Exhibit 16

COMMONWEALTH OF MASSACHUSETTS
SUPERIOR COURT

COMMONWEALTH OF MASSACHUSETTS, Plaintiff, v. PURDUE PHARMA L.P., PURDUE PHARMA INC.; and THE PURDUE FREDERICK COMPANY, INC., Defendants	)	Civil Action No. 07- 1967 (B)

CONSENT JUDGMENT

This Consent Judgment (hereinafter referred to as "Judgment") is entered into between the Massachusetts Attorney General and the defendants, Purdue Pharma, L.P., Purdue Pharma, Inc. and The Purdue Frederick Company, Inc. (collectively referred to as "Purdue"), and is part of a multistate settlement between Purdue and the Attorneys General of the States and Commonwealths of Arizona, Arkansas, California, Connecticut, District of Columbia, Idaho, Illinois, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Montana, Nebraska, Nevada, New Mexico, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Vermont, Virginia, Washington, and Wisconsin (hereinafter referred to as "Signatory Attorneys General"), acting on behalf of their respective states, and pursuant to their respective consumer protection statutes. Upon the consent of the parties hereto, IT IS HEREBY ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

JUDGMENT ENTERED ON DOCKET May 15 '07

I. DEFINITIONS

1. The following definitions shall be used in construing this Consent Judgment (hereinafter "Judgment"):

A. "Covered Persons" shall mean all officers, employees and all contract or third-party sales representatives, including Medical Liaisons, of Purdue or retained by Purdue having direct responsibility for marketing and promoting OxyContin to Health Care Professionals.

B. "Effective Date" shall mean the date on which Purdue receives a copy of this Judgment, duly executed by Purdue and by the Signatory Attorney General and filed with the Court.

C. "FDA Guidances for Industry" shall mean documents published by the United States Department of Health and Human Services, Food and Drug Administration ("FDA") that represent the FDA's current recommendations on a topic.

D. "Health Care Professional" or "Health Care Professionals" shall mean any person or persons duly licensed by relevant federal and/or state law to prescribe Schedule II pharmaceutical products, as well as duly licensed pharmacists, nurses and other licensed health professionals.

E. "Off-Label Promotion" shall mean the marketing and promotion of an Off-Label Use. Off-Label Promotion shall not mean discussion of the abuse and diversion of OxyContin that is not inconsistent with the Package Insert.

F. "Off-Label Use" shall mean any use inconsistent with the "Indications and Usage" section of the Package Insert.

G. "OxyContin" shall mean any controlled-release drug distributed by Purdue which contains oxycodone as an active pharmaceutical ingredient.

H. "Package Insert" shall mean the FDA approved label (as described in 21 C.F.R. §§ 201.56 and 57) for OxyContin, including all modifications to the label theretofore approved by the FDA.

I. "Parties" shall mean Purdue and the Signatory Attorneys General.

J. "Purdue" shall mean Purdue Pharma Inc., Purdue Pharma L.P., The Purdue Frederick Company, Inc. (d/b/a The Purdue Frederick Company), and all of their United States affiliates, subsidiaries, predecessors, successors, parents and assigns, who manufacture, sell, distribute and/or promote OxyContin.

K. "Remuneration" shall mean any gift, fee, or payment, exceeding twenty-five dollars ($25.00) in value, provided by Purdue directly or indirectly in connection with marketing or promotion of OxyContin.

L. "Signatory Attorney General" shall mean the Attorney General, or his or her designee, who has agreed to this Judgment.

M. "Subject Matter of this Judgment" shall mean the investigation under the State Consumer Protection Laws[1] of Purdue's promotional and marketing practices regarding OxyContin.

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[1] ARIZONA Consumer Fraud Act, Ariz. Rev. Stat. §44-1521, *et. seq.*; ARKANSAS - Deceptive Trade Practices Act, Ark. Code Ann. § 4-88-101 *et seq.*; CALIFORNIA Business and Professions Code § 17200 *et seq* 17500 *et seq* ; CONNECTICUT – Connecticut Unfair Trade Practices Act, Conn. Gen. Stat. §42-110 *et seq.*; DISTRICT OF COLUMBIA – District of Columbia Consumer Protection Procedures Act, D.C. Code § 28-3901 *et seq.*; IDAHO - Consumer Protection Act, Idaho Code § 48-601 *et seq.*; ILLINOIS - Consumer Fraud and Deceptive Business Practices Act, 815 ILCS § 505/1 *et seq.* (2002); KENTUCKY - Consumer Protection Statute, KRS 367.170; LOUISIANA – Unfair Trade Practices and Consumer Protection Law, LSA-R.S. 51:1401 *et seq.*; MAINE – Unfair Trade Practices Act, 5 M.R.S.A. section 205-A *et.* seq; MARYLAND - Consumer Protection Act, Maryland Commercial Law Code Annotated § 13-101 *et seq.*; MASSACHUSETTS - Consumer Protection Act, M.G.L. c. 93A *et seq.*; MONTANA - Mont. Code Ann. § 30-14-101 *et seq.*; NEBRASKA – Consumer Protection Act:

