since May 8, 2007. These determinations are made as part of Purdue's Abuse and Diversion Detection program ("ADD Program"). In response to the Request, enclosed please find a spreadsheet that provides identifying information for 75 HCPs, including first and last name, city, state, zip code and recommendation.



10/10/13 Purdue Letter to Tennessee AG (PPLPC049000079234)

Purdue Referred HCPs to the DEA

- **Between 2002 and 2018, Purdue referred 222 HCPs to the DEA**
- **In April 2011, alone, Purdue provided DEA the names of 82 Region Zero HCPs**

From: Crowley, Jack
To: Abrams, Robin
Sent: Fri Apr 29 15:02:36 2011
Subject: FW: Request for oxycodone API sample

Hello Robin:

I spoke with Barbara Boockholdt, and they loved the information (82 doctors) we referred to them.

They are now anxious to receive our pharmacy referrals. I told her that we would send them out – or at least the first batch, next week.

PPLPC053000051213

From: Crowley, Jack
Sent: Tuesday, April 12, 2011 8:31 PM
To: Rosen, Burt; Geraci, Mark; Must, Alan; Hester, Ted
Subject: FW: What happened at DEA?

We did make a referral of 82 doctors via thumb drive (Oxycontin TRx Changes May 2010-Jan2011) - this included 2 tabs one with the addresses and details hidden so they can see the summarized information and one with the addresses and details showing. Robin explained our methodology for referring these particular prescribers, and DEA received the information in a positive fashion.

PPLPC053000051213

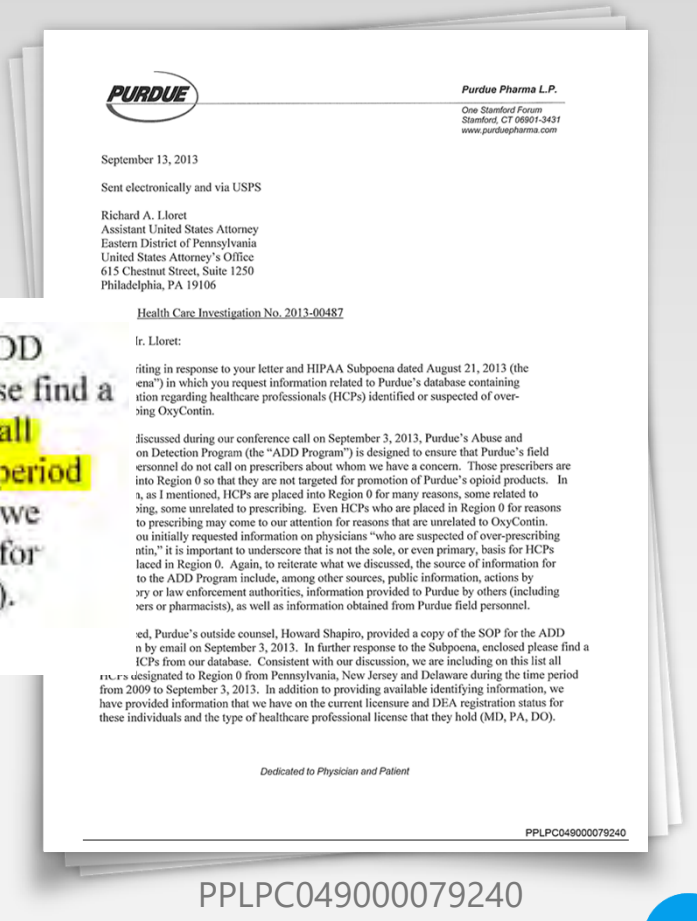
PPLPC053000051170 / PPLPC05300005121

PPLPUCC9007416689

Purdue Provided Region Zero Information to the U.S. Attorney for the Eastern District of Pennsylvania

In 2013, Purdue sent the names of Region Zero HCPs in Pennsylvania, New Jersey, and Delaware to the U.S. Attorney for the Eastern District of Pennsylvania

As agreed, Purdue's outside counsel, Howard Shapiro, provided a copy of the SOP for the ADD Program by email on September 3, 2013. In further response to the Subpoena, enclosed please find a list of HCPs from our database. Consistent with our discussion, we are including on this list all HCPs designated to Region 0 from Pennsylvania, New Jersey and Delaware during the time period from 2009 to September 3, 2013. In addition to providing available identifying information, we have provided information that we have on the current licensure and DEA registration status for these individuals and the type of healthcare professional license that they hold (MD, PA, DO).



PURDUE

Purdue Pharma L.P.
One Stamford Forum
Stamford, CT 06901-3431
www.purduepharma.com

September 13, 2013

Sent electronically and via USPS

Richard A. Lloret
Assistant United States Attorney
Eastern District of Pennsylvania
United States Attorney's Office
615 Chestnut Street, Suite 1250
Philadelphia, PA 19106

Health Care Investigation No. 2013-00487

lr. Lloret:

riting in response to your letter and HIPAA Subpoena dated August 21, 2013 (the ena") in which you request information related to Purdue's database containing tion regarding healthcare professionals (HCPs) identified or suspected of over- bing OxyContin.

discussed during our conference call on September 3, 2013, Purdue's Abuse and on Detection Program (the "ADD Program") is designed to ensure that Purdue's field ersonnel do not call on prescribers about whom we have a concern. Those prescribers are into Region 0 so that they are not targeted for promotion of Purdue's opioid products. In n, as I mentioned, HCPs are placed into Region 0 for many reasons, some related to bing, some unrelated to prescribing. Even HCPs who are placed in Region 0 for reasons to prescribing may come to our attention for reasons that are unrelated to OxyContin. ou initially requested information on physicians "who are suspected of over-prescribing ntin," it is important to underscore that is not the sole, or even primary, basis for HCPs laced in Region 0. Again, to reiterate what we discussed, the source of information for to the ADD Program include, among other sources, public information, actions by ory or law enforcement authorities, information provided to Purdue by others (including ers or pharmacists), as well as information obtained from Purdue field personnel.

ed, Purdue's outside counsel, Howard Shapiro, provided a copy of the SOP for the ADD n by email on September 3, 2013. In further response to the Subpoena, enclosed please find a ICPs from our database. Consistent with our discussion, we are including on this list all HCPs designated to Region 0 from Pennsylvania, New Jersey and Delaware during the time period from 2009 to September 3, 2013. In addition to providing available identifying information, we have provided information that we have on the current licensure and DEA registration status for these individuals and the type of healthcare professional license that they hold (MD, PA, DO).

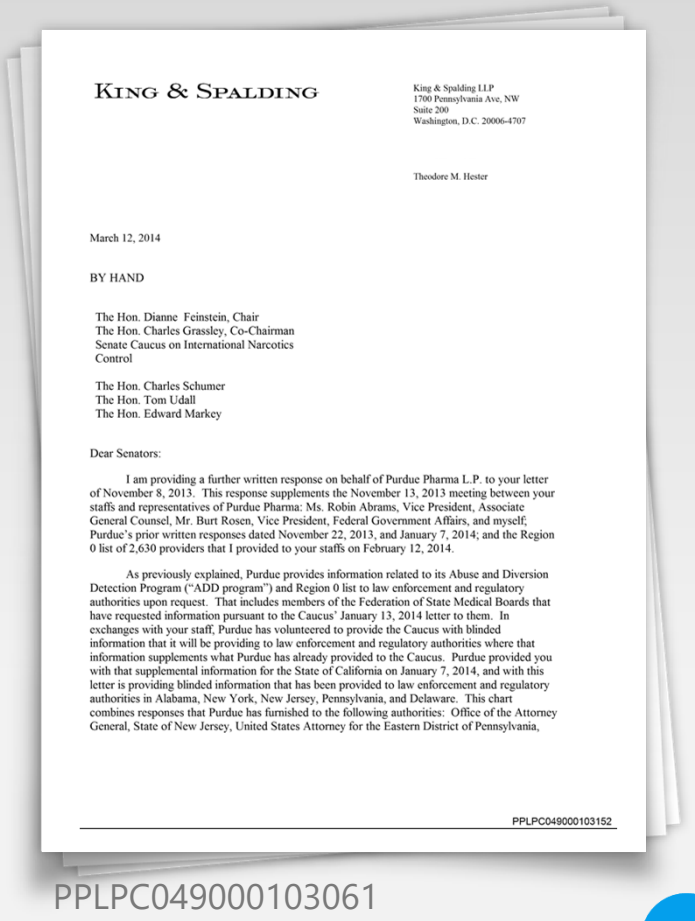
Dedicated to Physician and Patient

PPLPC049000079240

PPLPC049000079240

Purdue Provided Region Zero Information to the U.S. Senate Caucus on International Narcotics Control

As previously explained, Purdue provides information related to its Abuse and Diversion Detection Program ("ADD program") and Region 0 list to law enforcement and regulatory authorities upon request. That includes members of the Federation of State Medical Boards that have requested information pursuant to the Caucus' January 13, 2014 letter to them. In exchanges with your staff, Purdue has volunteered to provide the Caucus with blinded information that it will be providing to law enforcement and regulatory authorities where that information supplements what Purdue has already provided to the Caucus. Purdue provided you with that supplemental information for the State of California on January 7, 2014, and with this letter is providing blinded information that has been provided to law enforcement and regulatory authorities in Alabama, New York, New Jersey, Pennsylvania, and Delaware. This chart combines responses that Purdue has furnished to the following authorities: Office of the Attorney General, State of New Jersey, United States Attorney for the Eastern District of Pennsylvania,



KING & SPALDING

King & Spalding LLP
1700 Pennsylvania Ave, NW
Suite 200
Washington, D.C. 20006-4707

Theodore M. Hester

March 12, 2014

BY HAND

The Hon. Dianne Feinstein, Chair
The Hon. Charles Grassley, Co-Chairman
Senate Caucus on International Narcotics Control

The Hon. Charles Schumer
The Hon. Tom Udall
The Hon. Edward Markey

Dear Senators:

I am providing a further written response on behalf of Purdue Pharma L.P. to your letter of November 8, 2013. This response supplements the November 13, 2013 meeting between your staffs and representatives of Purdue Pharma: Ms. Robin Abrams, Vice President, Associate General Counsel, Mr. Burt Rosen, Vice President, Federal Government Affairs, and myself; Purdue's prior written responses dated November 22, 2013, and January 7, 2014; and the Region 0 list of 2,630 providers that I provided to your staffs on February 12, 2014.

As previously explained, Purdue provides information related to its Abuse and Diversion Detection Program ("ADD program") and Region 0 list to law enforcement and regulatory authorities upon request. That includes members of the Federation of State Medical Boards that have requested information pursuant to the Caucus' January 13, 2014 letter to them. In exchanges with your staff, Purdue has volunteered to provide the Caucus with blinded information that it will be providing to law enforcement and regulatory authorities where that information supplements what Purdue has already provided to the Caucus. Purdue provided you with that supplemental information for the State of California on January 7, 2014, and with this letter is providing blinded information that has been provided to law enforcement and regulatory authorities in Alabama, New York, New Jersey, Pennsylvania, and Delaware. This chart combines responses that Purdue has furnished to the following authorities: Office of the Attorney General, State of New Jersey, United States Attorney for the Eastern District of Pennsylvania,

PPLPC049000103152

PPLPC049000103061

Purdue Provided Region Zero Information To 25 Agencies 17 States

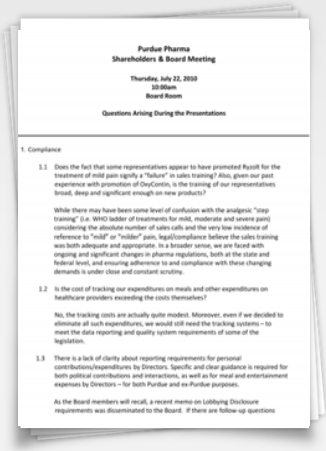
State	Agencies
Nevada	Nevada State Board of Medical Examiners (April 27, 2013), (August 11, 2015) Nevada State Board of Pharmacy (September 3, 2013) Nevada State Board of Osteopathic Medicine (September 25, 2013)
California	Medical Board of California (September 11, 2013), (September 25, 2013) Dental Board of California (September 12, 2013) Board of Registered Nursing of California (September 25, 2013) Osteopathic Medical Board of California (September 25, 2013) Physician Assistant Board of California (September 26, 2013) Board of Podiatric Medicine of California (September 26, 2013)
Tennessee	Office of Tennessee Attorney General (October 15, 2013)
New Jersey	Office of the Attorney General (November 8, 2013)
Illinois	Illinois Department of Financial and Professional Regulation (February 12, 2014)
Virginia	Virginia Department of Health Professions (February 19, 2014)
Wisconsin	Wisconsin Department of Safety and Professional Services (February 25, 2014), (April 28, 2014)

State	Agencies
Wyoming	Wyoming Board of Medicine (February 26, 2014)
Georgia	Georgia Composite Medical Board (February 27, 2014)
West Virginia	West Virginia Board of Medicine (February 27, 2014) West Virginia Board of Osteopathic Medicine (February 27, 2014)
Arizona	AZ Board of Osteopathic Examiners in Medicine and Surgery (February 28, 2014)
Pennsylvania	Pennsylvania Department of State, Bureau of Professional and Occupational Affairs (February 28, 2014)
Kansas	Kansas State Board of Healing Arts (March 4, 2014)
North Dakota	ND State Board of Medical Examiners (March 7, 2014)
Alabama	Alabama State Board of Medical Examiners (March 11, 2014)
Rhode Island	Board of Medical Licensure & Discipline, State of Rhode Island Department of Health (March 11, 2014)
Oregon	Oregon Medical Board (May 20, 2014)

PPLPC049000076533; PPLPC049000079271; PPLPC049000079268; PPLPC05100189775; PPLP004437593; PPLP004437542; PPLPC05100018973; PPLPC051000189745; PPLPUCC9011507902; PPLP004438085; PPLP004437814; PPLP004437654; PPLP004438105; PPLP004438118; PPLP004438157; PPLP004437620; PPLP004438134; PPLP004438138; PPLP004437482; PPLP004437994; PPLP004437673; PPLP004437795; PPLP004437472; PPLP004438019; PPLP004438113; PPLPUCC9011455002; PPLPUCC9011507906; PPLPC049000103152; PPLPUCC9011507904; PPLPUCC9011512808; PPLPC019000877747

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

- **DOJ alleges that:** "In or around August 2010, the Named Sacklers, received a Board package that included Region Zero sales data, including the names of Region Zero prescribers" (Addendum A ¶61)
- **Nothing in the Board package invited Board input in Region Zero determinations**
- **The Board package was sent in response to Board questions responsibly monitoring anti-diversion activities** *("Do we track IMS scripts for region '0'? What is the rate of 'no call' MD's and if rising, what is the driver?")*
- **The first part of the Board package was a memo answering the Board's questions and describing the robust steps Purdue was taking to identify suspect prescribers** (PPLPC012000283163)
- **The second part was a spreadsheet listing Region Zero prescribers giving the Board a snapshot of Region Zero** (PPLPC012000283169-70)
- **Nothing in the package raised concerns or invited action**


Purdue Pharma
Shareholders & Board Meeting
Thursday, July 22, 2010
10:00am
Board Room
Questions Arising During the Presentations
1. Compliance
1.1 Does the fact that some representatives appear to have promoted Butrans for the treatment of mild pain signify a "failure" in sales training? Also, given our past experience with promotion of OxyContin, is the training of our representatives broad, deep and significant enough on new products?
While there may have been some level of confusion with the analgesic "step training" (i.e. WHO ladder of treatments for mild, moderate and severe pain) considering the absolute number of sales calls and the very low incidence of reference to "mild" or "milder" pain, legal/compliance believe the sales training was both adequate and appropriate. In a broader sense, we are faced with ongoing and significant changes in pharma regulations, both at the state and federal level, and ensuring adherence to and compliance with these changing demands is under close and constant scrutiny.
1.2 Is the cost of tracking our expenditures on meals and other expenditures on healthcare providers exceeding the costs themselves?
No, the tracking costs are actually quite modest. Moreover, even if we decided to eliminate all such expenditures, we would still need the tracking systems – to meet the data reporting and quality system requirements of some of the legislation.
1.3 There is a lack of clarity about reporting requirements for personal contributions/expenditures by Directors. Specific and clear guidance is required for both political contributions and interactions, as well as for meal and entertainment expenses by Directors – for both Purdue and ex-Purdue purposes.
As the Board members will recall, a recent memo on Lobbying Disclosure requirements was disseminated to the Board. If there are follow-up questions

PPLPC012000283163

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

- **DOJ alleges that:** "Purdue had detailed information (down to the number of prescriptions written, product, and dosage) of Purdue products prescribed by Region Zero doctors and knew that Purdue had been making a considerable profit from these prescriptions." (Addendum A ¶59)
- **The Board never saw any of this information apart from the snapshot it received in August 2010**
- **Purdue could not stop Region Zero doctors from prescribing OxyContin**
- **The Board was not consulted on Region Zero determinations**
- **DOJ admits that:** "After prescribers were referred to ADD, an ADD review team comprised of Purdue employees reviewed information concerning the prescribers to determine whether Purdue should continue to market its opioids to them. The Named Sacklers did not sit on the ADD review team." (Addendum A ¶123)

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

- **DOJ alleges that** "the Named Sacklers knew, or should have known, that abuse and diversion appeared concentrated among a cohort of high-volume prescribers" (Addendum A ¶71)
- **The 2011 presentation that DOJ cites for this:**
  - **Nowhere suggests that this is a continuing issue**
  - **Reports that 1900 prescribers have been placed in Region Zero**
  - **Shows that the abuse-deterrent formulation succeeded in reducing prescriptions by Region Zero prescribers**
  - **Stresses that the ADD Program is "[d]esigned to ensure that the company <u>does not promote</u> Purdue's products … where there is a concern about potential abuse or diversion"** (Addendum A ¶70; PURDUE-COR-00032186 (emphasis in original))

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

- **DOJ alleges:**

"126. Purdue sales representatives were trained to report prescribers suspected of abuse and diversion to ADD, and some sales representatives did so. However, many high-volume prescribers, despite having indicia of abuse and diversion, were not reported. Further, even after they were reported to ADD, Purdue continued to detail and generate prescriptions from high volume prescribers that were prescribing opioids that were not for a medically accepted indication; were unsafe, ineffective, and medically unnecessary; and that were often diverted for uses that lacked a legitimate medical purpose. The following are two examples of high-volume prescribers that Purdue detailed during E2E." (Addendum A ¶126)

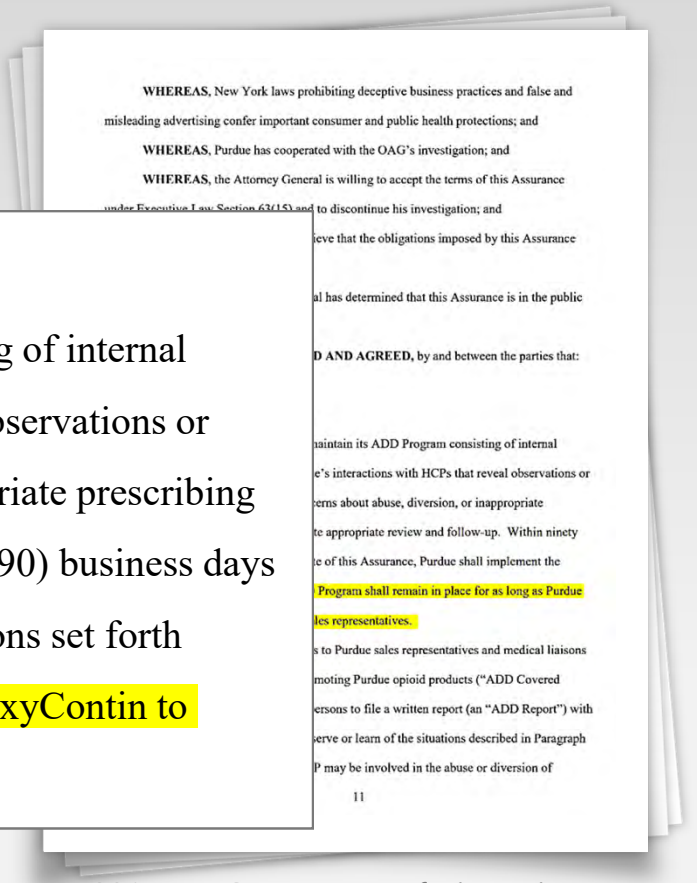
The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

- **There is no evidence that any of this information was ever presented to the Board**
- The Directors were not provided data as to specific prescribers that were suggested for review, were under review, or should be under review — or what prescriptions any of them wrote
- DOJ admits the Directors did not sit on the ADD review team that received prescriber-specific information and decided whether to continue to place them in Region Zero (Addendum A ¶123)
- The Directors understood that Purdue conscientiously implemented the ADD Program, and this was confirmed by an auditor approved by the New York Attorney General

NYAG Investigated Purdue from 2013-15, Settled for $75,000 and Required That Purdue Maintain the ADD Program and Region Zero

A. Maintenance of ADD Program

28. Purdue shall continue to maintain its ADD Program consisting of internal procedures designed to ensure that Purdue's interactions with HCPs that reveal observations or circumstances that suggest potential concerns about abuse, diversion, or inappropriate prescribing of opioid medications generate appropriate review and follow-up. Within ninety (90) business days after the Effective Date of this Assurance, Purdue shall implement the modifications set forth below. The ADD Program shall remain in place for as long as Purdue promotes OxyContin to HCPs through sales representatives.


WHEREAS, New York laws prohibiting deceptive business practices and false and misleading advertising confer important consumer and public health protections; and

WHEREAS, Purdue has cooperated with the OAG's investigation; and

WHEREAS, the Attorney General is willing to accept the terms of this Assurance under Executive Law Section 63(15) and to discontinue his investigation; and

ieve that the obligations imposed by this Assurance

al has determined that this Assurance is in the public

D AND AGREED, by and between the parties that:

aintain its ADD Program consisting of internal
e's interactions with HCPs that reveal observations or
erns about abuse, diversion, or inappropriate
te appropriate review and follow-up. Within ninety
e of this Assurance, Purdue shall implement the
Program shall remain in place for as long as Purdue
les representatives.
s to Purdue sales representatives and medical liaisons
moting Purdue opioid products ("ADD Covered
ersons to file a written report (an "ADD Report") with
erve or learn of the situations described in Paragraph
P may be involved in the abuse or diversion of

11

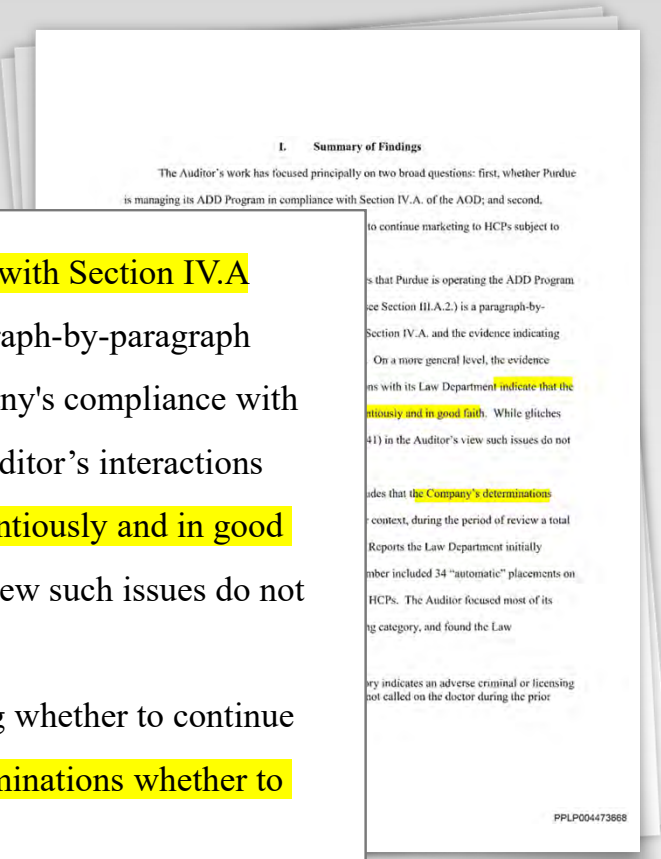
2015 NYAG Assurance of Discontinuance

An Auditor Approved by NYAG Endorsed Purdue's Implementation of Region Zero in 2016, 2017 and 2018

- Purdue acted "conscientiously and in good faith"
- Its "determinations whether to continue marketing were reasonable"

[T]he Auditor concludes that Purdue is operating the ADD Program in compliance with Section IV.A [which sets for ADD Program requirements]. Set forth below (see Section III.A.2.) is a paragraph-by-paragraph description of the requirements posed by Section IV.A. and the evidence indicating the Company's compliance with those requirements. On a more general level, the evidence reviewed by the Auditor and the Auditor's interactions with its Law Department indicate that the Company is approaching the ADD Program conscientiously and in good faith. While glitches have occurred (see for example discussion below at 4) in the Auditor's view such issues do not result from a lack of commitment to the Program.