II. COMPLIANCE PROVISIONS

2. In the promotion and marketing of OxyContin, Purdue shall not make any written or oral claim that is false, misleading or deceptive.

3. In the promotion and marketing of OxyContin, Purdue shall not market or promote OxyContin in a manner that is, directly or indirectly, inconsistent with the "Indication and Usage" section of the Package Insert for OxyContin. Further, Purdue shall, consistent with the Package Insert, or as otherwise permitted by the FDA, not promote or market OxyContin in a manner that: (a) avoids or minimizes the fact that OxyContin is indicated for moderate to severe pain when a continuous around-the-clock analgesic is needed for an extended period of time; or (b) avoids, minimizes, or is inconsistent with individualizing treatment using a plan of pain management, such as outlined by the World Health Organization, the Agency for Healthcare Research and Quality (formerly known as the Agency for HealthCare Policy and Research), the Federation of State Medical Boards Model Guidelines or the American Pain Society, as referenced in the Package Insert.

Neb.Rev.Stat. 59-1601, *et seq.* (Reissue 2004 & RS Supp. 2006), Uniform Deceptive Trade Practices Act: Neb.Rev.Stat. 87-301 *et seq.* (Reissue 1999 & RS Supp. 2006); NEVADA - Deceptive Trade Practices Act, Nevada Revised Statutes 598.0903 *et seq.*; NEW MEXICO – Unfair Practices Act" NMSA 1978, S 57-12-1 *et seq.* (1967); NORTH CAROLINA - Unfair and Deceptive Trade Practices Act, N.C.G.S. § 75-1.1 *et seq.*; OHIO - Consumer Sales Practices Act, R.C. § 1345.01 *et seq.*; OREGON - Unlawful Trade Practices Act, ORS 646.605 to 646.656; PENNSYLVANIA - Unfair Trade Practices and Consumer Protection Law, 73 P.S. § 201-1 *et seq.*; SOUTH CAROLINA - Unfair Trade Practices Act, Sections 39-5-10 *et seq.*; TENNESSEE - Consumer Protection Act, Tenn. Code Ann. § 47-18-101 *et seq.*, (1977); TEXAS - Deceptive Trade Practices and Consumer Protection Act, Tex. Bus. And Com. Code § 17.41 *et seq.*, (Vernon 2002); VERMONT - Consumer Fraud Act, 9 V.S.A. § 2451 *et seq.*; VIRGINIA - Virginia Consumer Protection Act, Va. Code Ann. § 59.1 -196 *et seq.*; WASHINGTON - Washington Consumer Protection Act – R.C.W. 1986 *et seq*; WISCONSIN - Wis. Stat. § 100.18 (Fraudulent Representations).

4. In the promotion and marketing of OxyContin, Purdue shall provide "fair balance" statements, as defined in 21 C.F.R. §202.1 as may be amended or supplemented, or as appearing in FDA Guidances for Industry from time to time, regarding contraindications and adverse events, including but not limited to statements regarding OxyContin's potential for abuse, addiction, or physical dependence as set forth in the Package Insert.

5. In the promotion and marketing of OxyContin, Purdue shall not make misrepresentations with respect to OxyContin's potential for abuse, addiction, or physical dependence as set forth in the Package Insert. Further to this general prohibition on misrepresentations, Purdue, in the promotion and marketing of OxyContin, shall not represent, except as may be set forth in the Package Insert, that: a) OxyContin is "nonaddictive" or "virtually nonaddictive"; b) addiction to OxyContin occurs in "less than 1%" of patients being treated with OxyContin; or c) OxyContin's potential for abuse, addiction or physical dependence differs from any other Schedule II opioid analgesic.