As to the second question [the reasonableness of Purdue's determinations regarding whether to continue marketing to HCPs subject to ADD Reports], the Auditor concludes that the Company's determinations whether to continue marketing were reasonable.


I. Summary of Findings

The Auditor's work has focused principally on two broad questions: first, whether Purdue is managing its ADD Program in compliance with Section IV.A. of the AOD; and second, to continue marketing to HCPs subject to

s that Purdue is operating the ADD Program
ee Section III.A.2.) is a paragraph-by-
Section IV.A. and the evidence indicating
On a more general level, the evidence
ns with its Law Department indicate that the
ntiously and in good faith. While glitches
41) in the Auditor's view such issues do not

ades that the Company's determinations
context, during the period of review a total
Reports the Law Department initially
mber included 34 "automatic" placements on
HCPs. The Auditor focused most of its
g category, and found the Law

ory indicates an adverse criminal or licensing
not called on the doctor during the prior

PPLP004473668

(2016 Auditor's Rept: PPLP004473667)

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

- **The Board relied on management reports that Purdue was vigorously implementing the ADD Program**

ADD Program

- Based on SOP developed in 2002
- Identifies criteria that require field-based personnel to report certain circumstances to Law Department (i.e., aberrant prescribing, long lines of patients, high cash pay patients, out of state patients)
- More than 3200 inquiries conducted since 2002
- If determine sales force shall not promote Purdue products to particular prescriber, put in Region 0
- Approximately 1900 prescribers in Region 0

Changes in Prescribing Patterns Following Introduction of Reformulated OxyContin: A Window into Diversion?

Oct. 25, 2011 Presentation (PPLPC042000024694)

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

- The Board relied on District Managers' monitoring of sales rep adherence to the ADD Program and management's review of the District Managers' reports
- District Managers personally observed each sales rep's interactions with prescribers several days each year to ensure sales rep compliance with Purdue policies, and reported on:

  (i) sales reps' knowledge of indicators of diversion set forth in the ADD Program and

  (ii) sales reps' filing Reports of Concern and ADD Reports

  7/30/09 Period 2 IRO Rept. on Systems Engagement at PPLP004433834-38; 9/25/09 2nd Ann. Purdue Rept. to OIG w/exhibits at PDF p. 323 of 627; PPLP03342689, PPLP003430131, PPLP003578717; PPLP004434750-51

- District Managers documented their observations in Field Contact Reports *(Id.)*

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Compliance Section of PMP Forms

Compliance to Policies and Procedures		For OIG Demonstration only
Legal Guidelines for Product Promotion	5	For OIG Demonstration only
Healthcare Law Compliance (HCLC) Policies	5	For OIG Demonstration only
Code of Business Ethics	5	For OIG Demonstration only
Indicators of Possible Diversion	5	For OIG Demonstration only
Expense Reporting/Attribution	5	For OIG Demonstration only
Call Reporting	1	For OIG Demonstration only
AE Reporting/Product Complaints	5	For OIG Demonstration only
Reports Of Concern (ROCs)	5	For OIG Demonstration only
Sampling (PDMA)	5	For OIG Demonstration only
Professional Conduct	5	For OIG Demonstration only
Requests for Off-Label Information	5	For OIG Demonstration only
Grants	5	For OIG Demonstration only

Compliance Section of Field Contact Reports


Corporate Compliance Quarterly Report to Board of Directors 3Q10

November 3, 2010
Bert Weinstein
Vice President, Corporate Compliance

3Q 2010 Quarterly Compliance Report at PPLP004405484

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

CIA- Sales Promotion Monitoring – 2Q10

Purdue's CIA requires Corporate Compliance to review Field Contact Reports (FCRs) with a compliance category rating of "1," indicating less than 100% compliance with Sales SOPs

- 637 FCRs were prepared during 2Q10
  - 73 FCRs had a Compliance Rating of "1" – 18 required Compliance investigation; 17 resulted in discipline
    - 13 representatives recorded call note(s) that: contained language which was unclear about indication or proper use of Ryzolt; did not clearly show they corrected a Health Care Provider's misconception about Ryzolt's Indication; or contained a concerning "Next Call Objective"
    - 1 new representative terminated for multiple violations, including, poor overall performance, failure to perform administrative tasks, and compliance-related activities
    - 3 representatives in possession of discontinued materials

PURDUE

4

Management Review of Field Contact Reports As Reported To The Board


Corporate Compliance
Quarterly Report to
Board of Directors
2Q10

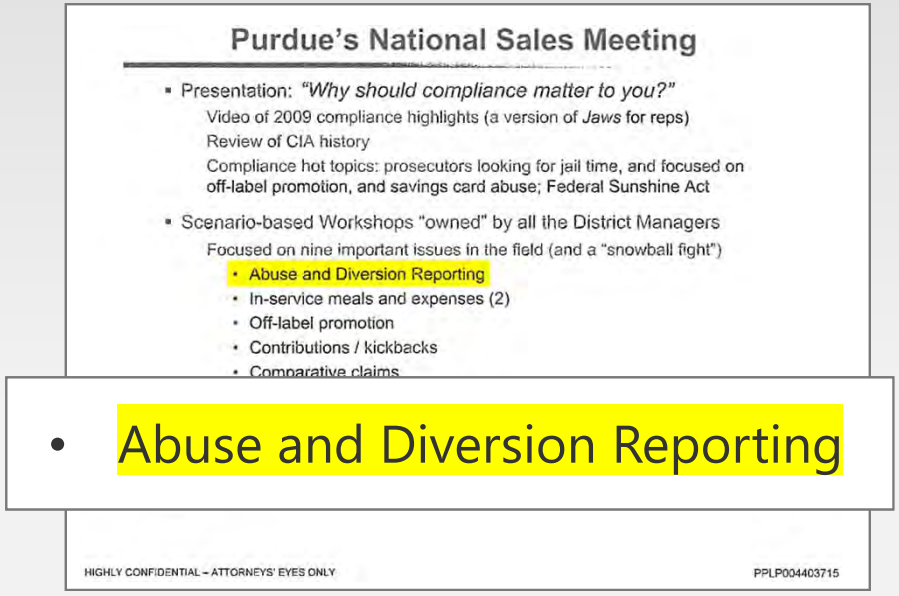
July 22, 2010
Bert Weinstein
Vice President, Corporate Compliance

PURDUE

2Q 2010 Quarterly Compliance Report at PPLP004404554

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

- **Management regularly reported that Sales Reps and District Managers were trained on the ADD Program**



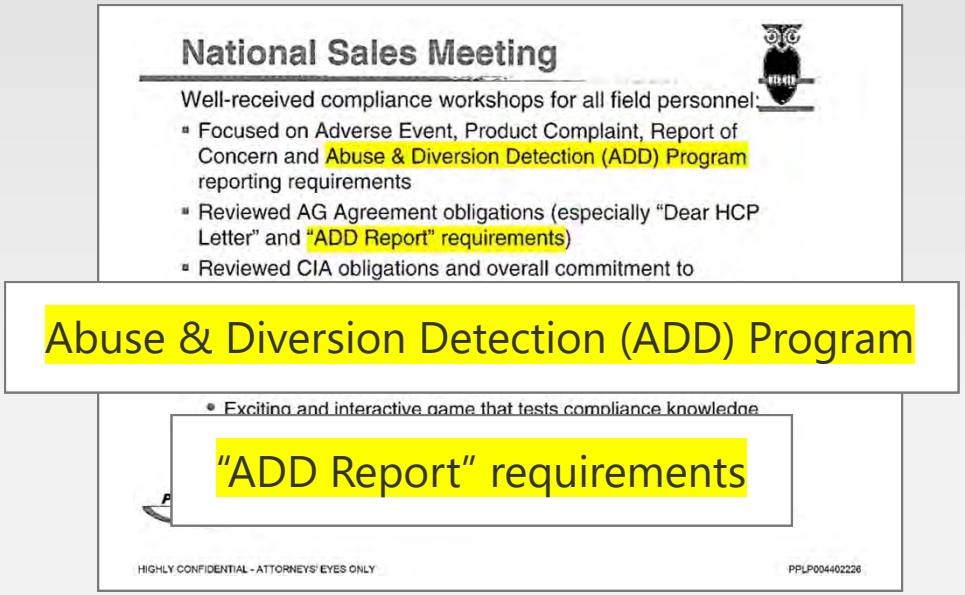
Purdue's National Sales Meeting

- Presentation: *"Why should compliance matter to you?"*
  - Video of 2009 compliance highlights (a version of *Jaws* for reps)
  - Review of CIA history
  - Compliance hot topics: prosecutors looking for jail time, and focused on off-label promotion, and savings card abuse; Federal Sunshine Act
- Scenario-based Workshops "owned" by all the District Managers
  - Focused on nine important issues in the field (and a "snowball fight")
    - Abuse and Diversion Reporting
    - In-service meals and expenses (2)
    - Off-label promotion
    - Contributions / kickbacks
    - Comparative claims

HIGHLY CONFIDENTIAL – ATTORNEYS' EYES ONLY PPLP004403715

- Abuse and Diversion Reporting

Q4 2009 Quarterly Compliance Report at 9 (PPLP004403661)



National Sales Meeting

Well-received compliance workshops for all field personnel:

- Focused on Adverse Event, Product Complaint, Report of Concern and Abuse & Diversion Detection (ADD) Program reporting requirements
- Reviewed AG Agreement obligations (especially "Dear HCP Letter" and "ADD Report" requirements)
- Reviewed CIA obligations and overall commitment to
- Exciting and interactive game that tests compliance knowledge

HIGHLY CONFIDENTIAL - ATTORNEYS' EYES ONLY PPLP004402226

Abuse & Diversion Detection (ADD) Program

"ADD Report" requirements

4Q 2008 Quarterly Compliance Report at 22 (PPLP004402205)

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Sept. 23, 2010 Board Report:

Office of the General Counsel

- Serve as an affiant/deponent in various legal actions
  - Defended our opioid-agonist/sequestered-antagonist patents in deposition
  - Identified and assisted with retention of expert witnesses
- Invited to consult with Order Monitoring System Committee
  - Now a member of the committee.
  - Assist with policy development and implementation (eg, the new DEA requirements regarding response to "suspicious orders")
- Collaborating with Robin Abrams and Risk Management & Epidemiology
  - Developing model to attempt identification of suspicious prescribing patterns that warrant further investigation (Polaris/Principled Strategies/Wolters Kluwer)

Sept. 23, 2010 Board Slides at 59 (PWG004349936)

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

- The Board was advised that Purdue's Compliance Council reviewed the ADD Program

Major Compliance Oversight Activities

- Compliance Council – senior execs with responsibility for CIA and compliance oversight meet quarterly, review audits and investigations; recently conducted review of Abuse and Diversion Detection Program and Quality program
- Reportable Events Committee – senior medical, Legal, regulatory and compliance execs meet monthly- review all pending compliance and other matters
- Sales and Marketing Compliance Committee – senior Sales and Marketing and Compliance execs meet every six weeks
- Sales Discipline Committee – Sales, Legal, HR and Compliance

HIGHLY CONFIDENTIAL – ATTORNEYS' EYES ONLY PPLP004403724

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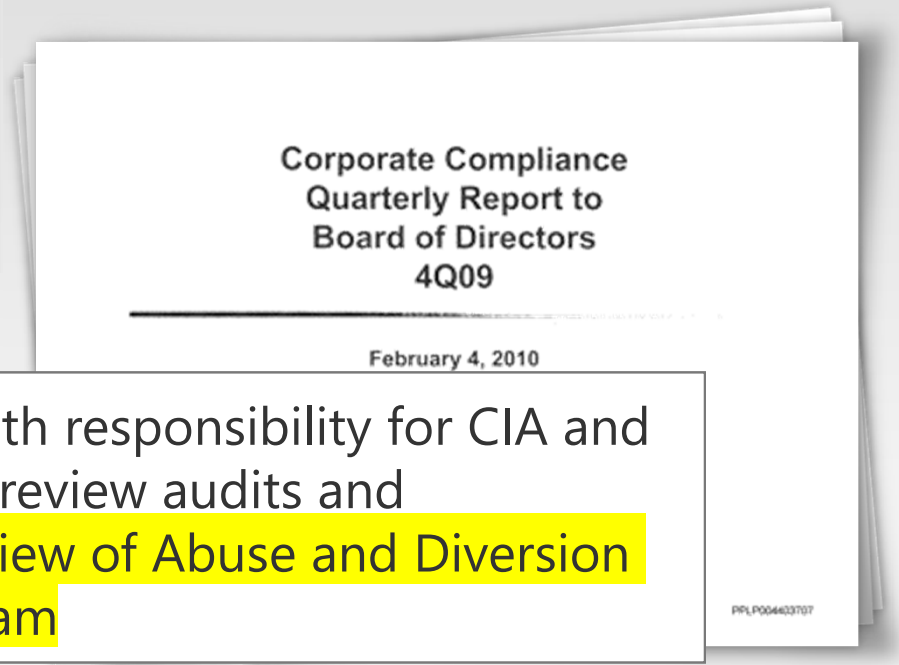

Corporate Compliance
Quarterly Report to
Board of Directors
4Q09

February 4, 2010

4Q 2009 Quarterly Compliance Report (PPLP004403661)

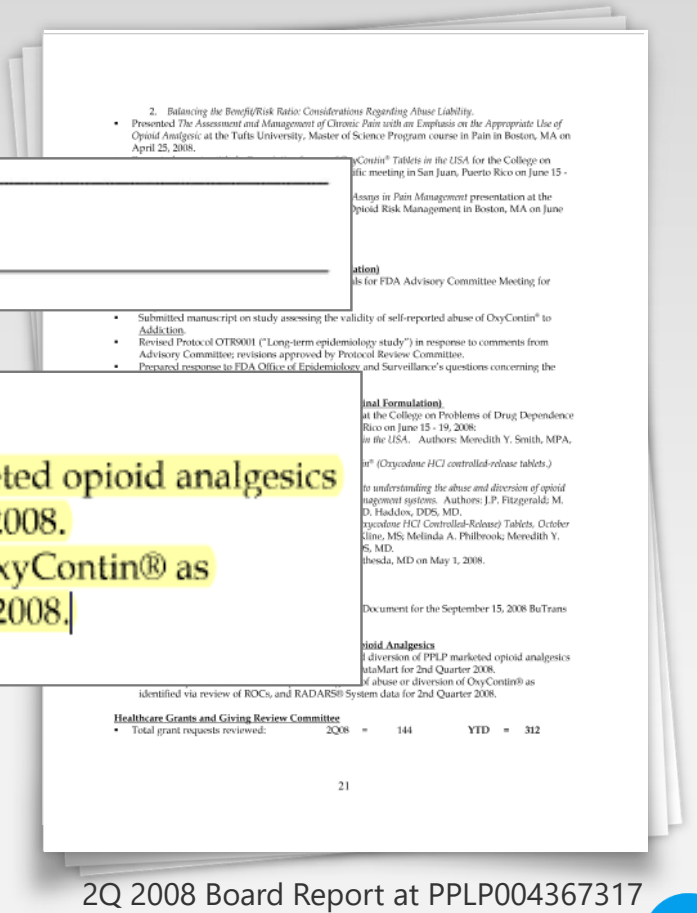
The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

- The Board was advised that Purdue's Risk Management Department was monitoring Diversion

RISK MANAGEMENT & HEALTH POLICY

Monitored Abuse and Diversion of PPLP Marketed Opioid Analgesics

- 890 Repots of Concern (ROCs) regarding abuse and diversion of PPLP marketed opioid analgesics reviewed and entered into the Risk Management DataMart for 2nd Quarter 2008.
- 25 field inquiries conducted in response to signals of abuse or diversion of OxyContin® as identified via review of ROCs, and RADARS® System data for 2nd Quarter 2008.



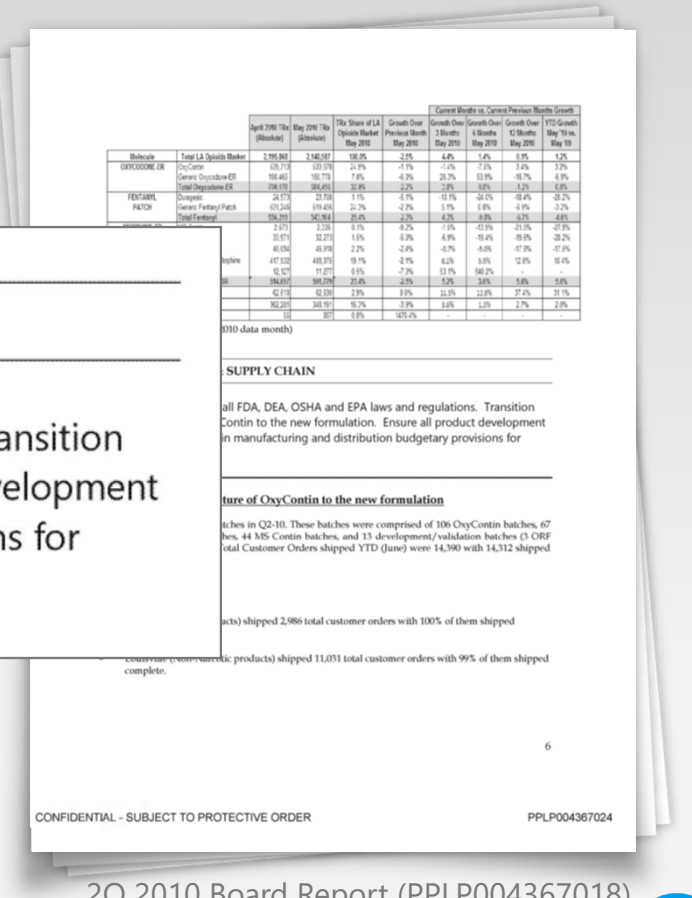
2Q 2008 Board Report at PPLP004367317

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

- The Board was advised that Purdue's Manufacturing & Supply Chain Department was ensuring compliance with DEA requirements

MANUFACTURING & SUPPLY CHAIN

Assure compliance with all FDA, DEA, OSHA and EPA laws and regulations. Transition the manufacture of OxyContin to the new formulation. Ensure all product development targets are met. Maintain manufacturing and distribution budgetary provisions for 2010.



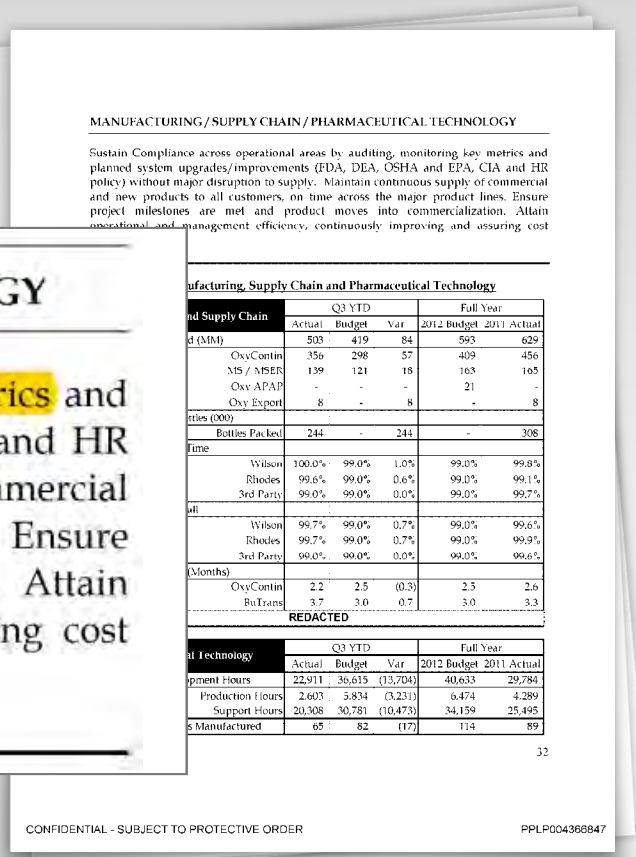
2Q 2010 Board Report (PPLP004367018)

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

- The Board was advised that Purdue's Manufacturing, Supply Chain and Pharmaceutical Technology Dept. monitored compliance across all operational areas

MANUFACTURING / SUPPLY CHAIN / PHARMACEUTICAL TECHNOLOGY

Sustain Compliance across operational areas by auditing, monitoring key metrics and planned system upgrades/improvements (FDA, DEA, OSHA and EPA, CIA and HR policy) without major disruption to supply. Maintain continuous supply of commercial and new products to all customers, on time across the major product lines. Ensure project milestones are met and product moves into commercialization. Attain operational and management efficiency, continuously improving and assuring cost effectiveness.