6. In the promotion and marketing of OxyContin, Purdue shall not make any written or oral promotional claim of safety or effectiveness for Off-Label Uses of OxyContin in a manner that violates the Food, Drug and Cosmetic Act, 21 U.S.C. § 301 *et seq.* ("FDCA"), and accompanying regulations as may be amended or supplemented, or as appearing in FDA Guidances for Industry from time to time.

7. Except upon a request for such information without solicitation by Purdue to make the request, Purdue shall not provide to Health Care Professionals written materials describing the Off-Label Use of OxyContin that have not appeared in a

scientific or medical journal or reference publication or any portion thereof. Purdue shall maintain records for three (3) years of the identity of all Health Care Professionals to whom such materials relating to the Off-Label Use of OxyContin have been provided. "Scientific or medical journal" is a publication whose articles are published in accordance with regular peer-reviewed procedures; that uses experts to review or provide comment on proposed articles; and that is not in the form of a special supplement that has been funded in whole or in part by one or more manufacturers. "Reference publication" is a publication that has no common ownership or other corporate affiliation with a pharmaceutical or medical device manufacturer; that has not been written, edited, excerpted, or published specifically for, or at the request of, such a manufacturer; and that has not been edited or significantly influenced by such a manufacturer.

8. A. When Purdue provides an individual or entity with any educational grant, research grant, or other similar Remuneration relating to OxyContin, Purdue shall obtain the recipient's agreement: (i) to clearly and conspicuously disclose the existence of said funding or Remuneration to the readers of any resulting letter, study, research or other materials which was supported by said funding or Remuneration, and (ii) to refund said funding or Remuneration if such disclosure is not made.

B. Purdue shall require that a recipient of any Remuneration from Purdue for the promotion of OxyContin agree: (i) to clearly and conspicuously disclose the existence, nature and purpose of the Remuneration to the participants in any educational event at which the recipient discusses an Off-Label Use of OxyContin, and (ii) to refund said Remuneration if such disclosure is not made.

C. Purdue shall itself clearly and conspicuously disclose the existence of any grant or other form of Remuneration that it has provided for the publication of a letter, study, research or other material relating to OxyContin when Purdue disseminates or refers to said letter, study, research or other material in communications with Health Care Professionals.

9. Purdue shall comply with all applicable Accreditation Council for Continuing Medical Education ("ACCME") Guidelines.

10. Purdue shall comply with paragraphs 2, 3, 4, 5, 7 and 8 of the Pharmaceutical Research and Manufacturers of America Code (effective on July 1, 2002) with respect to payments, gifts and other compensation to Health Care Professionals regarding OxyContin.

11. In the promotion and marketing of OxyContin, Purdue shall not misrepresent the existence, non-existence, or findings of any medical or scientific evidence, including anecdotal evidence, relating to Off-Label Uses of OxyContin. Purdue shall not provide any information that is misleading or lacking in fair balance, as defined in 21.C.F.R. 202.1, as may be amended or supplemented, or as appearing in FDA Guidances for Industry from time to time, in any discussion of the Off-Label Uses of OxyContin.

12. Purdue shall not sponsor or fund any educational events where Purdue has knowledge at the time the decision for sponsorship or funding is made that a speaker will recommend the Off-Label Use of OxyContin. Further, Purdue shall not promote or fund Health Care Professionals' attendance at educational events where Purdue has

knowledge, at the time of said promotion, that Off-Label Use of OxyContin will be recommended or encouraged.

13. Purdue shall, no later than thirty (30) business days after the Effective Date of this Judgment, establish, implement and follow an OxyContin abuse and diversion detection program consisting of internal procedures designed to identify potential abuse or diversion of OxyContin in certain settings (the "OxyContin Abuse and Diversion Detection Program"). The OxyContin Abuse and Diversion Detection Program will apply to Purdue employees and contract or third-party sales representatives, including Medical Liaisons, who contact practicing Health Care Professionals in person or by telephone for the purpose of promoting OxyContin. That Program directs those persons to report to the Office of the General Counsel situations, including, but not limited to the following examples, to the extent that such information or activities are observed or learned of by them: a) an apparent pattern of an excessive number of patients for the practice type, such as long lines of patients waiting to be seen, waiting rooms filled to standing-room-only capacity, or patient-prescriber interactions that are exceedingly brief or non-existent; b) an atypical pattern of prescribing techniques or locations, such as repeated prescribing from an automobile, or repeated prescribing at atypical times, such as after usual office hours when the Health Care Professional is not on call; c) information from a highly credible source or several sources (e.g., pharmacists, law enforcement, other health care workers) that a Health Care Professional or their patients are abusing or diverting medications; d) sudden, unexplained changes in prescribing or dispensing patterns that are not accounted for by changes in patient numbers or practice 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 signing prescriptions or dispensing controlled substances. 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. Purdue's obligations under this Section shall expire ten (10) years following the Effective Date of this Judgment or three months from the date on which the last of Purdue's patents covering OxyContin expires, whichever is earlier, but in no event shall be earlier than seven (7) years following the Effective Date of this Judgment.