MANUFACTURING / SUPPLY CHAIN / PHARMACEUTICAL TECHNOLOGY

Sustain Compliance across operational areas by auditing, monitoring key metrics and planned system upgrades/improvements (FDA, DEA, OSHA and EPA, CIA and HR policy) without major disruption to supply. Maintain continuous supply of commercial and new products to all customers, on time across the major product lines. Ensure project milestones are met and product moves into commercialization. Attain operational and management efficiency, continuously improving and assuring cost

ufacturing, Supply Chain and Pharmaceutical Technology

nd Supply Chain	Q3 YTD Actual	Q3 YTD Budget	Q3 YTD Var	Full Year 2012 Budget	Full Year 2011 Actual
d (MM)	503	419	84	593	629
OxyContin	356	298	57	409	456
MS / MSER	139	121	18	163	165
Oxy APAP	-	-	-	21	-
Oxy Export	8	-	8	-	8
ttles (000)					
Bottles Packed	244	-	244	-	308
Time					
Wilson	100.0%	99.0%	1.0%	99.0%	99.8%
Rhodes	99.6%	99.0%	0.6%	99.0%	99.1%
3rd Party	99.0%	99.0%	0.0%	99.0%	99.7%
ull					
Wilson	99.7%	99.0%	0.7%	99.0%	99.6%
Rhodes	99.7%	99.0%	0.7%	99.0%	99.9%
3rd Party	99.0%	99.0%	0.0%	99.0%	99.6%
(Months)					
OxyContin	2.2	2.5	(0.3)	2.5	2.6
BuTrans	3.7	3.0	0.7	3.0	3.3

REDACTED

l Technology	Q3 YTD Actual	Q3 YTD Budget	Q3 YTD Var	Full Year 2012 Budget	Full Year 2011 Actual
pment Hours	22,911	36,615	(13,704)	40,633	29,784
Production Hours	2,603	5,834	(3,231)	6,474	4,289
Support Hours	20,308	30,781	(10,473)	34,159	25,495
s Manufactured	65	82	(17)	114	89

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CONFIDENTIAL - SUBJECT TO PROTECTIVE ORDER PPLP004366847

3Q 2012 Board Report at PPLP004366847

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Hotline and Other Inquires Q2 2007

- We handled a total of 101 inquiries in Q2 2007, of which 17 had compliance implications:
  - 3 Policy Matters – e.g., expensing gift to MD: insider trading
  - 11 Sales & Marketing Matters – e.g., gifts/meals to HCPs; competitor's promotional activities; alleged representative misconduct; AE reporting
  - 2 Abuse, Diversion Matters – e.g., sales representative reports pursuant to RSOP 1.7.1
  - 1 Other Matter – e.g., grant request issues
  - Note: Call Log maintained; available for review

PURDUE

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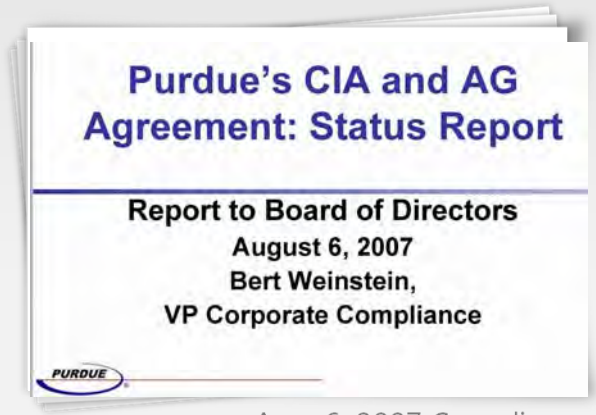

Aug. 6, 2007 Compliance Report at PLP004399968

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Q2 2007 Compliance Inquiries

2007 Distribution of Inquiries

PURDUE

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Purdue's CIA and AG Agreement: Status Report

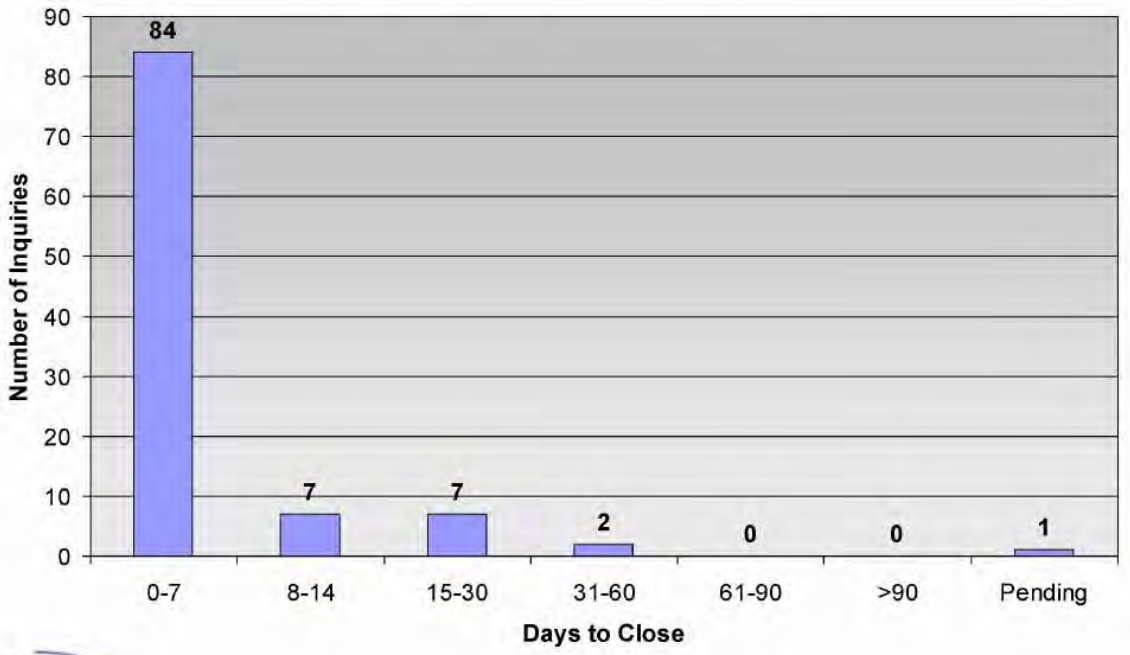
Report to Board of Directors
August 6, 2007
Bert Weinstein,
VP Corporate Compliance

PURDUE

Aug. 6, 2007 Compliance Report at PLP004399970

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Inquiry Response Time (Q2 2007)



PURDUE

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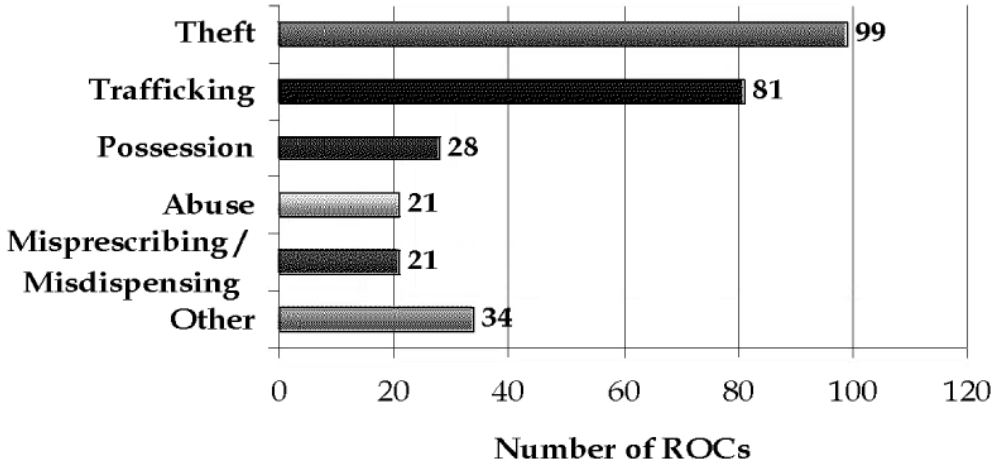
Purdue's CIA and AG Agreement: Status Report

Report to Board of Directors
August 6, 2007
Bert Weinstein,
VP Corporate Compliance

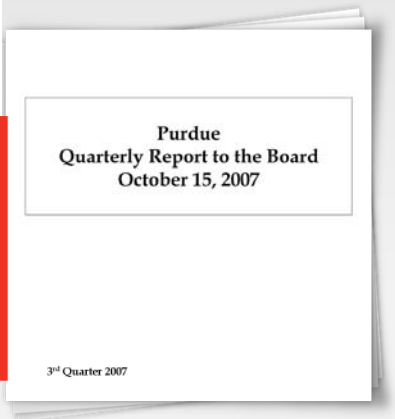
PURDUE

Aug. 6, 2007 Compliance Report at PLP004399971

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

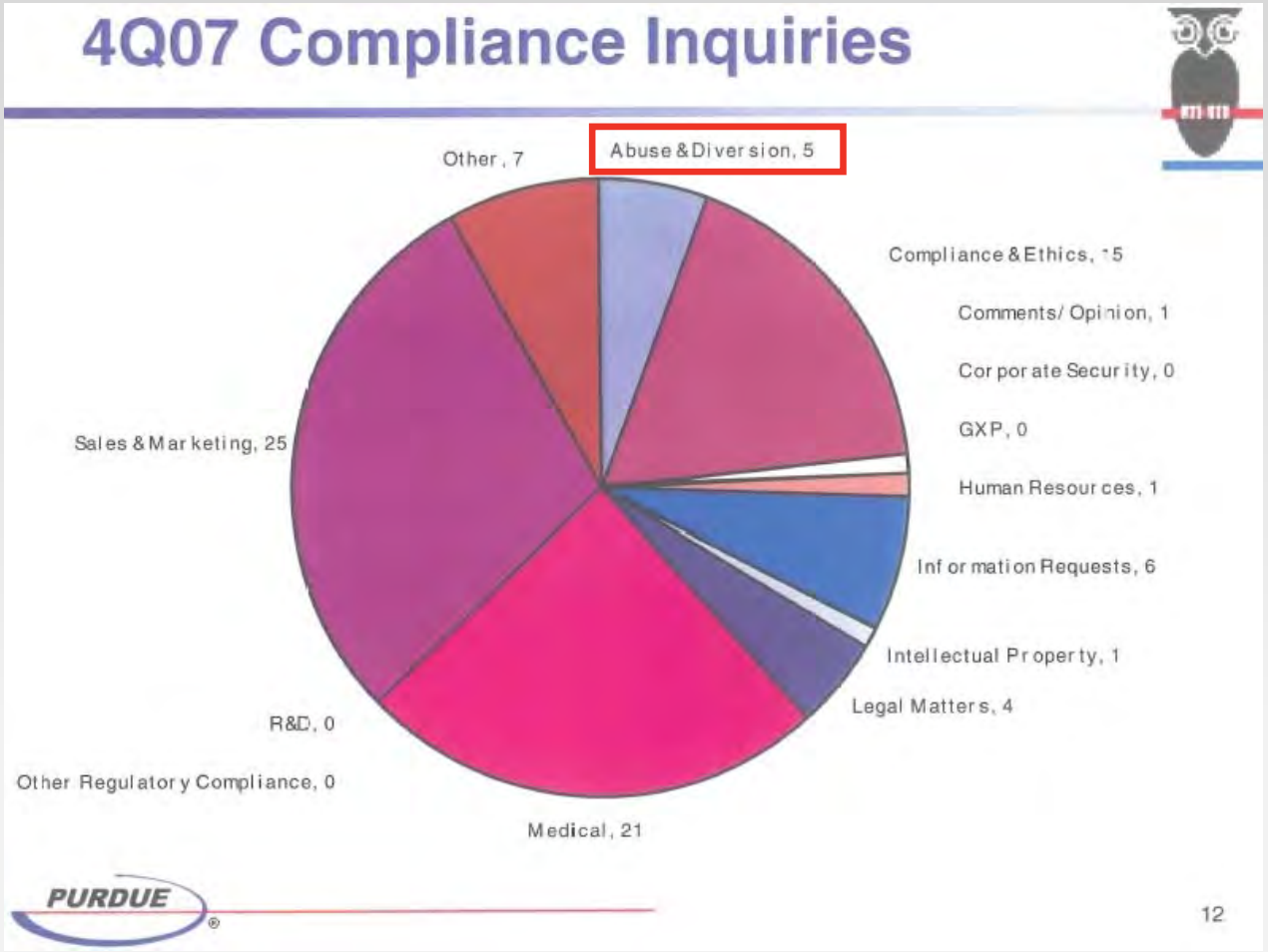


- **Figure 1:** 284 Reports of Concern (ROCs) regarding abuse and diversion of PPLP marketed opioid analgesics reviewed and entered into the Risk Management DataMart for 3rd Quarter 2007
- 46 field inquiries conducted in response to signals of abuse or diversion of OxyContin® as identified via review of ROCs, and RADARS® System data


Purdue
Quarterly Report to the Board
October 15, 2007
3rd Quarter 2007

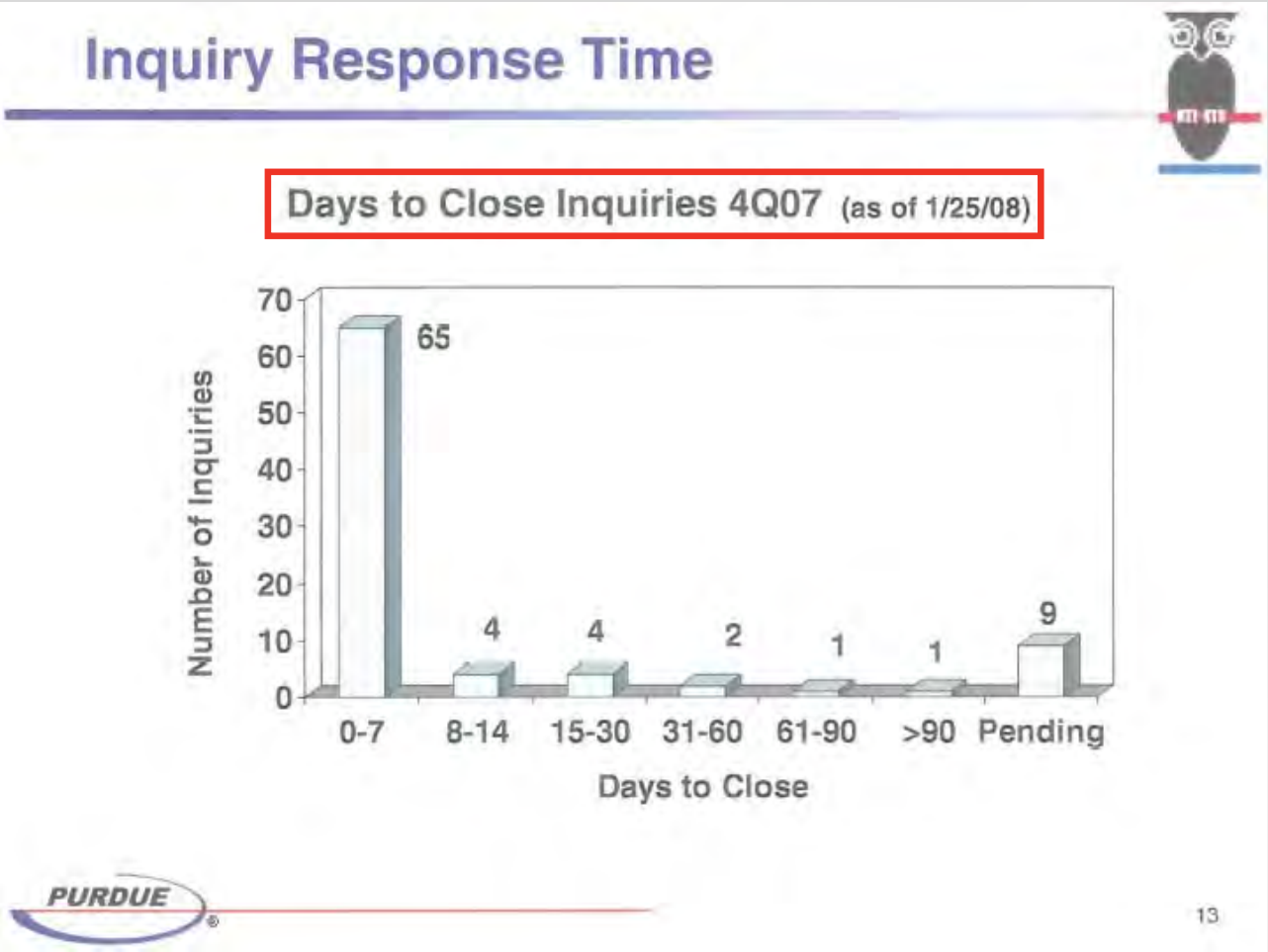
3Q 2007 Report to Board at PPLPC012000157437

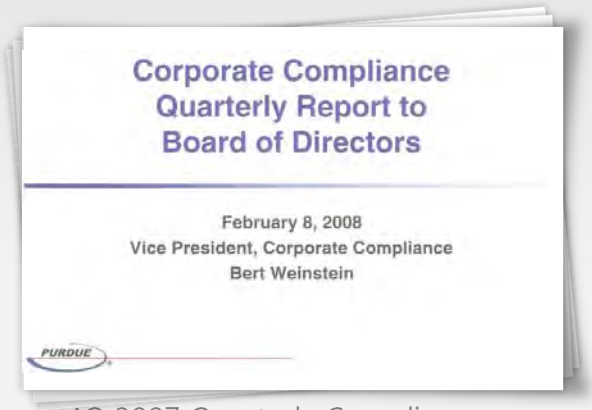
The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts



4Q 2007 Quarterly Compliance Report (PPLPC019000195607)

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts





4Q 2007 Quarterly Compliance Report (PPLPC019000195607)

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

CIA and AG Agreement Status

- CIA Implementation Report
  - Submitted to OIG on 11/28/07
  - Questions received 4/7 - answered 4/10
  - OIG approval of implementation 5/2
- OIG notice of exclusion of individuals - 3/31 letter
  - Purdue responded 4/14 re proposed consulting
  - OIG approval of consulting arrangement – 5/5 letter
- IRO Work plan submitted 1/08
- Preparing for IRO review - summer
- Annual Report Submission to OIG – Due 9/29/08

- Purdue in compliance with AG Agreements
  - Abuse & Diversion Detection (ADD) training - current
  - HCP letter process - current

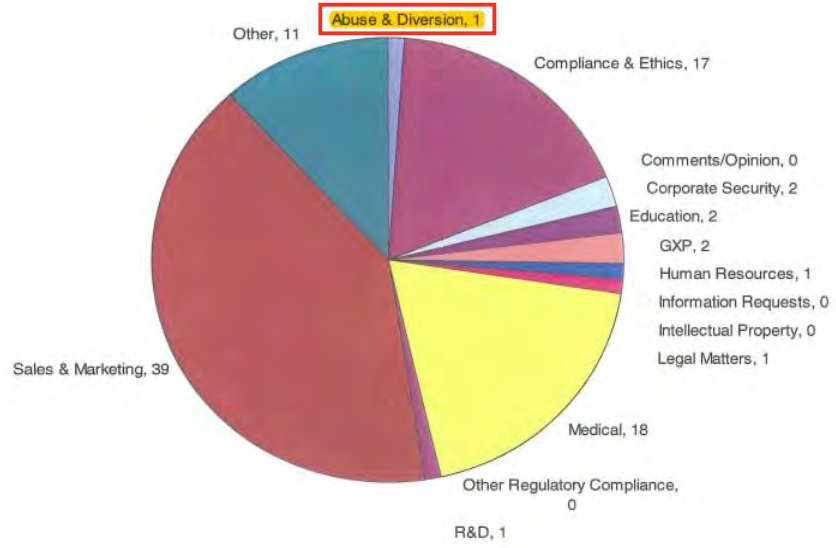
PURDUE

3

1Q 2008 Quarterly Compliance Report at PPLP004401171

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

1Q08 Compliance Incidents



PURDUE

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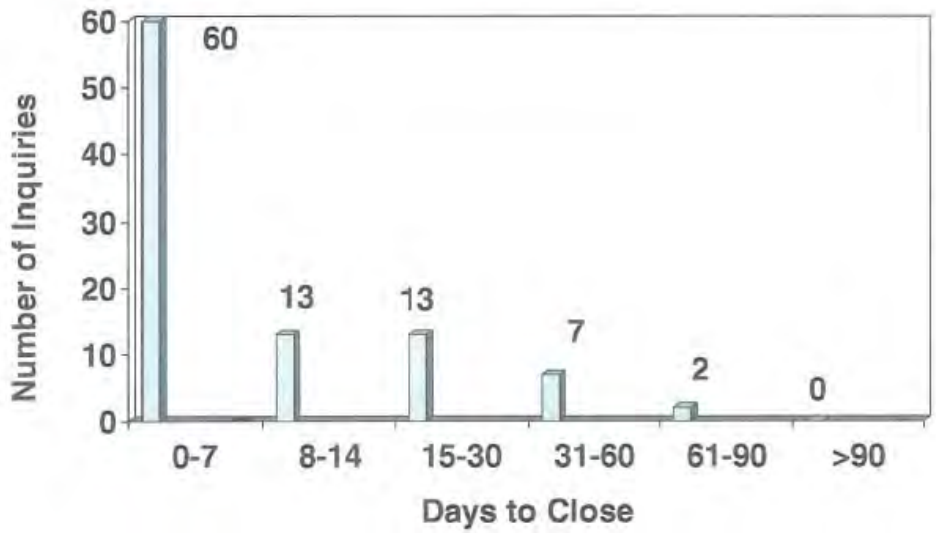
1Q 2008 Quarterly Compliance Report at PPLP004401186

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Inquiry Response Time

Days to Close Inquiries 1Q08 (as of 05/07/2008)



PURDUE

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1Q 2008 Quarterly Compliance Report at PPLP004401187

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

CIA Highlights

All transactions this quarter with OIG / Monitor Keshia Thompson have had successful results. Recap:

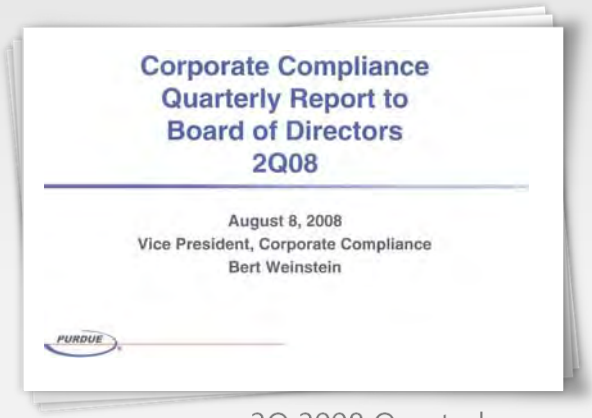
- CIA Implementation Report – approved by OIG 5/2
- OIG notice of exclusion of individuals - 3/31
  - But OIG approved consulting arrangement – 5/5
- OIG affirms Par not 'covered' in Rhodes arrangement -6/5

Purdue is also in full compliance with its AG Agreements

- Abuse & Diversion Detection (ADD) training - current
- HCP letter process – current / monitored monthly via Sales

PURDUE

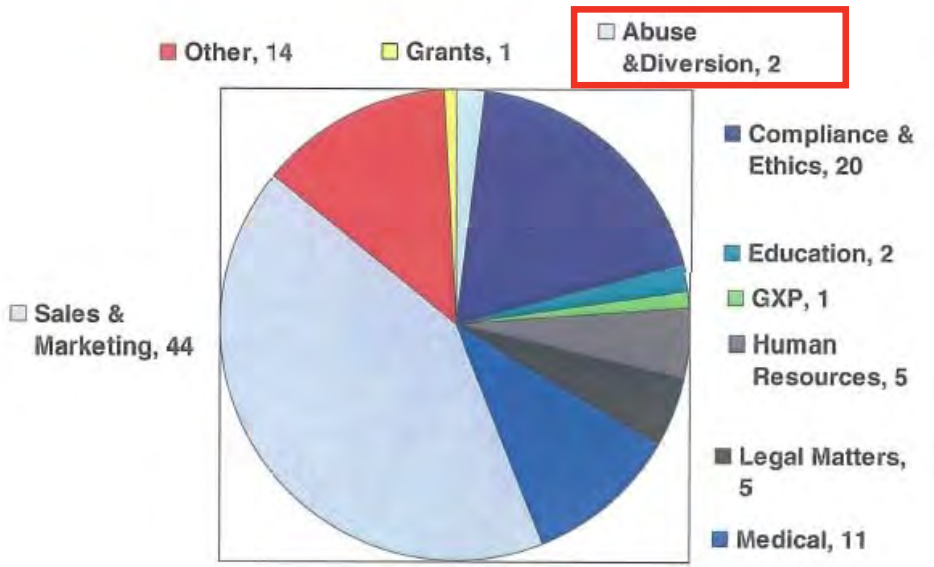
3



2Q 2008 Quarterly Compliance Report at PPLP004401344

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

2Q08 Compliance Incidents



PURDUE

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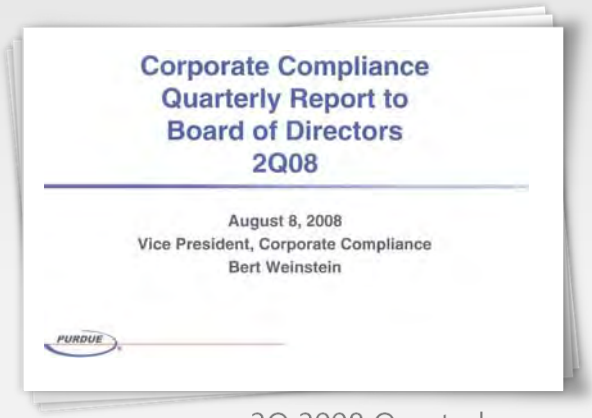
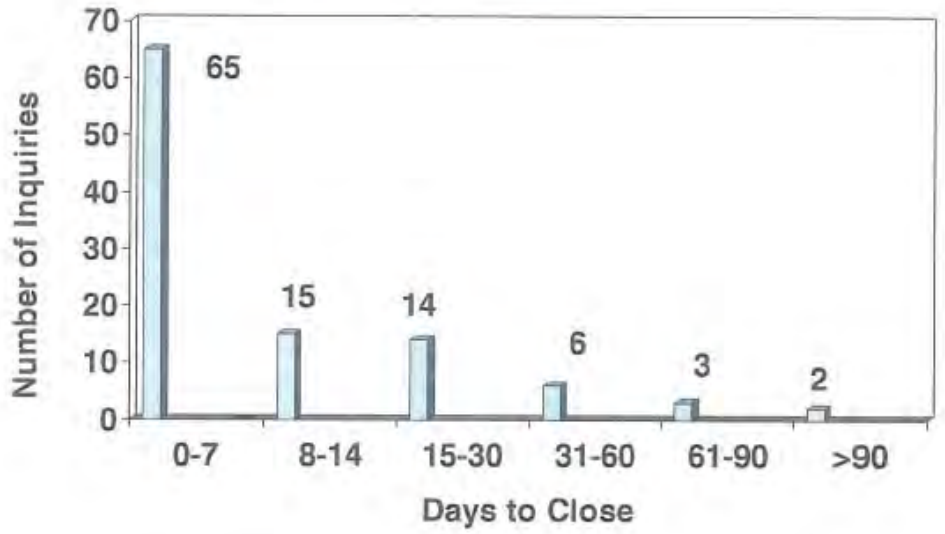


2Q 2008 Quarterly Compliance Report at PPLP004401360

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Inquiry Response Time

Days to Close Inquiries 2Q08 (as of 07/28/2008)



PURDUE

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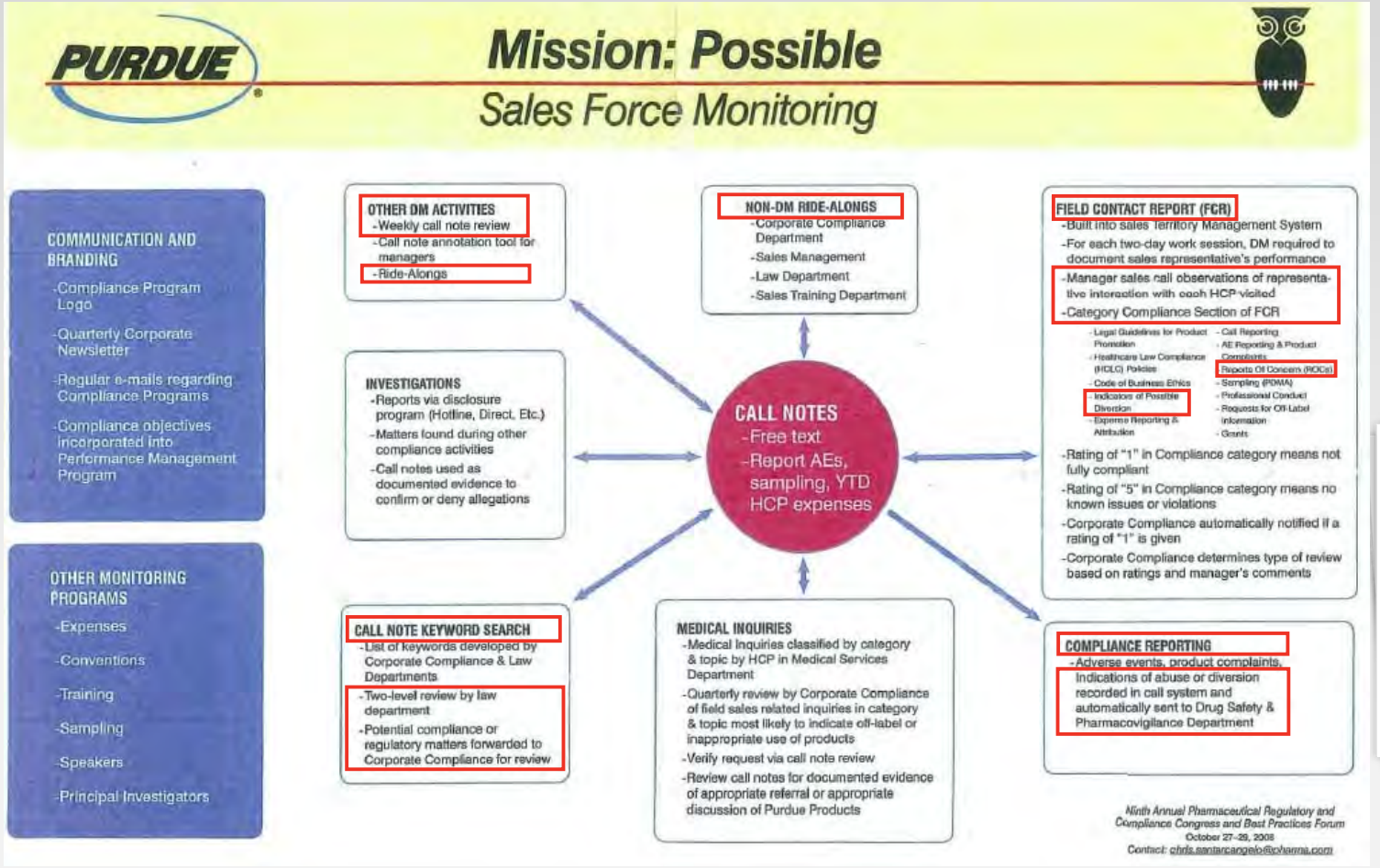
2Q 2008 Quarterly Compliance Report at PPLP004401361

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts



Anti-diversion-related aspects of compliance program boxed in red

3Q 2008 Quarterly Compliance Report at PPLP004402086

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Purdue CIA Highlights

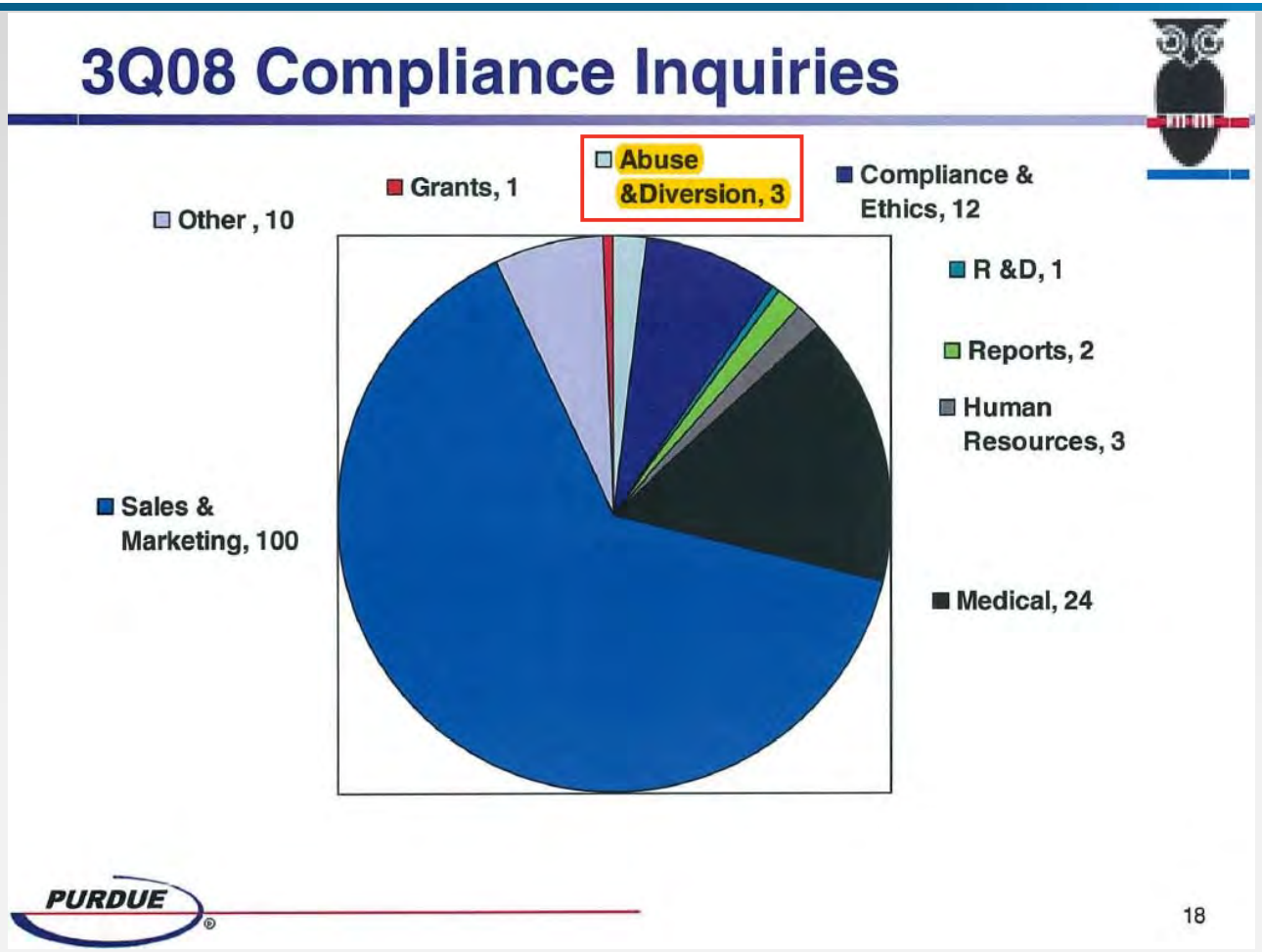
- First Annual Report to OIG submitted 9/25/08, certifies to all CIA requirements, including:
  - Updated policies and procedures
  - Code and other training
  - Disclosure Log information
  - Screening for Excluded Individuals
  - Investigations and Legal Proceedings
  - Material Review Documents
- A copy of the Report (without voluminous attachments) follows these slides
- Purdue is also in full compliance with its AG Agreements
  - Abuse & Diversion Detection (ADD) training - current
  - HCP letter process – current / monitored monthly via Sales

PURDUE

5

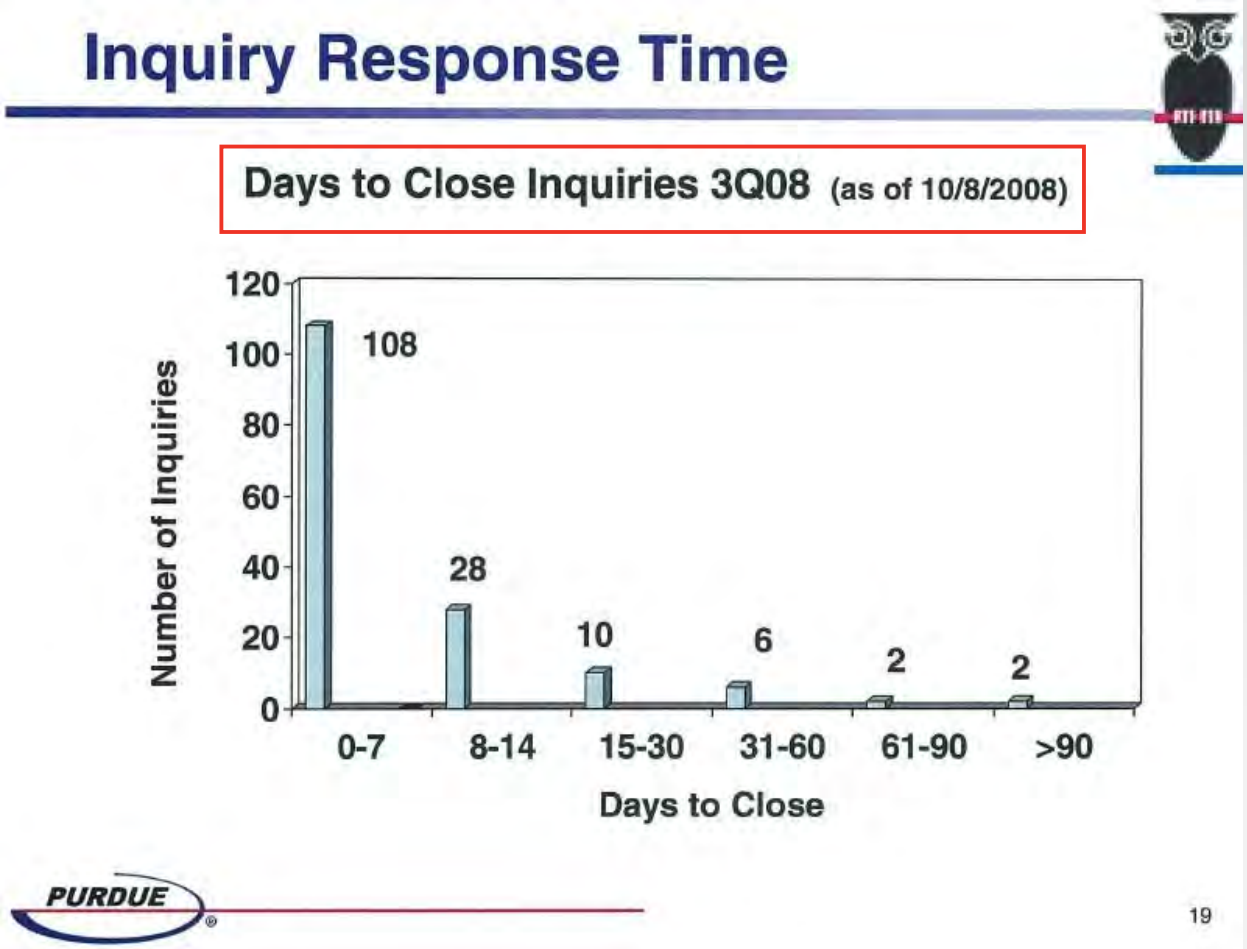
3Q 2008 Quarterly Compliance Report at PPLP004402036

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts



3Q 2008 Quarterly Compliance Report at PPLP004402049

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts



3Q 2008 Quarterly Compliance Report at PPLP004402050

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

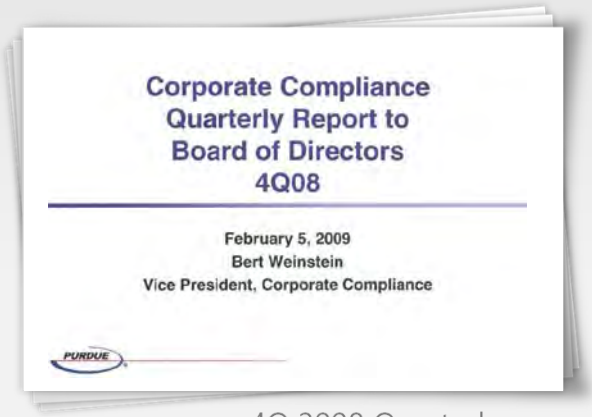
National Sales Meeting

Well-received compliance workshops for all field personnel:

- Focused on Adverse Event, Product Complaint, Report of Concern and Abuse & Diversion Detection (ADD) Program reporting requirements
- Reviewed AG Agreement obligations (especially "Dear HCP Letter" and "ADD Report" requirements)
- Reviewed CIA obligations and overall commitment to compliance with laws, regulations and policies and procedures
- Emphasized appropriate messaging around OxyContin Visual Aid
- *"Be a Compliance Star!"* game
  - Exciting and interactive game that tests compliance knowledge
  - Rewarded strong knowledge of compliance concepts
  - Developed in-house

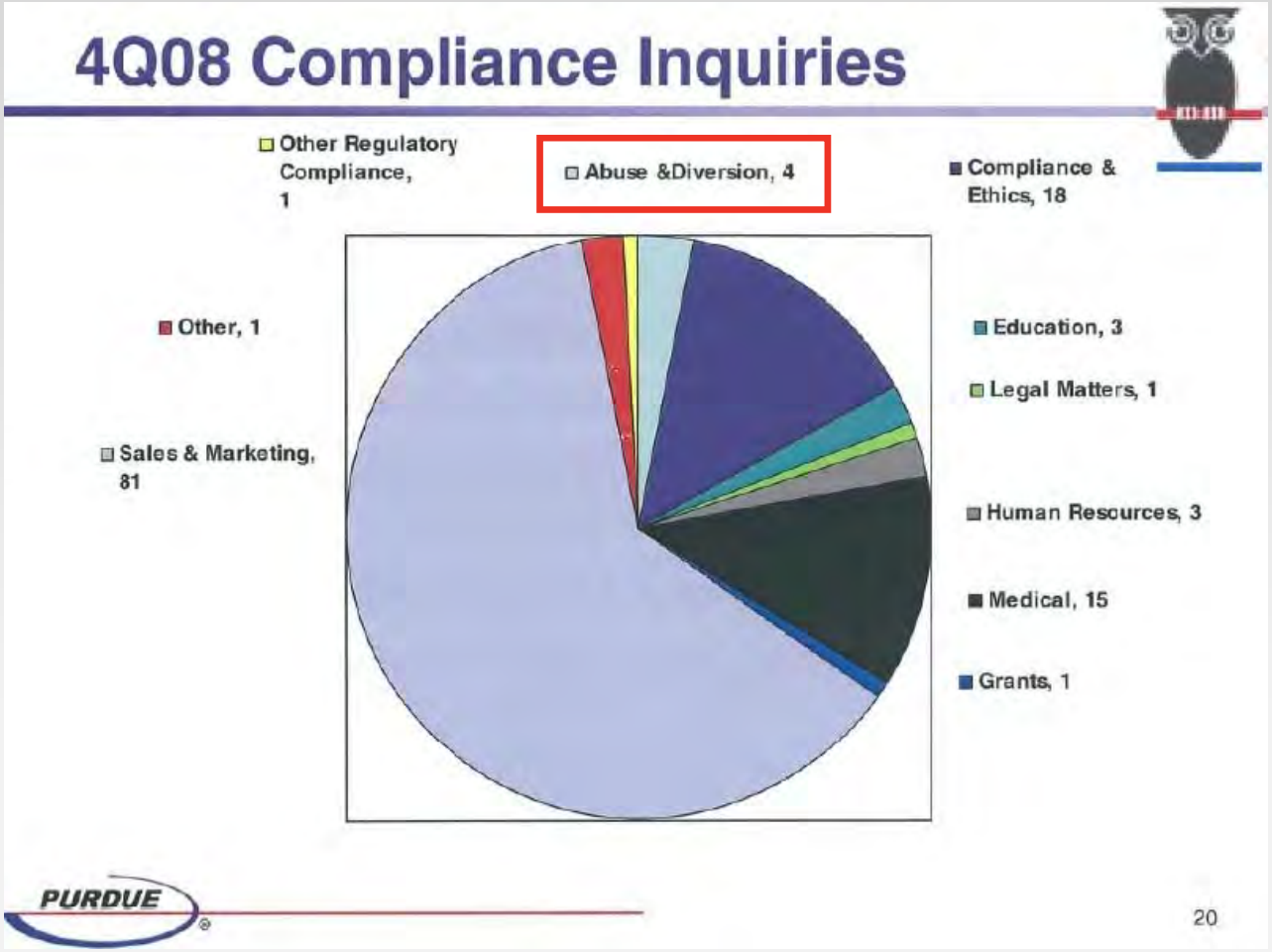
PURDUE

22



4Q 2008 Quarterly Compliance Report at PPLP004402226

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

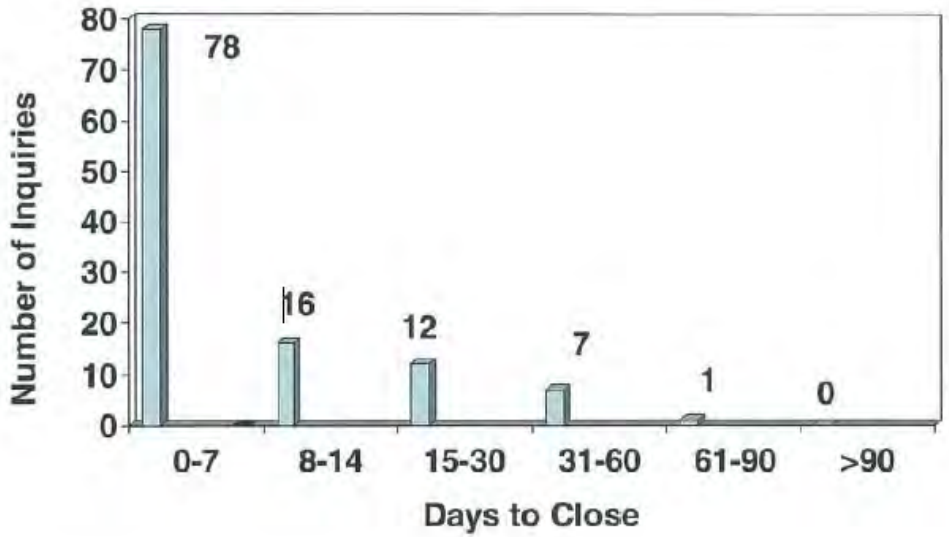


4Q 2008 Quarterly Compliance Report at PPLP004402224

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Inquiry Response Time

Days to Close Inquiries 4Q08



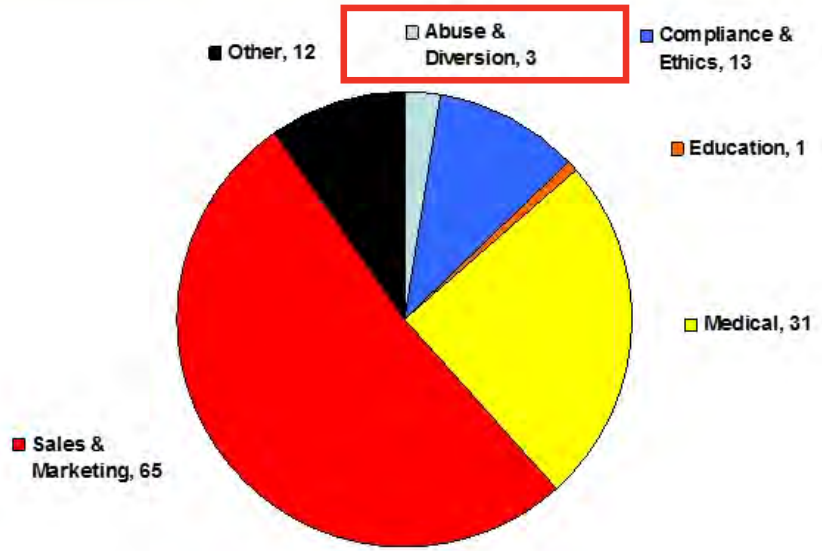
PURDUE

21

4Q 2008 Quarterly Compliance Report at PPLP004402225

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

1Q09 Compliance Inquiries



PURDUE

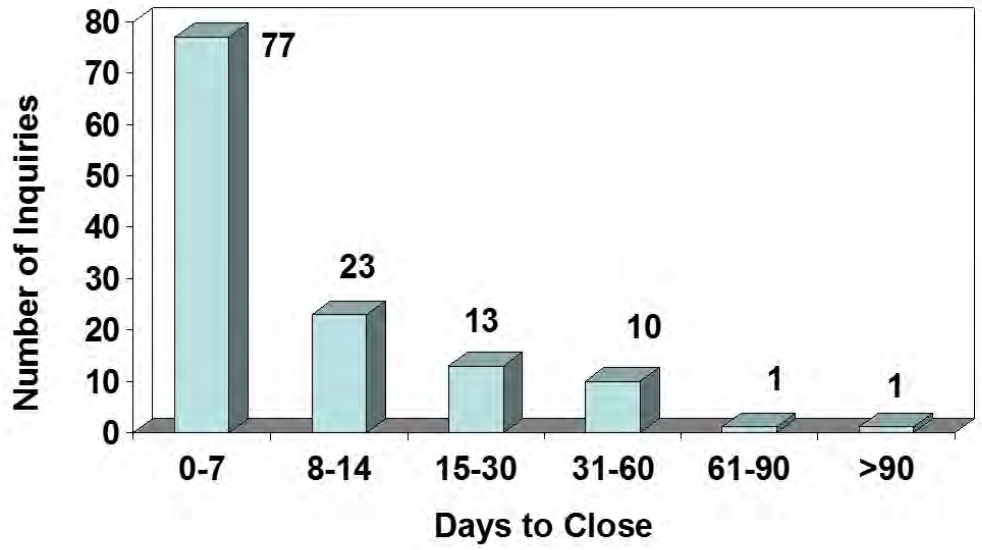
20

1Q 2009 Quarterly Compliance Report at PPLP004402670

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Inquiry Response Time

Days to Close Inquiries 1Q09 (as of 4/29/09)