14. Purdue shall implement and maintain a training and education program with respect to the OxyContin Abuse and Diversion Detection Program, and shall require all Purdue employees and contract or third-party sales representatives, including Medical Liaisons, who contact practicing Health Care Professionals in person or by telephone for the purpose of promoting OxyContin to complete the training and education program no later than thirty (30) business days after the Effective Date of this Judgment. Further, Purdue shall require those Purdue employees and contract or third-party sales

representatives, including Medical Liaisons, who contact practicing Health Care Professionals in person or by telephone for the purpose of promoting OxyContin to complete the training and education program before being allowed to market or promote OxyContin. Purdue's obligations under this Section shall expire ten (10) years following the Effective Date of this Judgment or three months from the date on which the last of Purdue's patents covering OxyContin expires, whichever is earlier, but in no event shall be earlier than seven (7) years following the Effective Date of this Judgment.

15. Within 90 days of the Effective Date of this Judgment, Purdue shall provide to each Health Care Professional whom Covered Persons contact, written, non-branded educational information related to detecting and preventing abuse and diversion of opioid analgesics. To the extent that Purdue concludes that a specific Health Care Professional needs repeated exposure to such non-branded educational materials, Purdue will provide those materials. Purdue's obligations under this Section will remain in effect for ten (10) years following the Effective Date of this Judgment.

16. Purdue shall continue to review news media stories addressing the abuse or diversion of OxyContin and undertake appropriate measures as reasonable under the circumstances to address abuse and diversion so identified, including but not limited to, (i) correcting misinformation, (ii) offering non-branded educational materials to local substance abuse prevention and treatment initiatives, or (iii) directing Health Care Professionals to Purdue's Medical Services group for fair and balanced information on appropriate use of opioid analgesics, prevention and detection of abuse and diversion. Purdue's obligations under this Section shall expire ten (10) years following the Effective Date of this Judgment or three months from the date on which the last of Purdue's patents

covering OxyContin expires, whichever is earlier, but in no event shall be earlier than seven (7) years following the Effective Date of this Judgment.

17. No sales incentive (bonus) program for sales of OxyContin shall allow incentive credit to be earned for a Health Care Professional who has been identified through the OxyContin Abuse and Diversion Detection Program as one upon whom sales representatives shall not call. In addition, Purdue shall not employ a compensation structure for persons involved in marketing or promoting OxyContin that is based exclusively on the volume of OxyContin sales.

18. For a period of ten (10) years following the Effective Date of this Judgment, Purdue's performance evaluation of persons involved in marketing or promoting OxyContin shall meaningfully take into account that sales persons inform Health Care Professionals to whom the sales persons promote OxyContin about its potential for abuse and diversion, and how to minimize those risks; failure to do so shall be considered as a basis for disciplinary action, including, but not limited to censure, probation and termination.

19. In its promotion and marketing of OxyContin, Purdue shall not misrepresent, in any written or oral claim relating to OxyContin, that its sales, medical or research personnel have experience or credentials or are engaging in research activities if they do not in fact possess such credentials or experience, or are not engaging in such activities.

20. All material used in promoting OxyContin, regardless of format (audio, internet, video, print) and whether directed primarily to patients or to Health Care Professionals, shall, not inconsistent with the Package Insert, contain only information

that is truthful, balanced, accurately communicated, and not minimize the risk of abuse, addiction or physical dependence associated with the use of OxyContin.

21. Purdue shall not provide samples of OxyContin to Health Care Professionals.

22. The obligations of Purdue under this Judgment shall be prospective only. No Signatory Attorney General shall institute any proceeding or take any action against Purdue under its State Consumer Protection Laws or any similar state authority, or under this Judgment, based on Purdue's prior promotional or marketing practices for OxyContin.