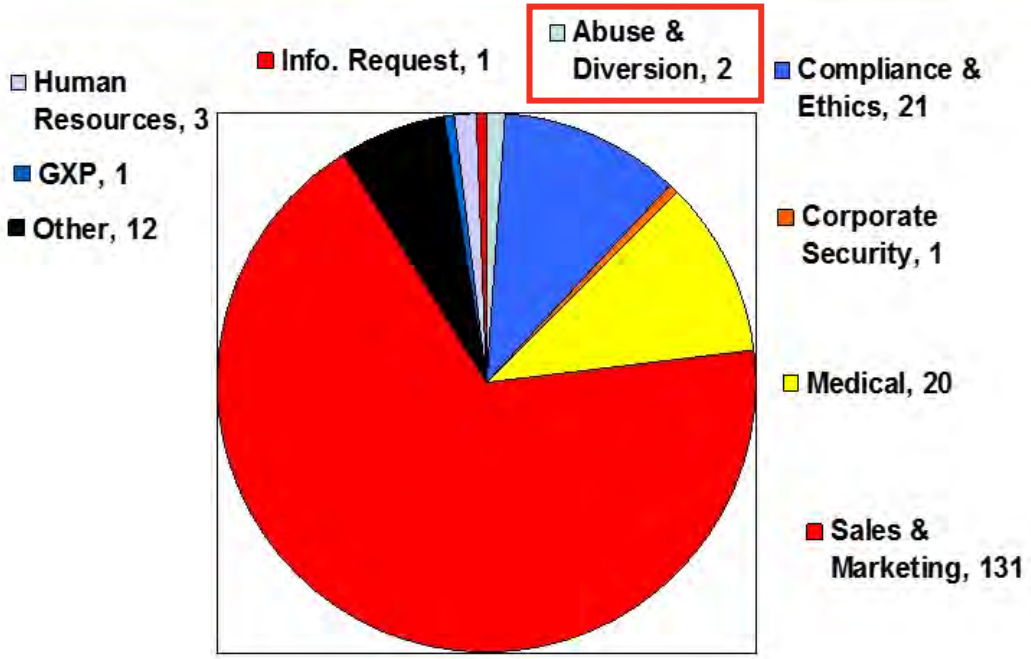
PURDUE

21

1Q 2009 Quarterly Compliance Report at PPLP004402671

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

2Q09 Compliance Inquiries



PURDUE

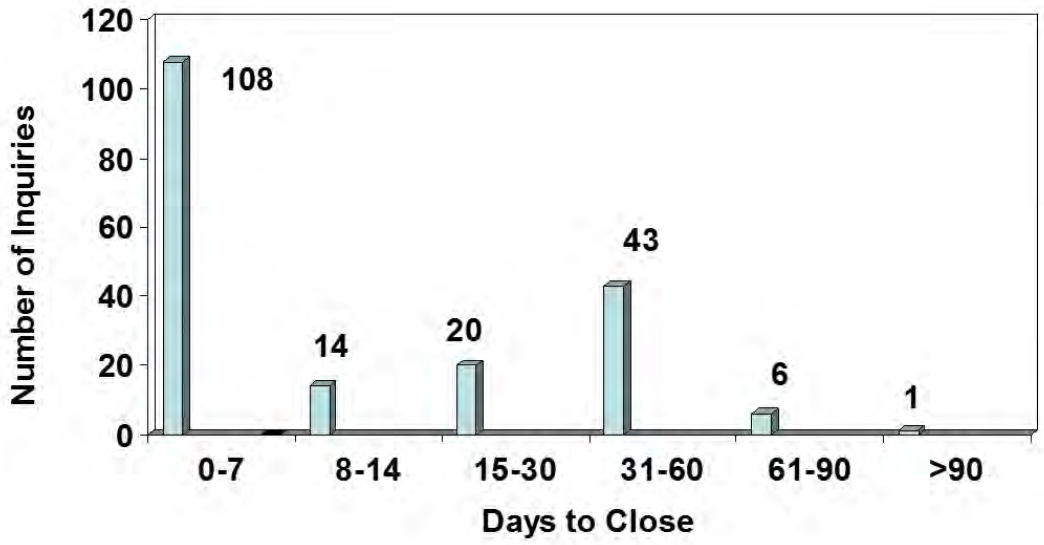
18

2Q 2009 Quarterly Compliance Report at 18 (PPLPC012000236639)

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Inquiry Response Time

Days to Close Inquiries 2Q09 (as of 8/3/09)

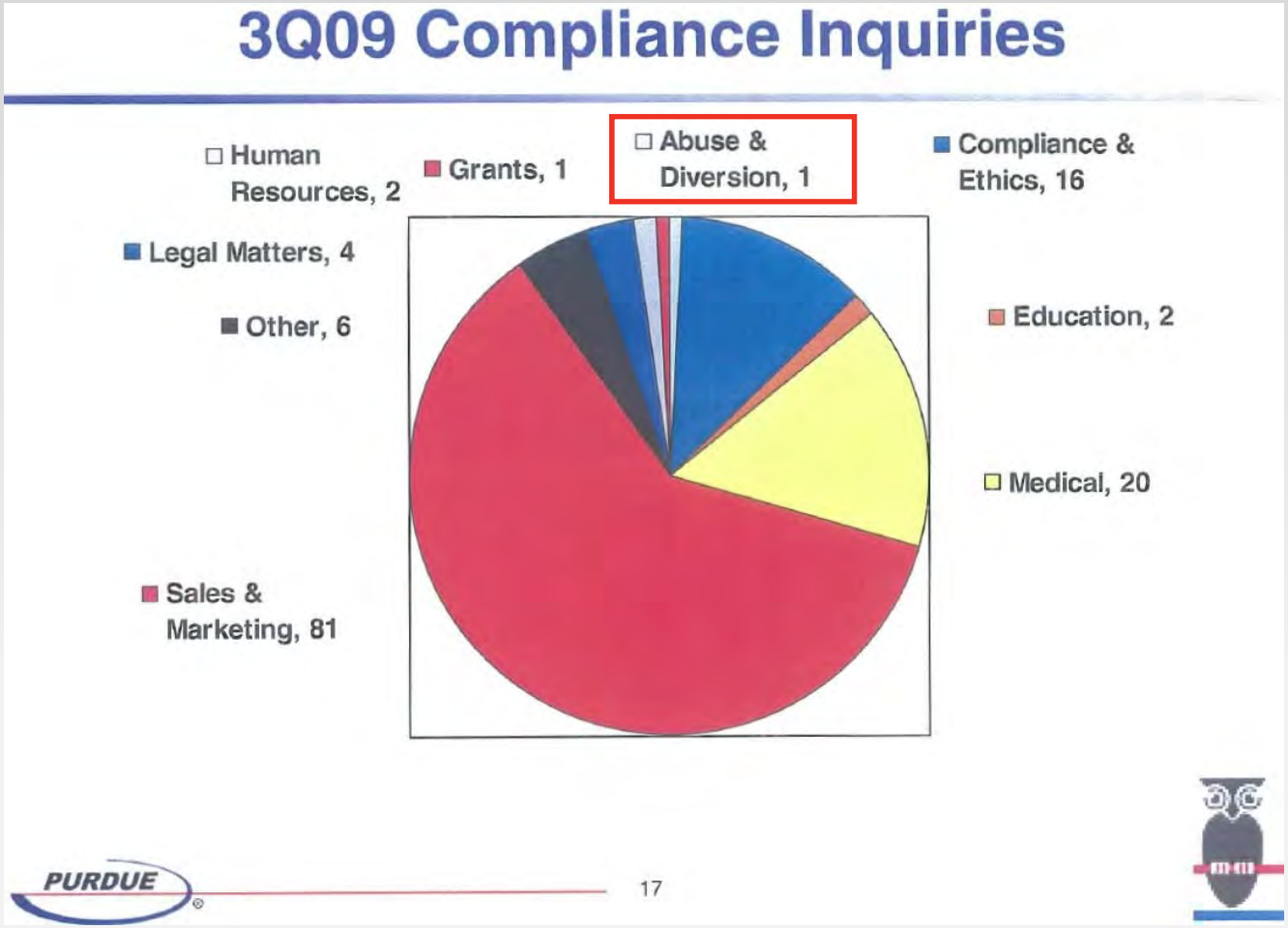


PURDUE

19

2Q 2009 Quarterly Compliance Report at 18 (PPLPC012000236639)

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

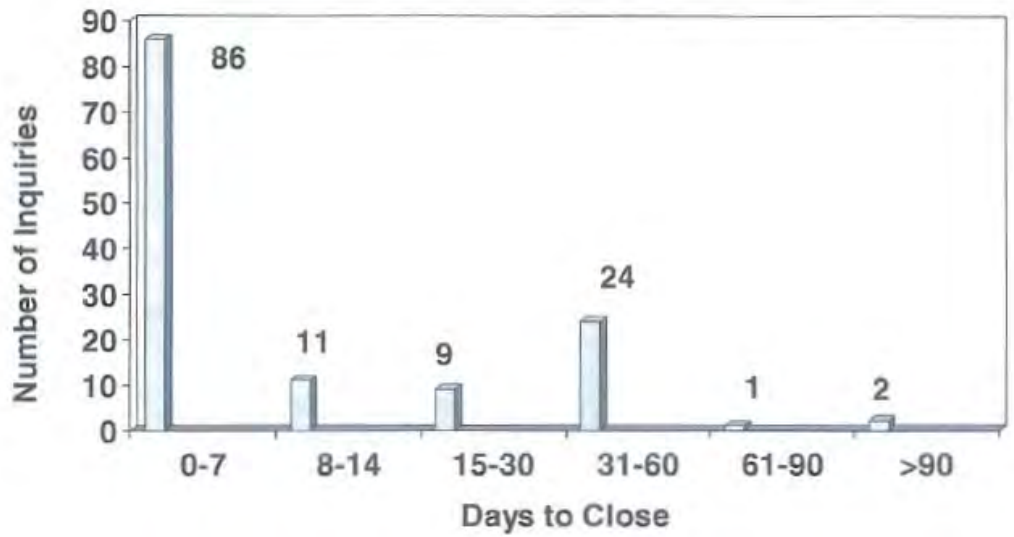


3Q 2009 Quarterly Compliance Report at PPLP004402998

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Inquiry Response Time

Days to Close Inquiries 3Q09 (as of 10/7/09)



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3Q 2009 Quarterly Compliance Report at PPLP004402999

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Second Annual Report to OIG

- Purdue's Second Annual Report to the OIG dated 9/25/09 certifies to our compliance with all CIA requirements, including:
  - Updated policies and procedures
  - Code and other CIA training of employees, Board, etc.
  - Disclosure Log information
  - Screening for Excluded Individuals
  - Investigations and Legal Proceedings
  - Material Review Documents
- A copy of the Report (without voluminous attachments) follows these slides – it is FYI only
- Purdue is also in full compliance with its AG Agreements
  - Abuse & Diversion Detection (ADD) training - current
  - HCP letter process – current, monitored quarterly

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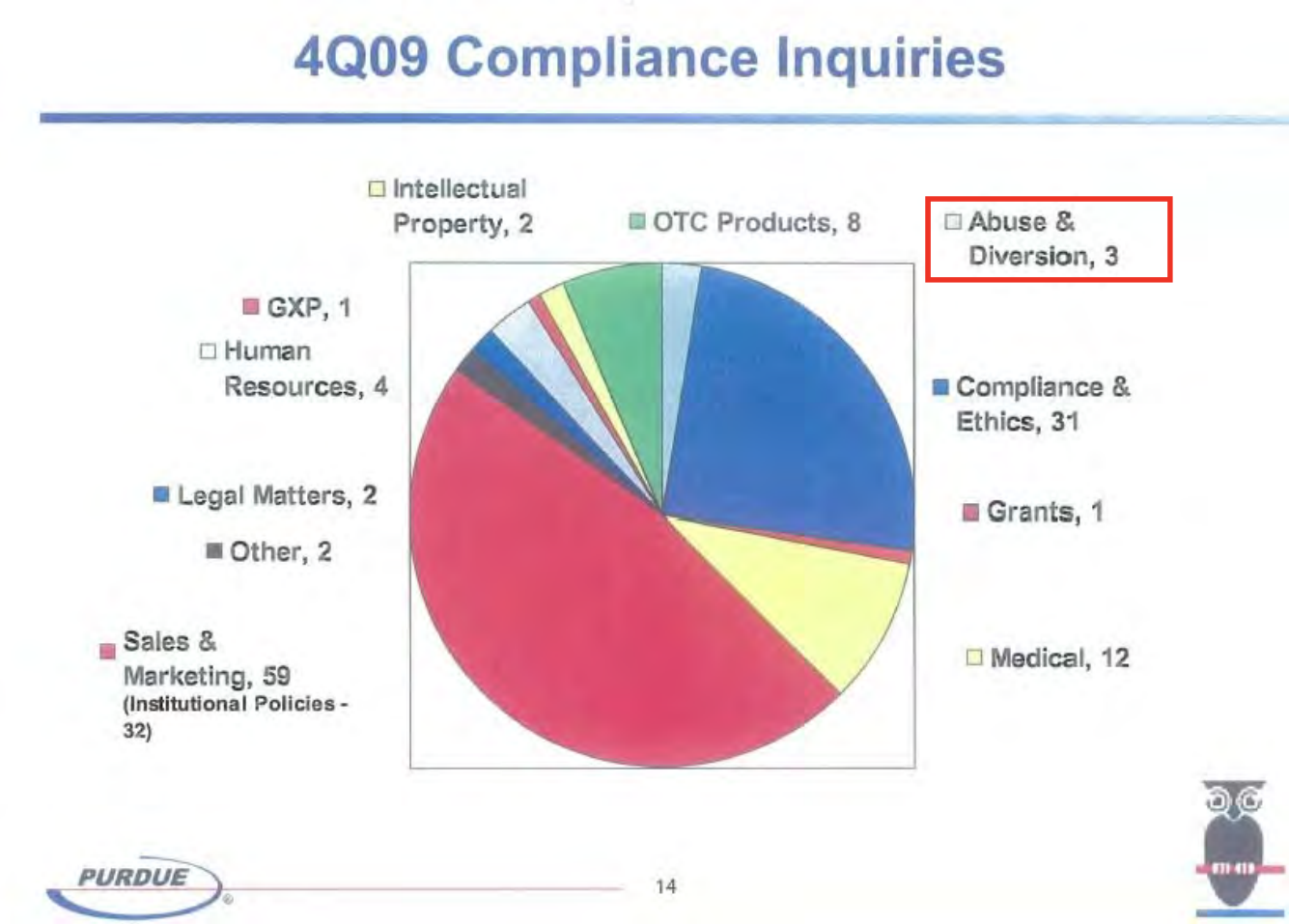
3Q 2009 Quarterly Compliance Report at PPLP004402986

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

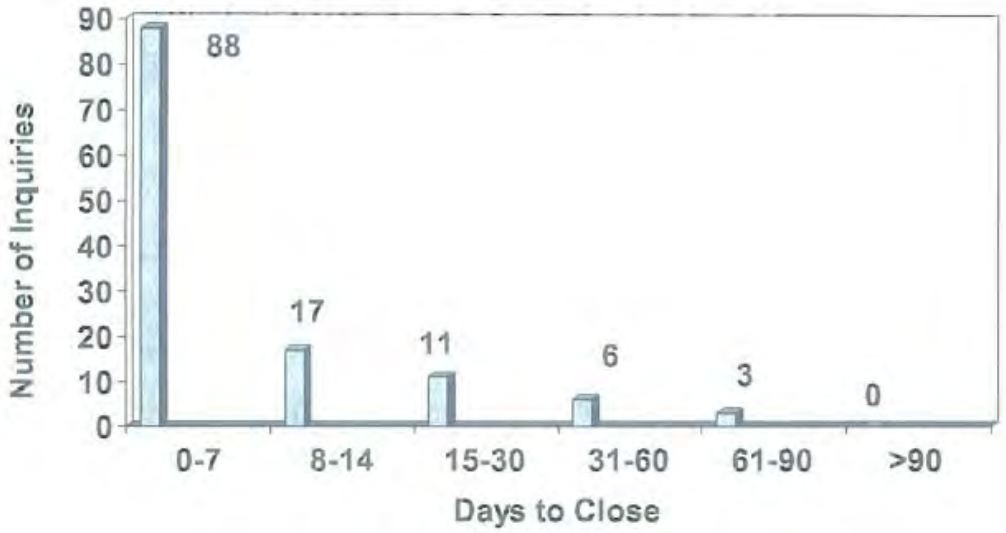


4Q 2009 Quarterly Compliance Report at PPLP004403720

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Inquiry Response Time

Days to Close Inquiries 4Q09 (as of 1/19/10)



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4Q 2009 Quarterly Compliance Report at PPLP004403721

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Purdue's National Sales Meeting

- Presentation: *"Why should compliance matter to you?"*
  - Video of 2009 compliance highlights (a version of *Jaws* for reps)
  - Review of CIA history
  - Compliance hot topics: prosecutors looking for jail time, and focused on off-label promotion, and savings card abuse; Federal Sunshine Act
- Scenario-based Workshops "owned" by all the District Managers
  - Focused on nine important issues in the field (and a "snowball fight")
    - Abuse and Diversion Reporting
    - In-service meals and expenses (2)
    - Off-label promotion
    - Contributions / kickbacks
    - Comparative claims
    - Use of discontinued materials
    - Call notes
    - Savings cards

PURDUE 9

4Q 2009 Quarterly Compliance Report at PPLP004403715

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Major Compliance Oversight Activities

- Compliance Council – senior execs with responsibility for CIA and compliance oversight meet quarterly, review audits and investigations; recently conducted review of Abuse and Diversion Detection Program and Quality program
- Reportable Events Committee – senior medical, Legal, regulatory and compliance execs meet monthly- review all pending compliance and other matters
- Sales and Marketing Compliance Committee – senior Sales and Marketing and Compliance execs meet every six weeks
- Sales Discipline Committee – Sales, Legal, HR and Compliance meet weekly to discuss open matters and decide discipline
- R&D compliance – Compliance Manager focusing on this area

PURDUE 18

4Q 2009 Quarterly Compliance Report at PPLP004403724

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Supply Chain Security Program 2009 Accomplishments

- Losses in Transit – 0
  - (Purdue to Customers/Wholesalers)
- Supply Chain Loss
  - McKesson – Memphis, Tennessee
  - OxyContin left outside a secured area over the weekend
  - Crime Stopper Reward $10,000
  - No arrest made to date
  - Follow-up with McKesson with appropriate recommendations for improvement
- US Government Supply Chain Security Compliance Programs
  - US Customs Trade Partnership against Terrorism (C-TPAT)
  - U.S. Transportation Security Administration (TSA) – "Certified Cargo Screening Program" (CCSP)
- Pharmaceutical Cargo Security Coalition (PCSC)
  - Value of goods recovered $76,000,000 in 2009 vs. $16,000,000 in 2008

Brand Protection / Investigations Program 2009 Accomplishments

- Counterfeiting
  - Internet Monitoring
  - Law Enforcement Assistance
    - RFID
    - Chemical Lab & Analysis
- Diversion (all Products)
  - Doctor Shopping / False Rx
- Product Complaints/Tampering
  - e.g. "Skittles"
- Bottle Tracking
  - Approvals in 6 states (Washington, Oregon, New Mexico, Ohio, Georgia, Florida)
  - Deployed – 29 stores – State of Washington
  - 6 Individuals Arrested (Washington)

Physical Security Program 2009 Accomplishments

- DEA "Inspections/Audits"
  Wilson and Coventry - no deficiencies
- Totowa Transition – no significant security related incidents

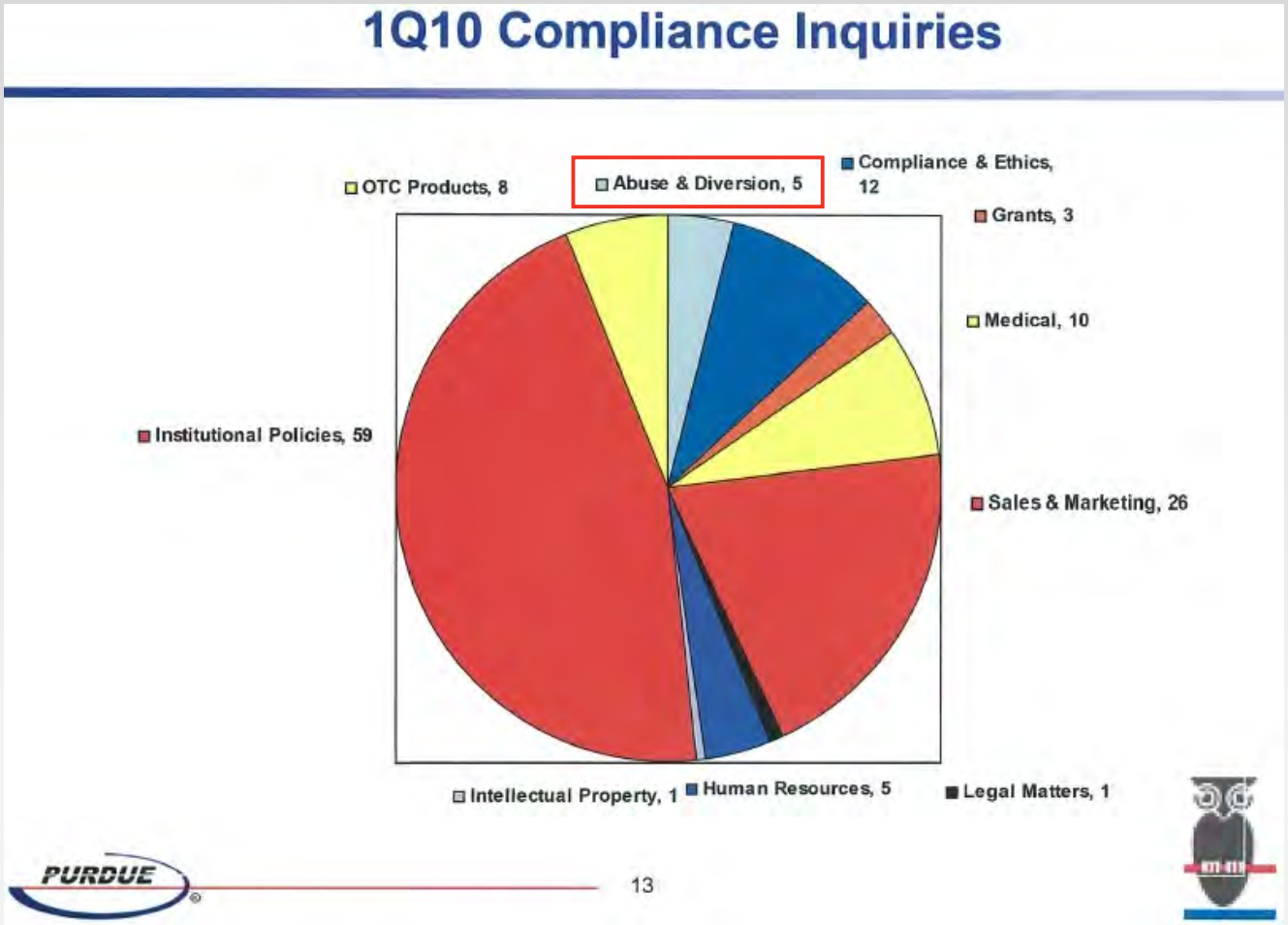
4Q 2009 Corporate Security Dept. Report at 4-6
(Jan. 21, 2010 Board Agenda at PPLPC044000024003-005)


Purdue Pharma
Corporate Security Department

OVERVIEW

- Law Enforcement Liaison and Education Program (LELE)
- RxPatrol / Crime Stoppers Program
- Supply Chain Security Program
- Physical Security Program
- Brand Protection & Investigations Program

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

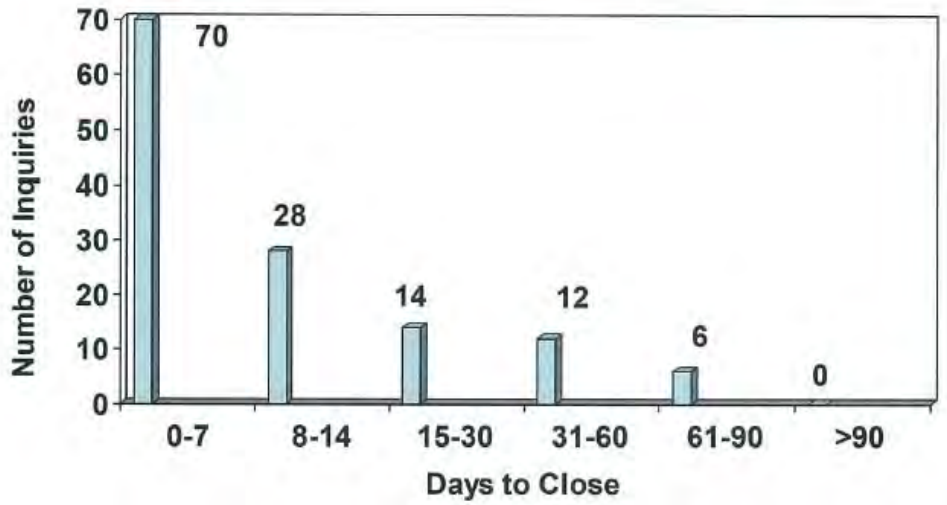


1Q 2010 Quarterly Compliance Report at PPLP004404114

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Inquiry Response Time

Days to Close Inquiries 1Q10 (as of 4/27/10)



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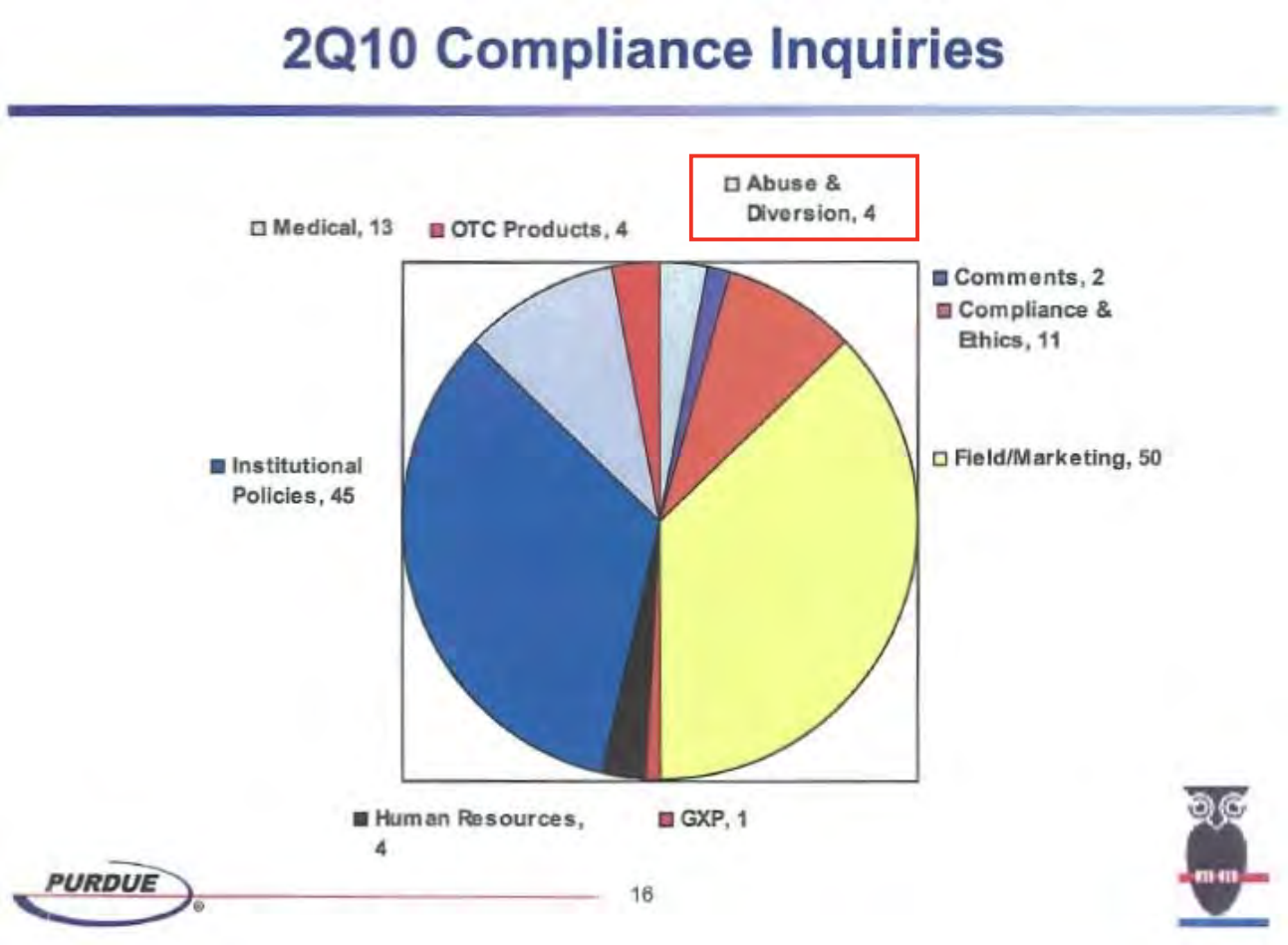
1Q 2010 Quarterly Compliance Report at PPLP004404115

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

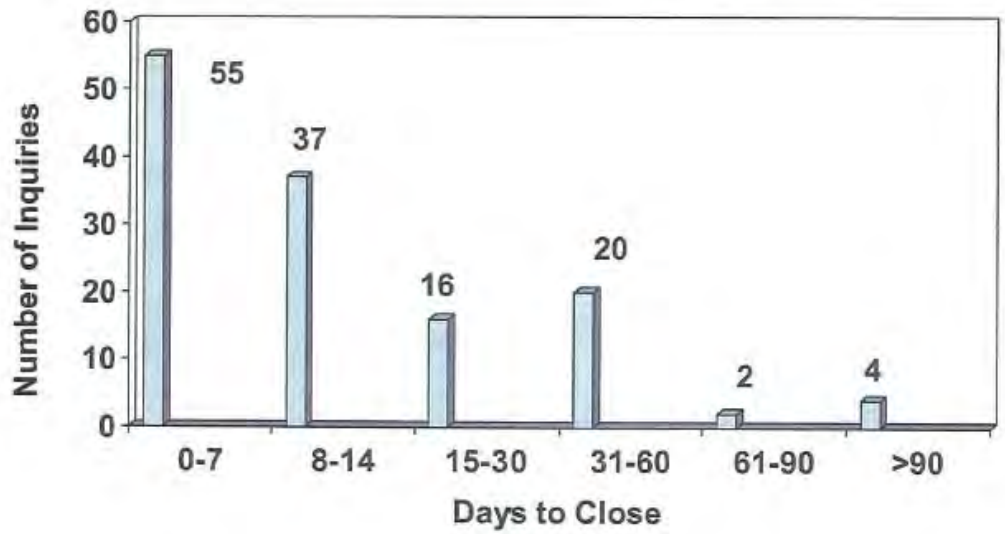


2Q 2010 Quarterly Compliance Report at PPLP004404566

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Inquiry Response Time

Days to Close Inquiries 2Q10 (as of 7/6/10)



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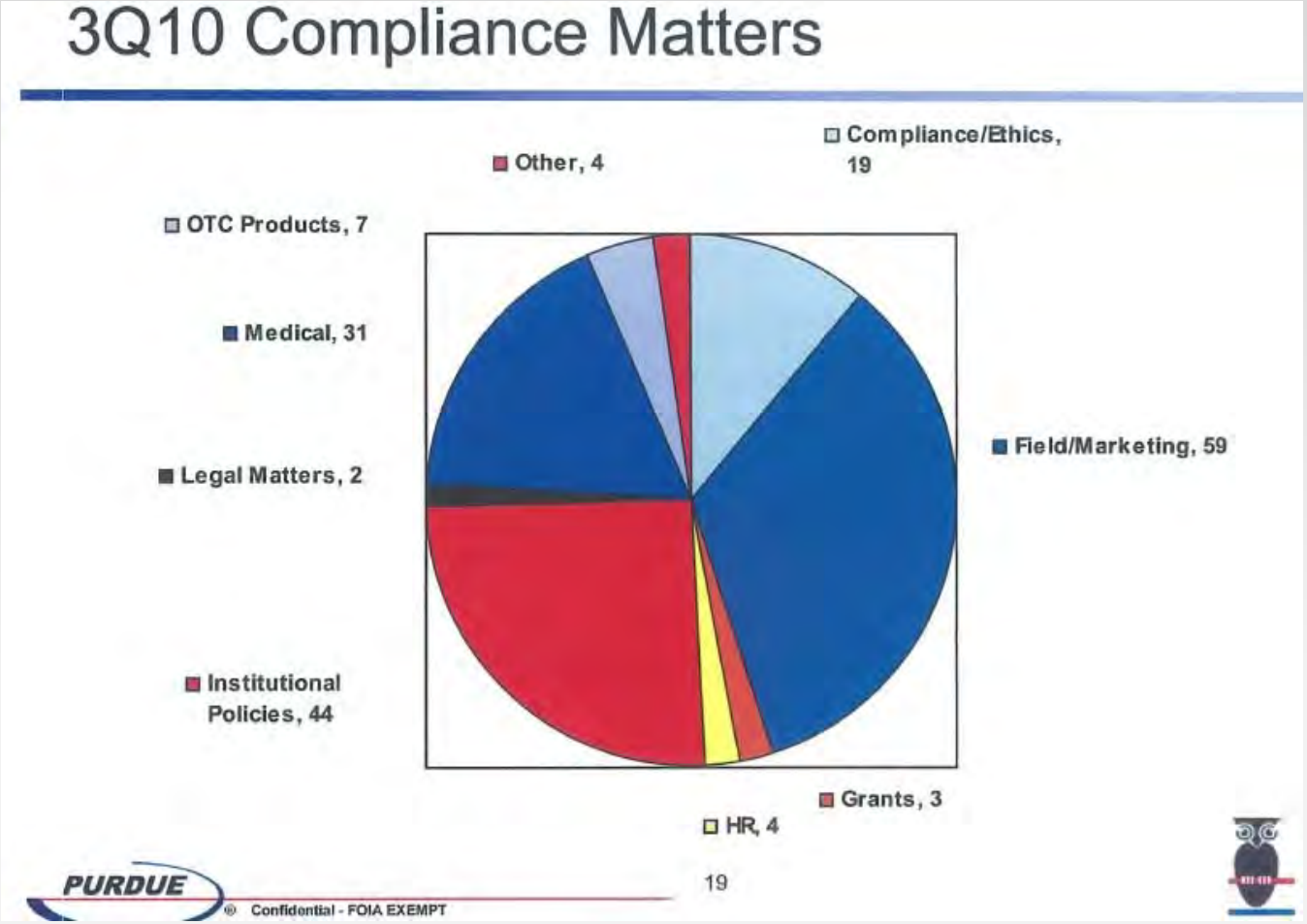
2Q 2010 Quarterly Compliance Report at PPLP004404567

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts



Abuse and Diversion, 0

3Q 2010 Quarterly Compliance Report at PPLP004405478

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

2010 Audit Schedule Snapshot

Purdue
Corporate Compliance
Audits & Risk Assessments
October 8, 2010

COMPLETED

#	Year	Type	Description
1	2009	Audit	Healthcare Grants - Completed audit to confirm compliance to current operating procedures.
2	2009	Audit	Field Contact Reports - Completed audit to determine compliance to SOP requirements for District Managers. The audit included a review of metrics for expense submissi

#	Year	Type	Description
1	2010	Audit	Contracts Database - To review the database for Legal to assess input accuracy. Completed Q3 of 2010.
2	2010	Audit	PCR Analysis - Based on our original audit and subsequent changes to our policies and procedures, we would like to revisit in order to measure the anticipated improvement areas. This audit was completed in Q3 of 2010.
1	2010	Risk Assessment	HIPAA Information - A request was made by Finance to review the company's HIPAA procedures. The main concern centers around protecting the health information of c There are certain groups who have access to background screens, medical information and other highly confidential data. What safeguards are in place to protect or inform downstream? Completed Q1 of 2010.

IN-PROGRESS

#	Year	Type	Description
1	2010	Audit	In-service Sign Sheets – Maggie, based on the memo that was sent out in September and our initial review, we would like to revisit this risk assessment during the 3rd or 4th to measure the expected improvement. Anticipated completion – Q4 of 2010.
2	2010	Risk Assessment	Sales Force/Manager Training - A request was made by Sales Management to review some of the non-compliance training sessions. The goal of this review is to ensure that are approved, not revised from the approved version, the trainer stays on-topic, etc.

#	Year	Type	Description
1	2010	Audit	ADD Audit - To review current policies, procedures, and SOPs
2	2010	Audit	Consulting Agreements - To review and audit of the current Cabell consultancy agreements
3	2010	Audit	HR - To review the Human Resource Information Management System. Before any work begins, Bert will review with David Long first
1	2010	Risk Assessment	CSA Audit Reports - A request was made by Finance to review the CSA audit reports. The main concern centers around tracking and accounting for controlled substances
2	2010	Risk Assessment	HCP Contracts - A request was made by finance to review HCP contracts. The main question was which HCPs are Purdue paying and do we have any contracts with them?
3	2010	Risk Assessment	Sr. Office & Board Expense Reports - A request was made by Finance to review Sr. Officer and Board expense reports. The main concern centered around checking for any meals/entertainment/gift spend used on HCPs
4	2010	Risk Assessment	District Meeting - A request was made by Sales Management to review a District Meeting. The goal would be to assure that content and materials are being delivered as pla
5	2010	Risk Assessment	IPAP Program - A request was made by Finance to review the IPAP program. The main concern centered around the utilization of the program.
6	2010	Risk Assessment	Sampling - A request was made by Finance to review the sampling program. The main concern centers around the current procedures of the program and the level of risk in distributing product for free.

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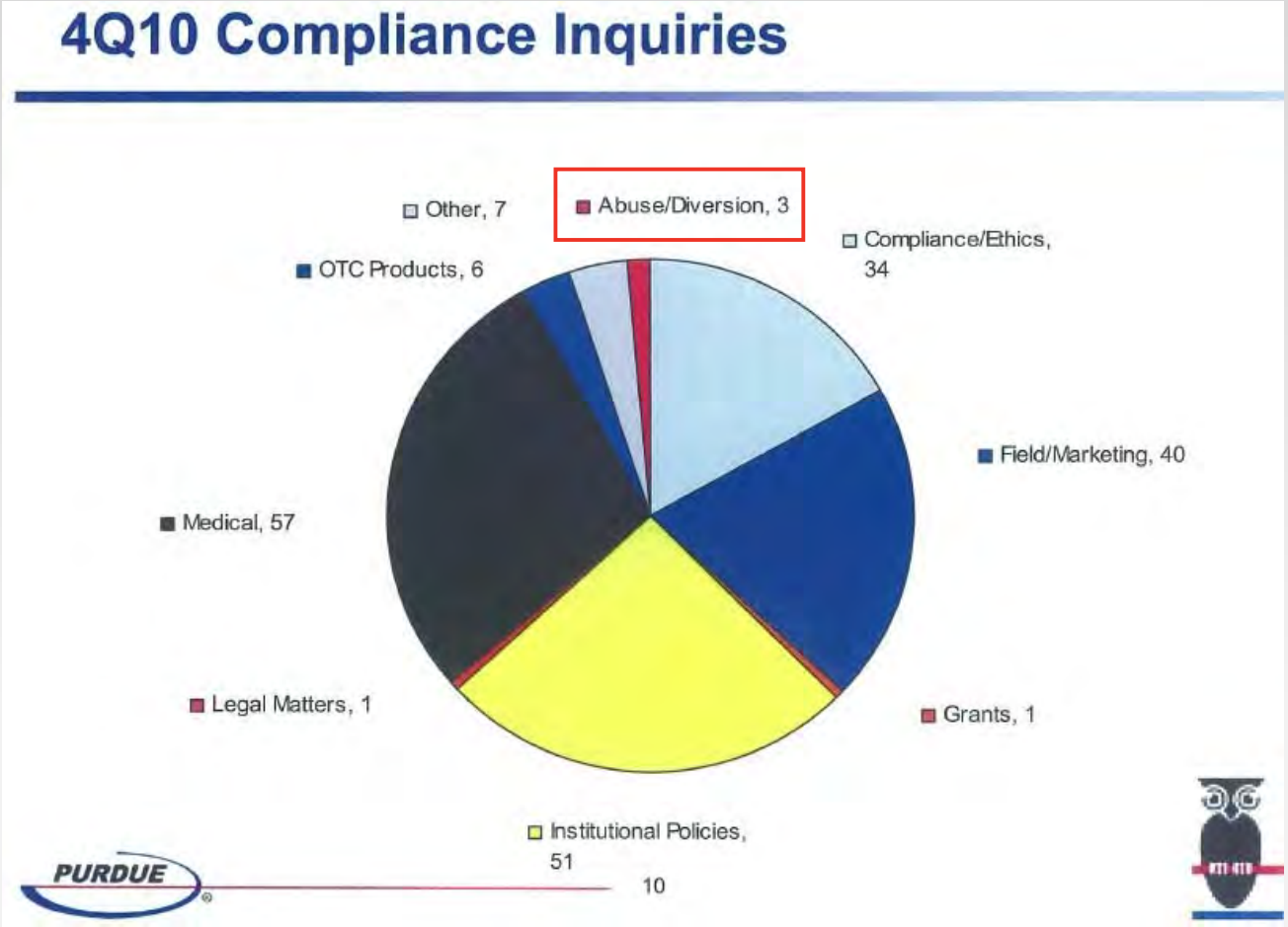
#	Year	Type	Description
1	2010	Audit	ADD Audit – To review current policies, procedures and SOPs

3Q 2010 Quarterly Compliance Report at PPLP004405482

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

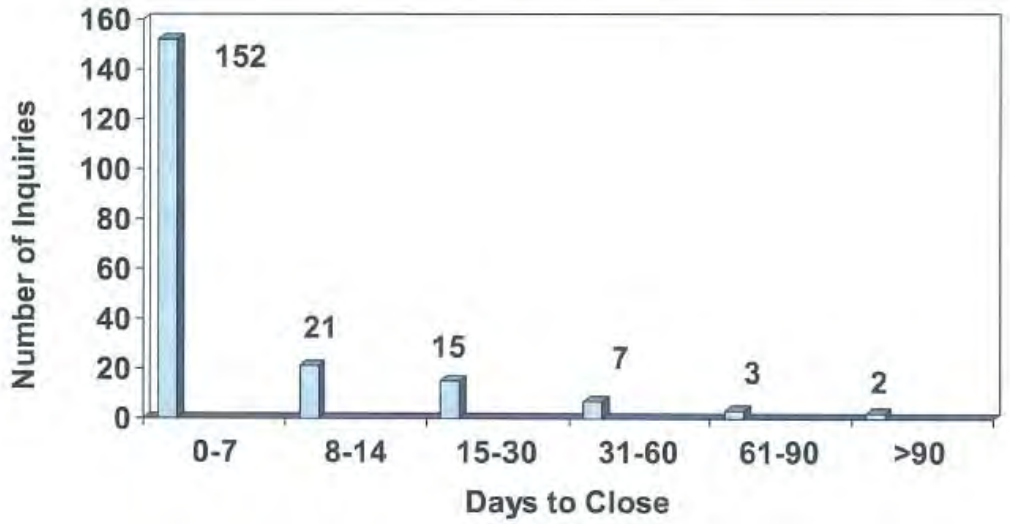


4Q 2010 Quarterly Compliance Report at PPLP004405718

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Inquiry Response Time

Days to Close Inquiries 4Q10 as of 1/14/11)



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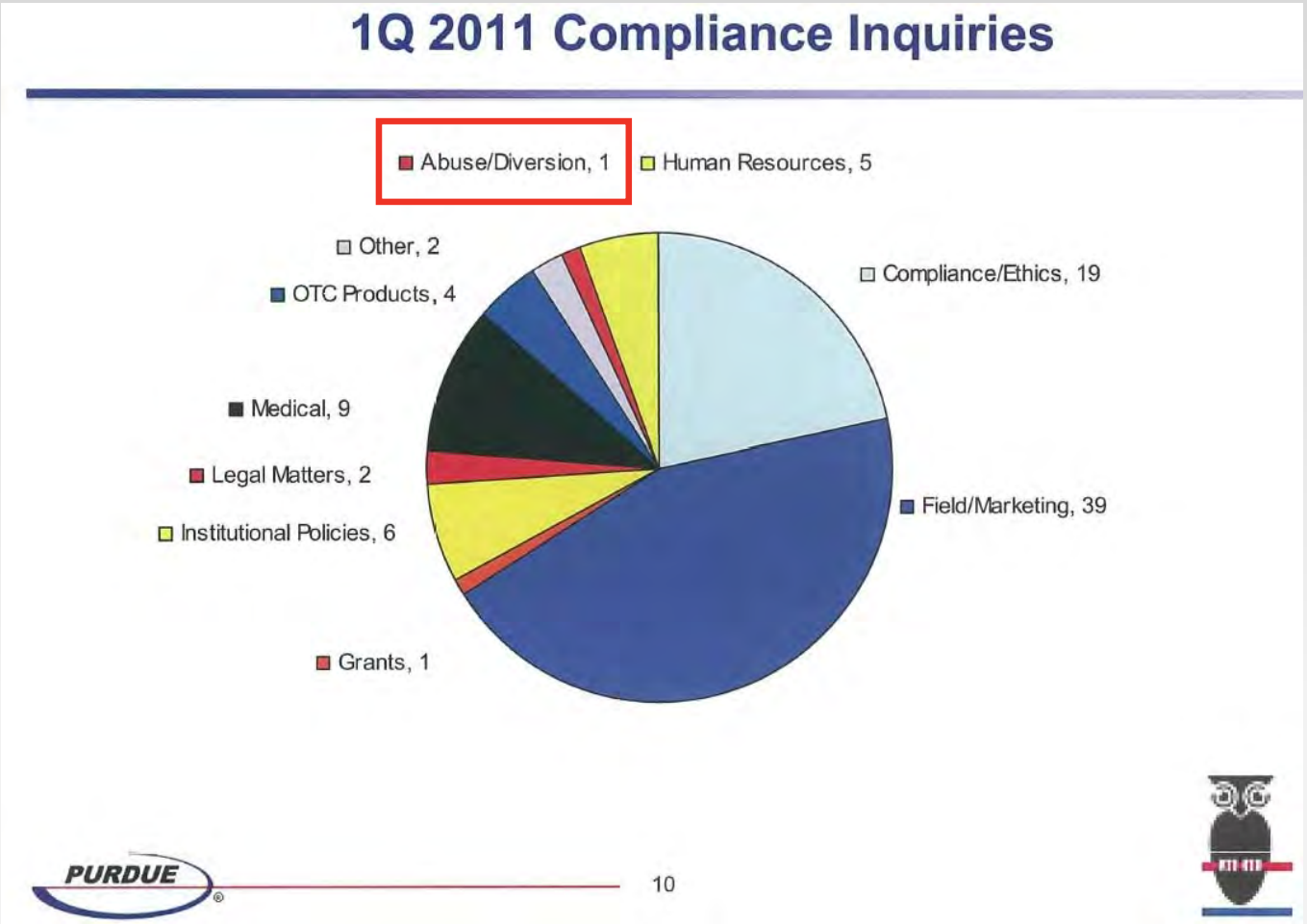
4Q 2010 Quarterly Compliance Report at PPLP004405719

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

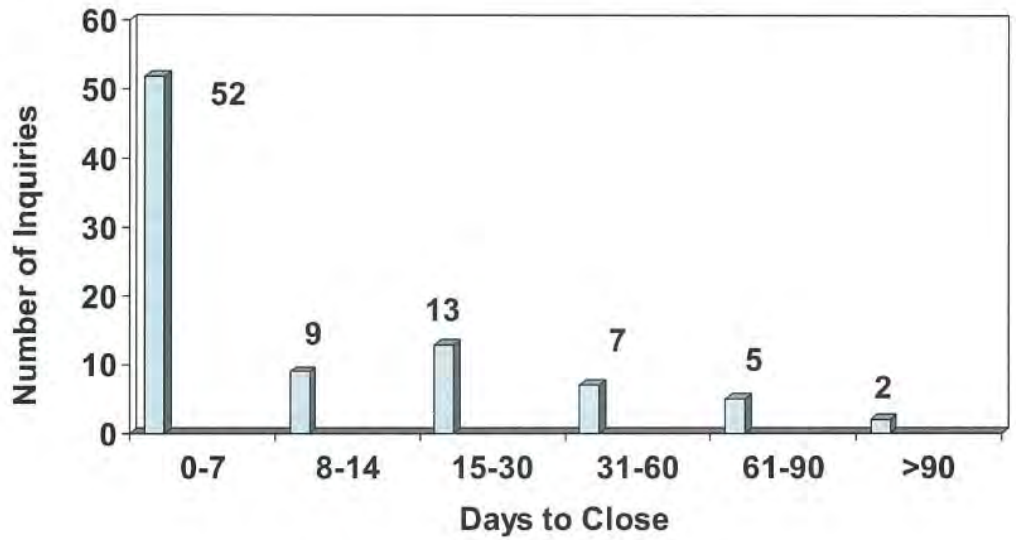


1Q 2011 Quarterly Compliance Report at PPLP004406041

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Inquiry Response Time

Days to Close Inquiries 1Q11 as of 4/4/11)



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1Q 2011 Quarterly Compliance Report at PPLP004406042