23. Nothing in this Judgment shall require Purdue to:

(a) take an action that is prohibited by the FDCA, the Controlled Substances Act or any regulation promulgated thereunder, or by FDA or the Drug Enforcement Administration;

(b) fail to take an action that is required by the FDCA, the Controlled Substances Act or any regulation promulgated thereunder, or by FDA or the Drug Enforcement Administration;

(c) refrain from dissemination of safety information concerning OxyContin; or

(d) refrain from making any written or oral promotional claim which is the same or substantially the same as the language permitted by FDA under the OxyContin Package Insert and which accurately portrays the data or other information referenced in the OxyContin Package Insert.

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 the contents of this Judgment, and about how to comply with this Judgment;

(b) submit to the Attorney General (per the Notice below), no later than one hundred and twenty (120) days after the Effective Date of this Judgment, a written description of such training;

(c) submit to the Attorney General (per the Notice below), one (1) year after the Effective Date of this Judgment, a written affirmation setting forth Purdue's compliance with this paragraph;

(d) for a period of three (3) years from the Effective Date of this Judgment, Purdue shall advise in writing all Covered Persons of the requirements of Paragraphs 2 through 23 of this Judgment;

(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

(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.

III. PAYMENT TO THE STATES

25. No later than thirty (30) days after the Effective Date of this Judgment, Purdue shall pay nineteen million and five hundred thousand U.S. dollars ($19,500,000.00, to be paid by Purdue to the States by electronic fund transfer made payable to the Oregon Department of Justice (as instructed by that Office) which shall divide and distribute these funds as designated by and in the sole discretion of the Signatory Attorneys General as part of the consideration for the termination of their respective investigations under the State Consumer Protection Laws regarding the Subject Matter of this Judgment. Said payment shall be used by the Massachusetts Attorney General to fund or assist in funding programs directed at combating prescription drug abuse, addiction and/or diversion, including, but not limited to, education, outreach, prevention or monitoring programs, or for other uses permitted by state law, at the sole discretion of the Attorney General.

IV. GENERAL PROVISIONS

26. This Judgment shall be governed by the laws of the Commonwealth of Massachusetts.

27. This Judgment is entered into by the Parties as their own free and voluntary act and with full knowledge and understanding of the nature of the proceedings and the obligations and duties imposed by this Judgment.

28. Nothing in this Judgment constitutes any agreement by the Parties concerning the characterization of the amounts paid pursuant to this Judgment for

purposes of the Internal Revenue Code or any state tax laws, or the resolution of any other matters.

29. This Judgment does not constitute an approval by the Attorney General of any of Purdue's business practices, including its promotional or marketing practices, and Purdue shall make no representation or claim to the contrary.

V. REPRESENTATIONS AND WARRANTIES

30. Purdue warrants and represents that it and its predecessors, successors and assigns manufactured, sold and promoted OxyContin. Purdue further acknowledges that it is a proper party to this Judgment. Purdue further warrants and represents that the individual(s) signing this Judgment on behalf of Purdue is doing so in his (or her) official capacity and is fully authorized by Purdue to enter into this Judgment and to legally bind Purdue to all of the terms and conditions of the Judgment.

31. Each of the Parties represents and warrants that it negotiated the terms of this Judgment in good faith.

32. Each of the Signatory Attorneys General warrants and represents that he or she is signing this Judgment in his or her official capacity, and that he or she is fully authorized by his or her state to enter into this Judgment, including but not limited to the authority to grant the release contained in Paragraphs 34 and 35 of this Judgment, and to legally bind the state to all of the terms and conditions of this Judgment.

33. Purdue acknowledges and agrees that the Attorney General has relied on all of the representations and warranties set forth in this Judgment and that, if any representation is proved false, unfair, deceptive, misleading, or inaccurate in any material respect, the Attorney General has the right to seek any relief or remedy afforded by law or equity in the state.

VI. RELEASE

34. Based on his or her inquiry into Purdue's promotion of OxyContin, the Attorney General has concluded that this Judgment is the appropriate resolution of any alleged violations of the State Consumer Protection Laws. The Attorney General acknowledges by consenting to entry of this Judgment that this Judgment terminates the Attorney General's inquiry under the State Consumer Protection Laws into Purdue's promotion of OxyContin prior to the Effective Date of this Judgment.

35. In consideration of the Compliance Provisions, payments, undertakings, and acknowledgments provided for in this Judgment, and conditioned on Purdue's making full payment of the amount specified in Paragraph 25, and subject to the limitations and exceptions set forth in Paragraph 36, the State releases and forever discharges, to the fullest extent permitted by law, Purdue and its past and present officers, directors, shareholders, employees, co-promoters, affiliates, parents, subsidiaries, predecessors, assigns, and successors (collectively, the "Releasees"), of and from any and all civil causes of action, claims, damages, costs, attorney's fees, or penalties that the Attorney General could have asserted against the Releasees under the State Consumer Protection Law by reason of any conduct that has occurred at any time up to and including the Effective Date of this Judgment relating to or based upon the Subject Matter of this Judgment ("Released Claims").

36. The Released Claims set forth in Paragraph 35 specifically do not include the following claims:

(a) private rights of action by consumers, provided, however, that this Judgment does not create or give rise to any such private right of action of any kind;

(b) claims relating to Best Price, Average Wholesale Price or Wholesale Acquisition Cost reporting practices or Medicaid fraud or Abuse;

(c) claims of antitrust, environmental or tax liability;

(d) claims for property damage;

(e) claims to enforce the terms and conditions of this Judgment; and

(f) any state or federal criminal liability that any person or entity, including Releasees, has or may have to the Commonwealth.

VII. NO ADMISSION OF LIABILITY

37. This Judgment does not constitute an admission by Purdue for any purpose, of any fact or of a violation of any state law, rule, or regulation, nor does this Judgment constitute evidence of any liability, fault, or wrongdoing, by Purdue nor does Purdue's agreement in this Judgment not to engage in certain conduct constitute an admission that Purdue has ever engaged in such conduct. Purdue enters into this Judgment for the purpose of resolving the concerns of the Attorney General regarding Purdue's promotional and marketing practices regarding OxyContin. Purdue does not admit any violation of the State Consumer Protection Laws, and does not admit any wrongdoing that could have been alleged by the Attorney General.

38. This Judgment shall not be construed or used as a waiver or any limitation of any defense otherwise available to Purdue. This Judgment is made without trial or adjudication of any issue of fact or law or finding of liability of any kind. Nothing in this Judgment, including this paragraph, shall be construed to limit or to restrict Purdue's right to use this Judgment to assert and maintain the defenses of res judicata, collateral estoppel, payment, compromise and settlement, accord and satisfaction, or any other legal

or equitable defenses in any pending or future legal or administrative action or proceeding.

VIII. DISPUTES REGARDING COMPLIANCE

39. For the purposes of resolving disputes with respect to compliance with this Judgment, should the Attorney General have legally sufficient cause (which shall include, at a minimum, a reasonable basis to believe that Purdue has violated a provision of this Judgment) to object to any promotional or marketing practices relating to OxyContin subsequent to the Effective Date of this Judgment, then the Attorney General shall notify Purdue in writing of the specific objection, identify with particularity the provisions of this Judgment and/or the State Consumer Protection Laws that the practice appears to violate, and give Purdue thirty (30) business days to respond to the notification; provided, however, that the Attorney General may take any action upon notice to Purdue where the Attorney General concludes that, because of the specific practice, a threat to the health or safety of the public requires immediate action.

40. Upon receipt of written notice and within the thirty (30) business-day period, Purdue shall provide a good faith written response to the Attorney General's objection. The response shall include an affidavit containing either:

a. A statement explaining why Purdue believes it is in compliance with the Judgment; or

b. A detailed explanation of how the alleged violation[s] occurred; and

i. A statement that the alleged breach has been cured and how it has been cured; or

ii. A statement that the alleged breach cannot be reasonably cured within thirty (30) business days from receipt of the notice, but (1) Purdue has

begun to take corrective action to cure the alleged breach; (2) Purdue is pursuing such corrective action with reasonable and due diligence; and (3) Purdue has provided the Attorney General with a detailed and reasonable time table for curing the alleged breach.

41. Nothing herein shall prevent the Attorney General from agreeing in writing to provide Purdue with additional time beyond the thirty (30) business-day period to respond to the notice.

42. Nothing herein shall be construed to exonerate any failure to comply with any provision of this Judgment after the date of entry or to compromise the authority of the Signatory Attorney General to initiate a proceeding for failure to comply. Further, nothing in this subsection shall be construed to limit the authority of the Signatory Attorney General to protect the interests of the State.

43. The Signatory Attorney General represents that he or she will seek enforcement of the provisions of this Judgment with due regard for fairness and, in so doing, shall take into account efforts that Purdue has taken to cure any claimed violation of this Judgment.