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Sales and Marketing

"Risk Area"	Activity
▪ Proper promotion	▪ Policies, training, monitoring
▪ CIA and Sales SOP Standards	▪ Focused actions, monitoring
▪ Material Review and use	▪ New electronic system
▪ Fee for service arrangements	▪ Meeting OIG Safe Harbor fully
▪ Speaker programs	▪ Training, monitoring
▪ Direct to consumer advertising	▪ Material review, monitoring
▪ E-marketing	▪ Material review, monitoring
▪ Sales force training	▪ Audit, monitoring
▪ Pricing	▪ Law & Finance oversight, audits
▪ Coupons / Value Cards	▪ Call note review, auditing
▪ Suspect prescribers	▪ "ADD" program, Law oversight

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2Q 2011 Quarterly Compliance Report at PPLP004406472

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Sales Force Monitoring

- *PLUS:*
  - Adverse Event Reporting
  - Medical Information Requests
  - Product Complaints
  - Abuse, Diversion Detection Reporting
  - Expense Reporting
  - Speaker Program monitoring
  - Live Training / Sales meetings
  - Hotline matters
  - Direct contacts to Compliance

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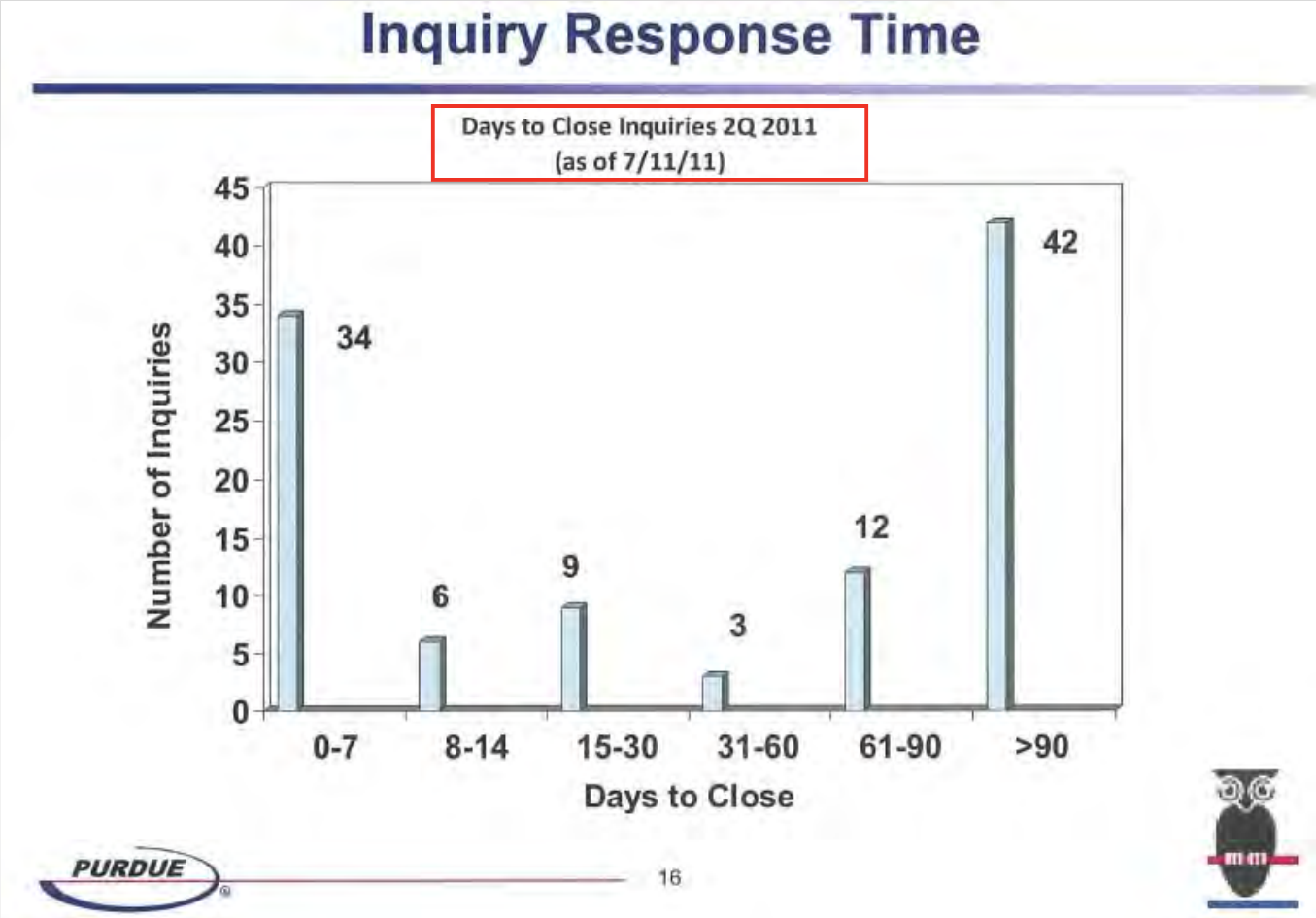
2Q 2011 Quarterly Compliance Report at PPLP004406485

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

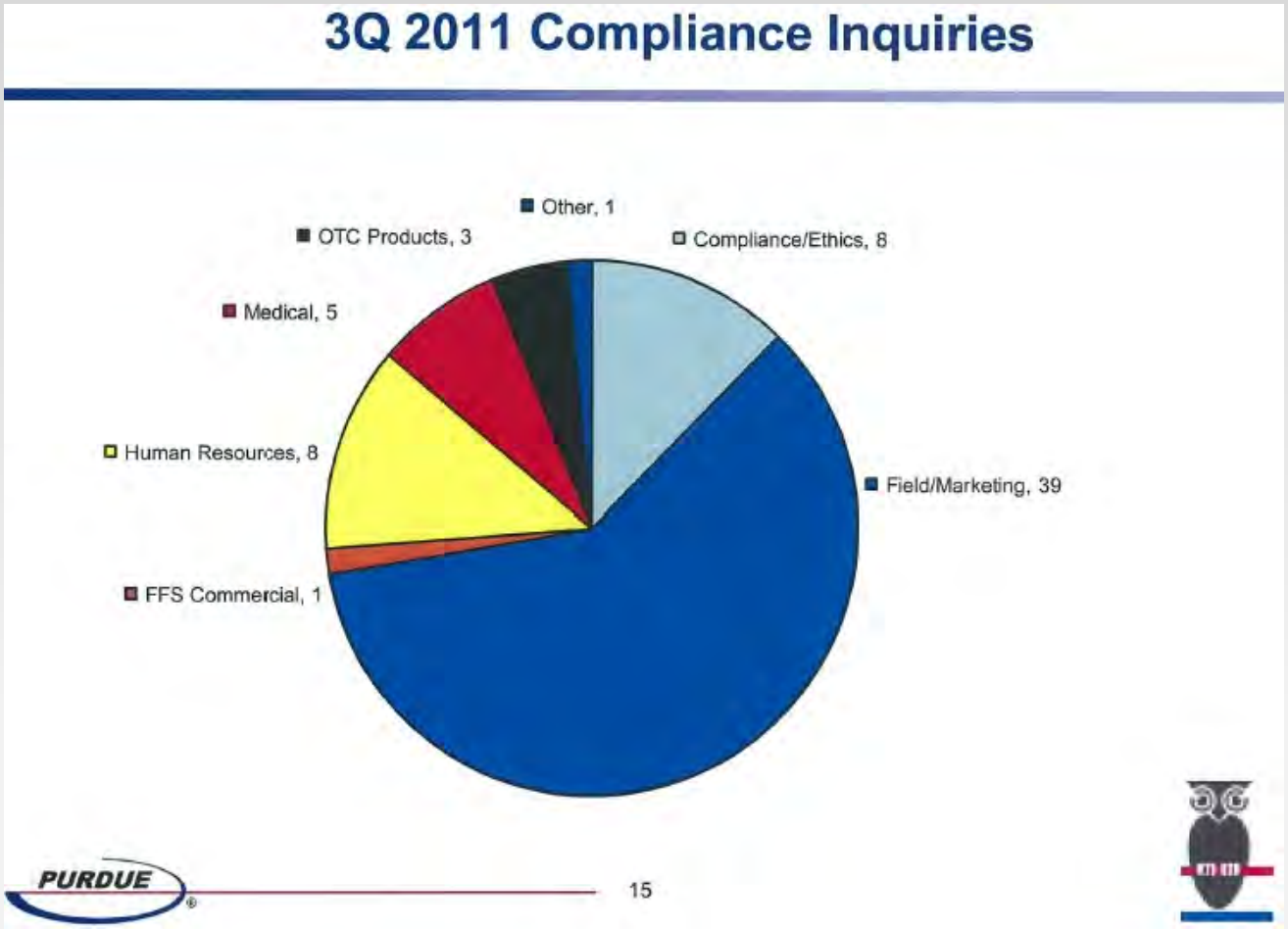
2Q 2011 Quarterly Compliance Report at PPLP004406480

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts



2Q 2011 Quarterly Compliance Report at PPLP004406481

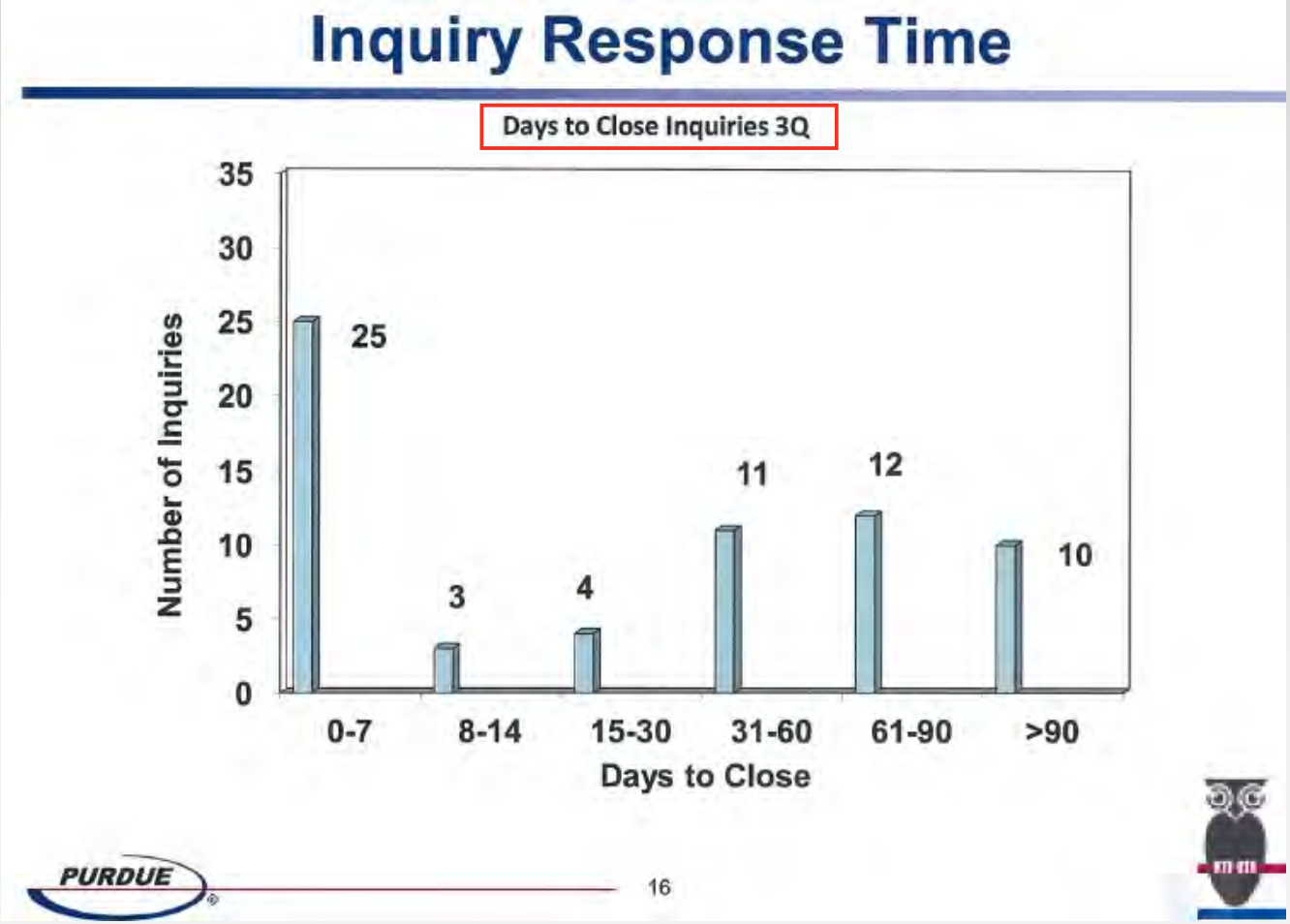
The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts



Abuse and Diversion, 0

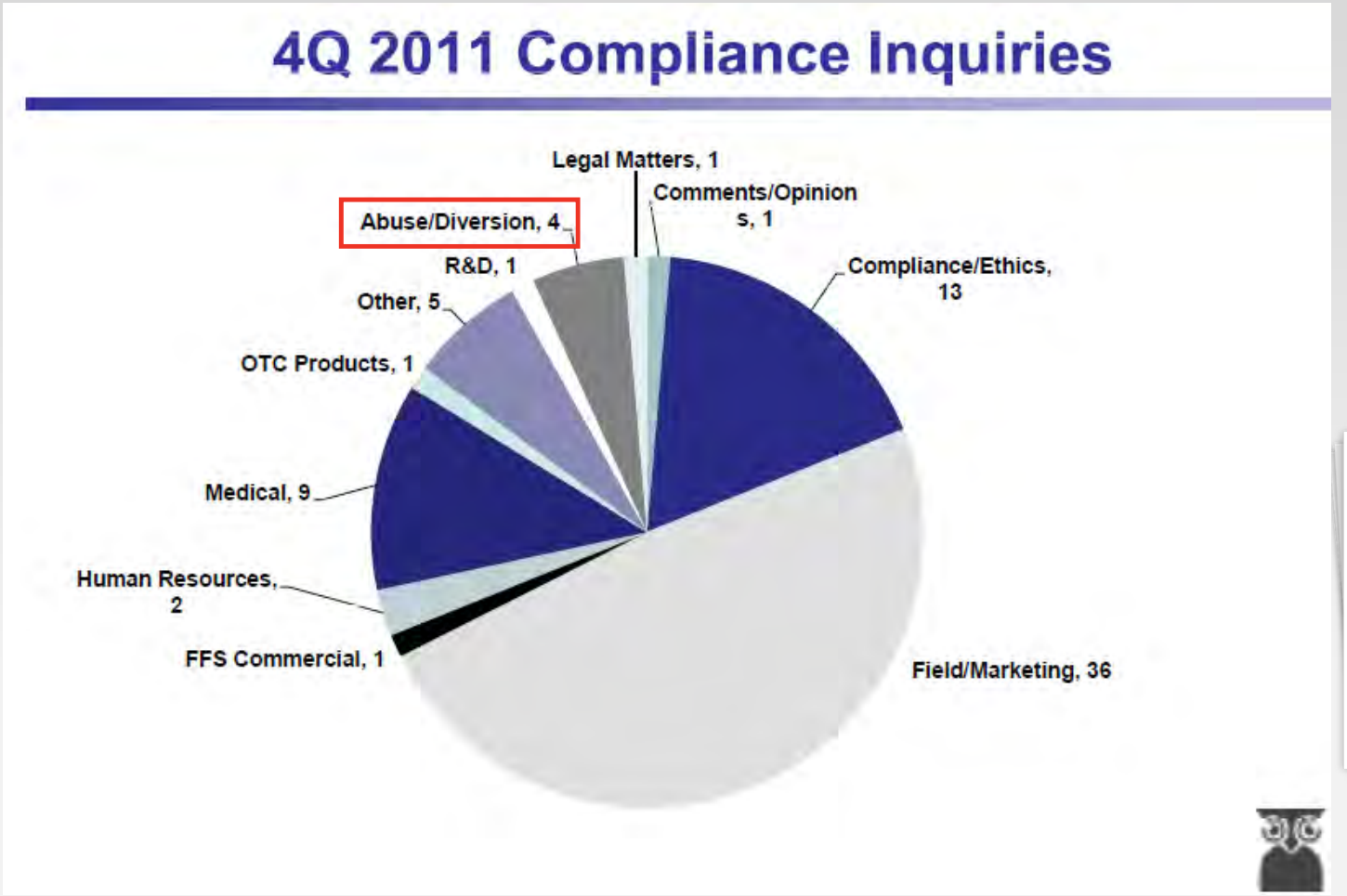
3Q 2011 Quarterly Compliance Report at PPLP004406804

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts



3Q 2011 Quarterly Compliance Report at PPLP004406805

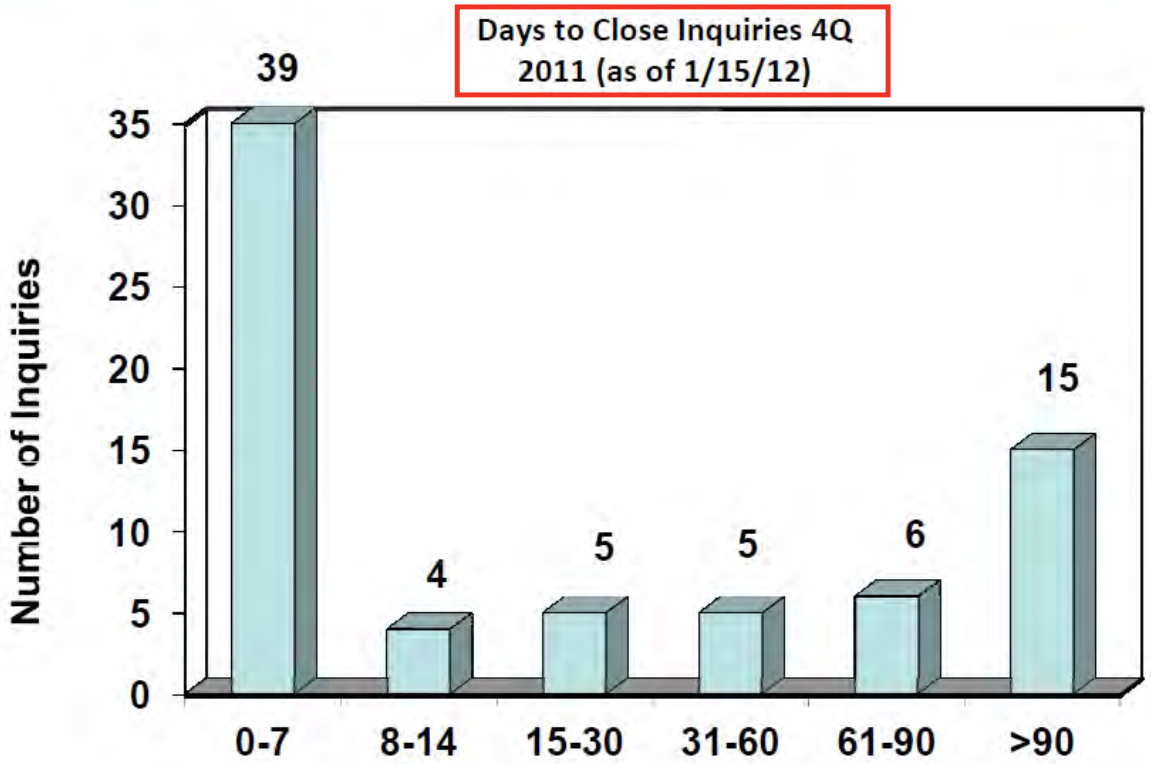
The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts



4Q 2011 Quarterly Compliance Report at PPLP004407567

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

4Q 2011 Inquiry Response Time




Corporate Compliance Quarterly Report to Board of Directors 4Q2011

January 19, 2012

Bert Weinstein
Vice President, Corporate Compliance

4Q 2011 Quarterly Compliance Report at PPLP004407568

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

Attorneys General Agreement

* 10 year AG Agreement, started in May 2007
* Purdue committed to continue OxyContin Abuse and Diversion Detection Program predicated on RSOP 1.7.1
* Annual reminder and training to employees continues
* Dear HCP Letter and Brochure providing written, non-branded education on abuse and diversion of opioids continues

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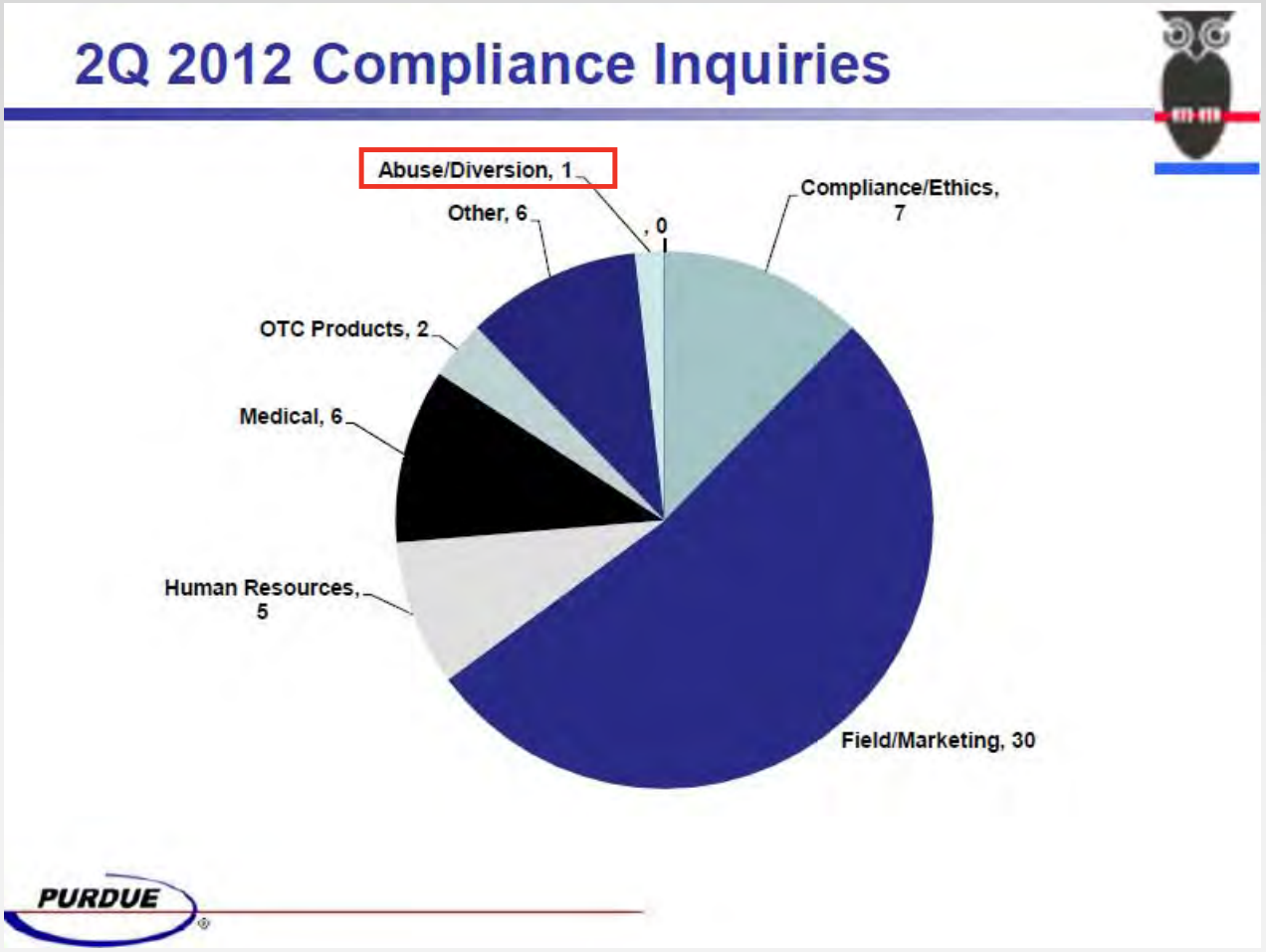
2Q 2012 Quarterly Compliance Report at PPLP004408055