44. Upon giving Purdue thirty (30) business days to respond to the notification described in Paragraph 39 above, the Attorney General shall be permitted to request and Purdue shall produce relevant, non-privileged, non-work-product records and documents in the possession, custody or control of Purdue that relate to Purdue's compliance with each provision of this Judgment as to which legally sufficient cause has been shown.

IX. MODIFICATION OF CERTAIN OPERATIONAL PROVISIONS

45. Any party to this Judgment may petition the Court for modification on thirty (30) days' notice to all other parties to this Judgment. Purdue may petition for modification if it believes that the facts and circumstances that led to the Attorney General's action against Purdue have changed in any material respect. The parties by stipulation may agree to a modification of this Judgment, which agreement shall be presented to this Court for consideration; provided that the parties may jointly agree to a modification only by a written instrument signed by or on behalf of both Purdue and the Attorney General. If Purdue wishes to seek a stipulation for a modification from the State, it shall send a written request for agreement to such modification to the Attorney General at least 30 days prior to filing a motion with the Court for such modification. Within 30 days of receipt from Purdue of a written request for agreement to modify, the Attorney General shall notify Purdue in writing if the Attorney General agrees to the requested modification. The Attorney General shall not unreasonably withhold his/her consent to the modification.

X. PENALTIES FOR FAILURE TO COMPLY

46. The State may assert any claim that Purdue has violated this Judgment in a separate civil action to enforce this Judgment, or to seek any other relief afforded by law. In any such action or proceeding, relevant evidence of conduct that occurred before the Effective Date shall be admissible on any material issue, including alleged willfulness, intent, knowledge, or breach, to the extent permitted by law. By this Paragraph, Purdue does not waive any evidentiary objection or any other objection it may have as permitted by law to the admissibility of any such evidence.

XI. COMPLIANCE WITH ALL LAWS

47. Except as expressly provided in this Judgment, nothing in this Judgment shall be construed as:

(a) relieving Purdue of its obligation to comply with all state laws, regulations or rules, or granting permission to engage in any acts or practices prohibited by such law, regulation or rule; or

(b) limiting or expanding in any way any right the State may otherwise have to obtain information, documents or testimony from Purdue pursuant to any state law, regulation or rule, or any right Purdue may otherwise have to oppose any subpoena, civil investigative demand, motion, or other procedure issued, served, filed, or otherwise employed by the State pursuant to any such state law, regulation, or rule.

XII. NOTICES

48. Any notices required to be sent to the State or to Purdue by this Judgment shall be sent by overnight United States mail. The documents shall be sent to the following addresses:

For the State:

Christopher K. Barry-Smith
Assistant Attorney General
Consumer Protection Division
Office of the Attorney General
One Ashburton Place
Boston MA 02108

For Purdue:

Vice President, Associate General Counsel
Purdue Pharma L.P.
One Stamford Forum
Stamford, CT 06901-3431

APPROVED:

Judge

5-9-07
Date

XIII. SIGNATURES

CONSENT TO JUDGMENT

Purdue:

1. acknowledges that it has read the foregoing Consent Judgment, is aware of its right to a trial in this matter and has waived that right;

2. admits to the jurisdiction of the Court and consents to the entry of this Consent Order;

3. states that no promise of any kind or nature whatsoever (other than the written terms of this Consent Order)was made to it to induce it to enter this Consent Order, that it has entered into this Consent Order voluntarily, and that this Consent Order constitutes the entire agreement between Purdue and the Commonwealth.

4. represents that the undersigned is an officer of Purdue and that, as such, has been authorized by Purdue to enter into this Consent Order for and on behalf of all entities bound by this Consent Order.

Exhibit 17

Purdue
Quarterly Report to the Board
July 15, 2007

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Financial Performance

- Year to date June 2007 Gross Sales before rebates were $497.5 million which is $41.8 million favorable to the 2007 updated budget approved in April, see the June Financial flash report and Sales & Marketing report herein for more detail.

- [redacted]

- This cash earns between 5.1% and 5.3% and is invested in high grade commercial paper and AAA money market funds. The maturities of these investments are short and are coordinated with our anticipated financial obligations.

- Over the last year, Joe Drelich and the Tax team reduced the number of state and local sales and use tax returns by 119, or >50% by proactively contacting states and receiving approval to change filing frequency

2007 Outlook

- We presented a 2007 financial update to the Board in April which reflected gross sales of $1 billion and pre tax profit of $407 million.