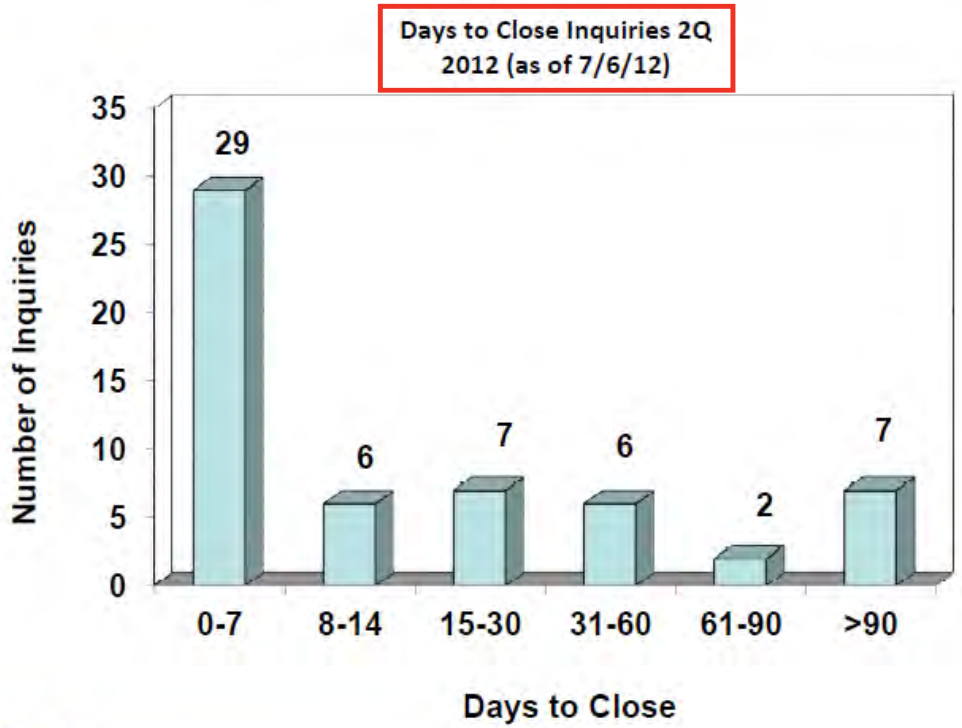
The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts



2Q 2012 Quarterly Compliance Report at PPLP004408063

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts

2Q 2012 Inquiry Response Time



PURDUE

Report to Board of Directors:

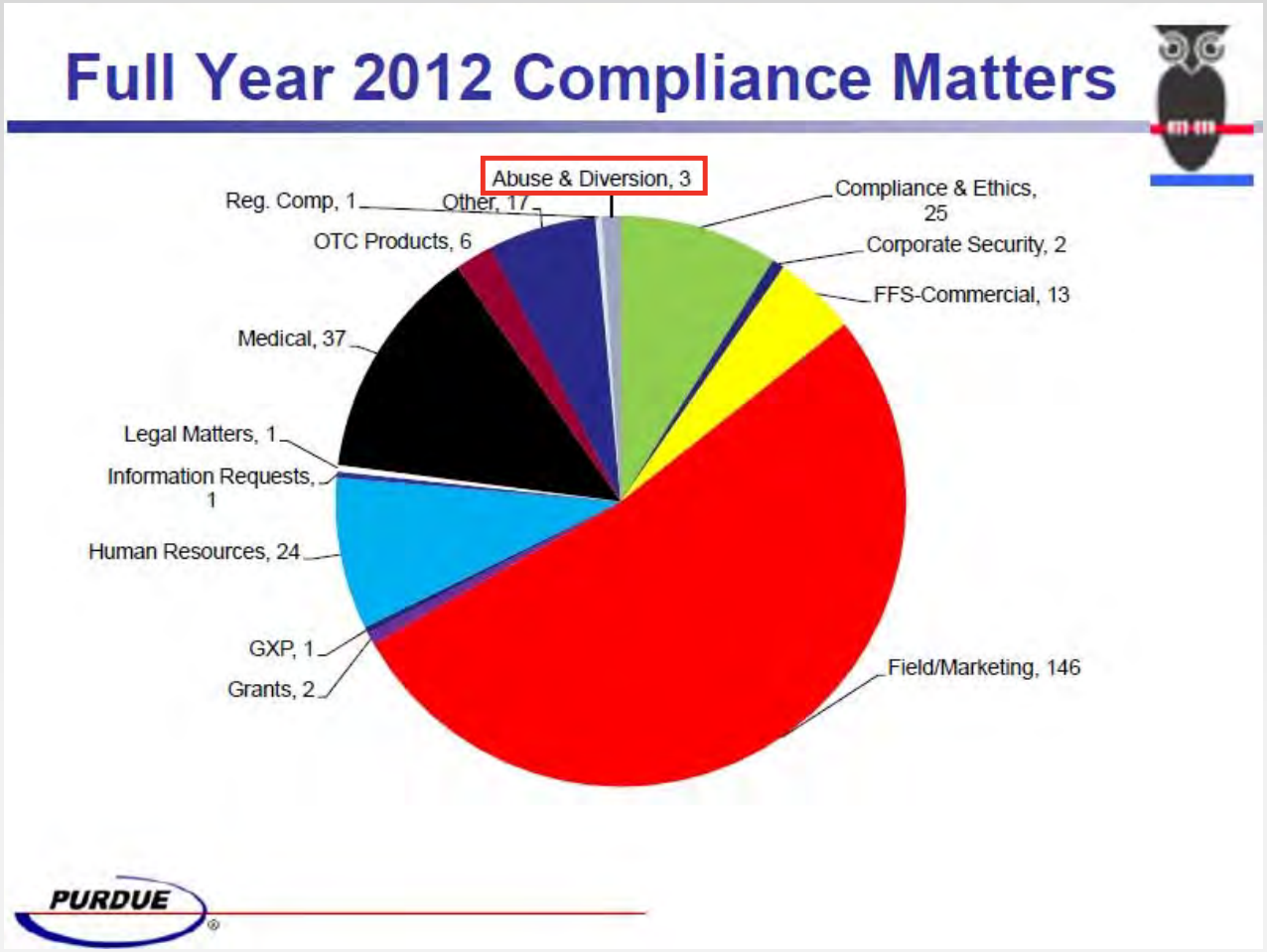
Post-CIA Compliance Program

Corporate Compliance Department
July 19, 2012

PURDUE

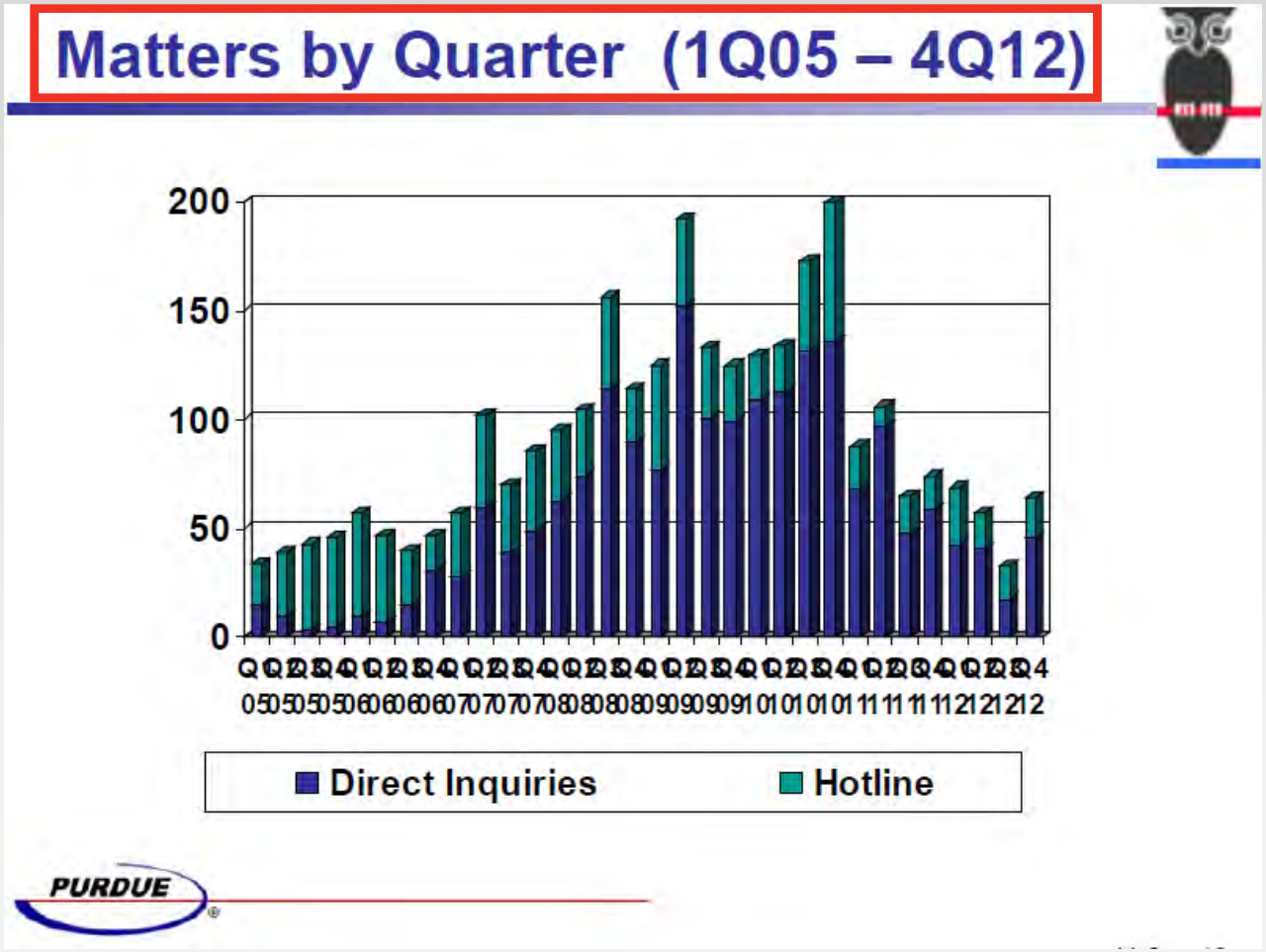
2Q 2012 Quarterly Compliance Report at PPLP004408064

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts



4Q 2012 Quarterly Compliance Report at PPLP004409366

The Board Responsibly Monitored But Was Not Involved in Implementation of Purdue's Anti-Diversion Efforts



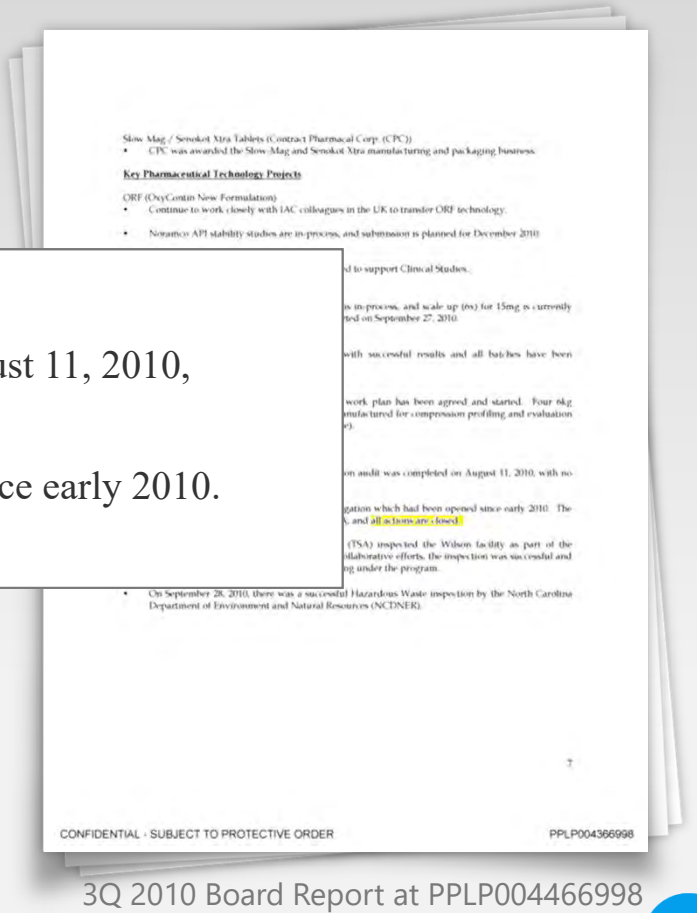
4Q 2012 Quarterly Compliance Report at PPLP004409364

The Board Understood That Purdue's Anti-Diversion Efforts Met DEA Requirements

3Q 2010 Board Report:

DEA / Security / EHS

- Successful DEA Importer / Exporter Registration audit was completed on August 11, 2010, with no observations or findings.
- DEA closed out the product diversion investigation which had been opened since early 2010. The improvement plans were shared with the DEA, and all actions are closed.


Slow Mag / Sensekot Xtra Tablets (Contract Pharmacal Corp. (CPC))
• CPC was awarded the Slow-Mag and Sensekot Xtra manufacturing and packaging business.

Key Pharmaceutical Technology Projects

ORF (OxyContin New Formulation)
• Continue to work closely with IAC colleagues in the UK to transfer ORF technology.
• Noramco API stability studies are in-process, and submission is planned for December 2010.

d to support Clinical Studies.

s in-process, and scale up (6x) for 15mg is currently ted on September 27, 2010.

with successful results and all batches have been

work plan has been agreed and started. Four 6kg nufactured for compression profiling and evaluation e).

on audit was completed on August 11, 2010, with no

gation which had been opened since early 2010. The . and all actions are closed.

(TSA) inspected the Wilson facility as part of the ollaborative efforts, the inspection was successful and ng under the program.

• On September 28, 2010, there was a successful Hazardous Waste inspection by the North Carolina Department of Environment and Natural Resources (NCDNER).

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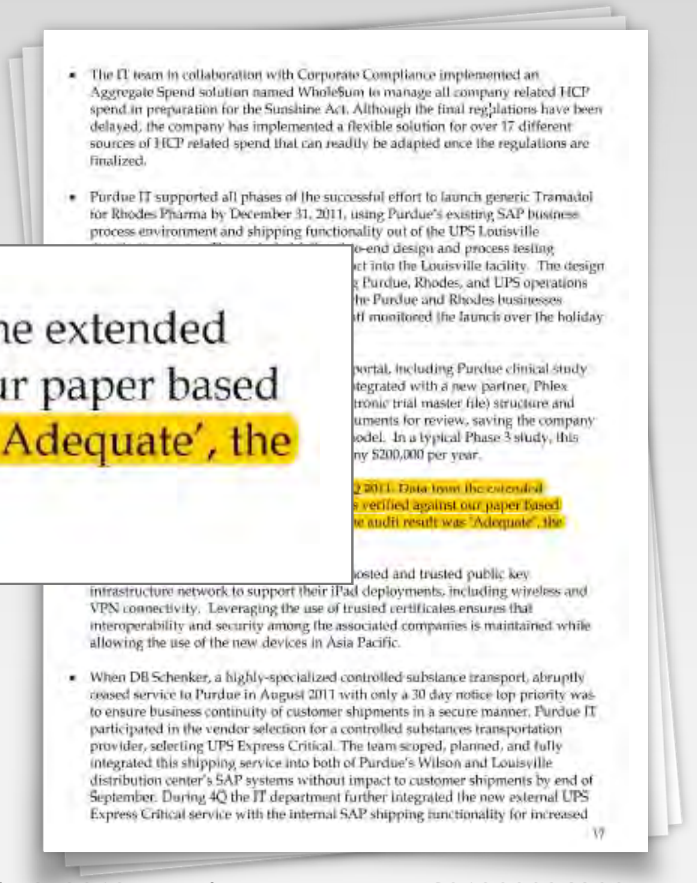
CONFIDENTIAL - SUBJECT TO PROTECTIVE ORDER PPLP004366998

3Q 2010 Board Report at PPLP004466998

The Board Understood That Purdue's Anti-Diversion Efforts Met DEA Requirements

4Q 2011 Board Report:

- The Cranbury site hosted a DEA audit in 4Q 2011. Data from the extended Controlled Substance Inventory System was verified against our paper based inventory and used to support the audit. The audit result was 'Adequate', the highest determination given by the DEA.



- The IT team in collaboration with Corporate Compliance implemented an Aggregate Spend solution named WholeSum to manage all company related HCP spend in preparation for the Sunshine Act. Although the final regulations have been delayed, the company has implemented a flexible solution for over 17 different sources of HCP related spend that can readily be adapted once the regulations are finalized.
- Purdue IT supported all phases of the successful effort to launch generic Tramadol for Rhodes Pharma by December 31, 2011, using Purdue's existing SAP business process environment and shipping functionality out of the UPS Louisville
- ...end design and process testing
- ...ct into the Louisville facility. The design
- ...Purdue, Rhodes, and UPS operations
- ...he Purdue and Rhodes businesses
- ...tl monitored the launch over the holiday
- ...ortal, including Purdue clinical study
- ...tegrated with a new partner, Phlex
- ...tronic trial master file) structure and
- ...uments for review, saving the company
- ...odel. In a typical Phase 3 study, this
- ...ny $200,000 per year.
- ...2011. Data from the extended
- ...verified against our paper based
- ...e audit result was 'Adequate', the
- ...osted and trusted public key infrastructure network to support their iPad deployments, including wireless and VPN connectivity. Leveraging the use of trusted certificates ensures that interoperability and security among the associated companies is maintained while allowing the use of the new devices in Asia Pacific.
- When DB Schenker, a highly-specialized controlled substance transport, abruptly ceased service to Purdue in August 2011 with only a 30 day notice top priority was to ensure business continuity of customer shipments in a secure manner. Purdue IT participated in the vendor selection for a controlled substances transportation provider, selecting UPS Express Critical. The team scoped, planned, and fully integrated this shipping service into both of Purdue's Wilson and Louisville distribution center's SAP systems without impact to customer shipments by end of September. During 4Q the IT department further integrated the new external UPS Express Critical service with the internal SAP shipping functionality for increased

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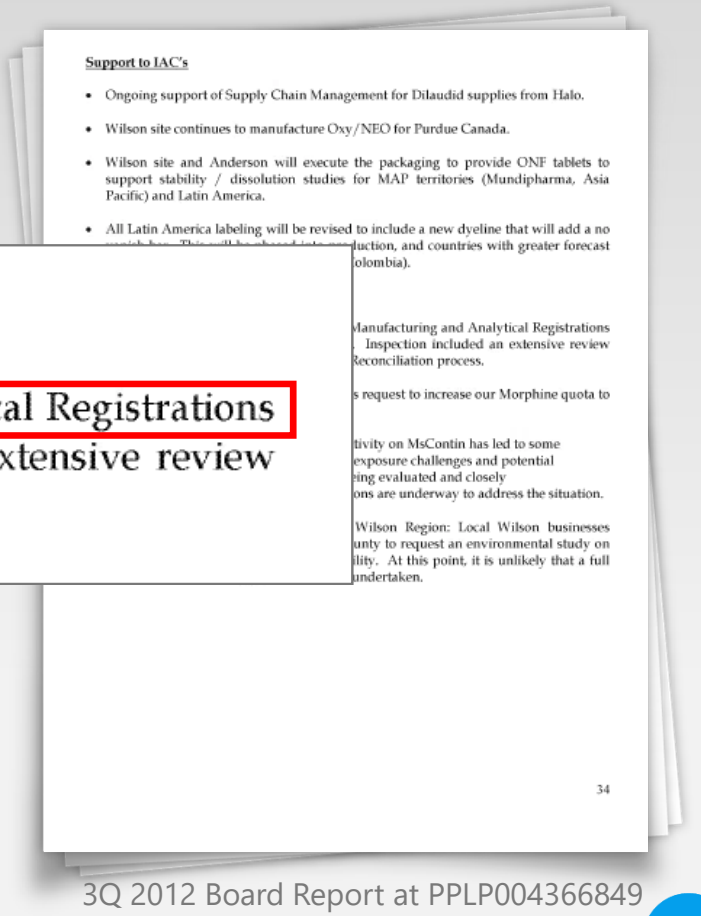
Feb. 2, 2012 Board Report at PPLPC012000362905

The Board Understood That Purdue's Anti-Diversion Efforts Met DEA Requirements

3Q 2012 Board Report:

DEA Requirements / Compliance

- July 2012: Successful DEA Inspection of Manufacturing and Analytical Registrations resulted in no observations or violations. Inspection included an extensive review and approval of the Tablet Counting and Reconciliation process.



Support to IAC's

- Ongoing support of Supply Chain Management for Dilaudid supplies from Halo.
- Wilson site continues to manufacture Oxy/NEO for Purdue Canada.
- Wilson site and Anderson will execute the packaging to provide ONF tablets to support stability / dissolution studies for MAP territories (Mundipharma, Asia Pacific) and Latin America.
- All Latin America labeling will be revised to include a new dyeline that will add a no

olombia).

Manufacturing and Analytical Registrations
Inspection included an extensive review
Reconciliation process.

s request to increase our Morphine quota to

tivity on MsContin has led to some
exposure challenges and potential
ing evaluated and closely
ons are underway to address the situation.

Wilson Region: Local Wilson businesses
unty to request an environmental study on
lity. At this point, it is unlikely that a full
undertaken.

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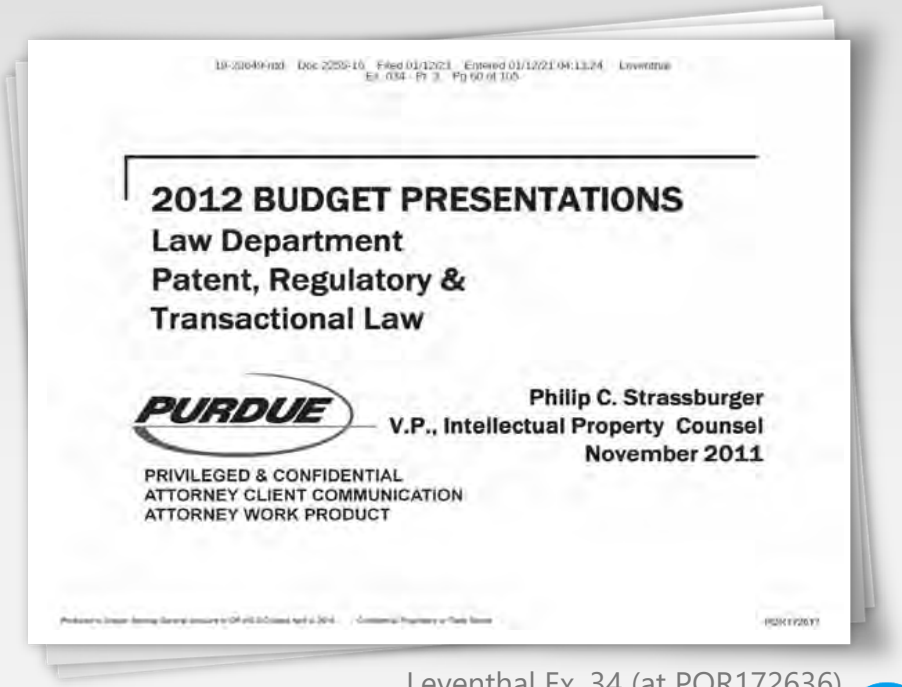
3Q 2012 Board Report at PPLP004366849

The Board Understood That Purdue's Anti-Diversion Efforts Met DEA Requirements

2012 Budget Presentation to Board (Nov. 2011):

Avoiding Risks – Dialogue with DEA regarding ORF

- Sharing data based upon transition to ORF
  - Prescriber data analysis shared in April 2011
  - Pharmacy data analysis shared in October 2011
- DEA feedback on ORF
  - Statements of Barbara Boockholdt, Chief, Regulatory Section, DEA, Office of Diversion Control
    - ORF has made a tremendous difference
    - No longer hear about OxyContin from field offices
    - ORF is saving lives
- Plan presentation on epidemiology study results



2012 BUDGET PRESENTATIONS
Law Department
Patent, Regulatory & Transactional Law

PURDUE

Philip C. Strassburger
V.P., Intellectual Property Counsel
November 2011

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Leventhal Ex. 34 (at POR172636)

The Directors Responsibly Monitored But Did Not Personally Participate in Purdue's Anti-Diversion Efforts And Are Not Liable For Any Failures

- Directors are not liable for the torts of their corporation unless they personally participate in some wrongdoing
  - There is no claim and not evidence that the directors participated in Purdue's anti-diversion activities or took any steps to undermine them
- The directors received continual reports from Purdue management about its vigorous implementation of the anti-diversion programs on which they were entitled to rely
- The Board understood that Purdue's anti-diversion efforts were succeeding based on presentations from management and the findings of the auditor reporting to the New York Attorney General
- The Controlled Substances Act and similar state statutes impose duties on companies, not their directors

In re Purdue Pharma LP, et al.

Joseph Hage Aaronson LLC

Counsel to Raymond Sackler Family ("Side B")

Defense Presentation Part 3: Diversion

April 26, 2021