- We now expect 2007 gross sales to be about $1.297 billion, net sales to be about $1.045 and pre-tax profit to exceed $600 million [redacted]. The increase is as a result of:
  i. strong sales in the last 4 months,
  ii. pulling of Watson AG on February 28,
  iii. [redacted] and the last shipping day on their initial license which was [redacted]
  iv. [redacted] last shipping day in their initial license [redacted],
  v. the good brand inventory position that Purdue had coming into the year,
  vi. little evidence that the trade is hoarding low cost generics
  vii. aided by continued sales effort behind the brand
  viii. aided by faster than hoped for improvement in brand formulary,
  ix. aided by Teva's very high pricing which encouraged pharmacies to seek approval for the brand over the generic
  x. aided by our suspicion that Impax and Teva were not able to quickly obtain all the DEA quota they needed to optimize sales
  xi. aided by market growth over our expectation and assuming that Mallinckrodt does not launch

Long Term Planning

- Purdue's management team presented a 3 year P&L, Balance Sheet and Cash Flow to the Board in Basel to assist with tax planning and investment decisions.

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Full-Time Turnover Projection

June YTD 2007

	Begin Count	End Count	Termina-tions	% Term EE's	Retired	% Retired EE's	Resigna-tions	% Resignations	Total # T/O	YTD Turnover % Rate	Prior Year Actual Turnover %
S&P											
FIELD SALES	301	301	1	0.3%	0	0.0%	4	1.3%	5	1.7%	10.6%
MARKETING	34	34	0	0.0%	0	0.0%	1	2.9%	1	2.9%	20.0%
SALES SUPPORT	14	14	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
FIELD OPS, SUP & ADMIN	20	20	0	0.0%	0	0.0%	0	0.0%	0	0.0%	5.6%
Total S&P	**369**	**369**	**1**	**0.3%**	**0**	**0.0%**	**5**	**1.4%**	**6**	**1.6%**	**10.7%**
% of X-FTE's			*16.7%*		*0.0%*		*83.3%*				
G&A											
ADMIN SERVICES	31	31	0	0.0%	0	0.0%	0	0.0%	0	0.0%	6.3%
BUSINESS DEVEL	7	7	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
CORPORATE COMP	4	4	0	0.0%	0	0.0%	0	0.0%	0	0.0%	33.3%
CORPORATE PLANNING	4	4	0	0.0%	0	0.0%	1	25.0%	1	25.0%	0.0%
EHS	4	4	0	0.0%	0	0.0%	0	0.0%	0	0.0%	33.3%
EXECUTIVE	13	13	1	7.7%	1	7.7%	0	0.0%	2	15.4%	25.0%
EXTERNAL AFFAIRS	10	10	0	0.0%	0	0.0%	0	0.0%	0	0.0%	11.1%
FINANCE	55	59	1	1.8%	0	0.0%	0	0.0%	1	1.8%	18.5%
GENERAL COUNSEL	50	51	2	4.0%	0	0.0%	1	2.0%	3	6.0%	6.6%
HUMAN RESOURCES	20	21	0	0.0%	1	5.0%	0	0.0%	1	5.0%	4.8%
IT	75	78	0	0.0%	0	0.0%	3	4.0%	3	4.0%	3.0%
PROCUREMENT	6	7	0	0.0%	0	0.0%	1	16.7%	1	16.7%	28.6%
QA	16	18	0	0.0%	0	0.0%	0	0.0%	0	0.0%	25.0%
SECURITY	12	13	0	0.0%	0	0.0%	0	0.0%	0	0.0%	9.1%
Total G&A	**307**	**320**	**4**	**1.3%**	**2**	**0.7%**	**6**	**2.0%**	**12**	**3.9%**	**10.6%**
% of X-FTE's			*33.3%*		*16.7%*		*50.0%*				
IRD/US											
DISCOVERY	35	34	0	0.0%	0	0.0%	1	2.9%	1	2.9%	7.7%
DRUG SAF & PHARM	26	29	0	0.0%	0	0.0%	1	3.8%	1	3.8%	7.4%
HEALTH POLICY	26	26	0	0.0%	0	0.0%	1	3.8%	1	3.8%	4.0%
MEDICAL RESEARCH	36	39	0	0.0%	0	0.0%	2	5.6%	2	5.6%	13.0%
NONCLINICAL R&D	31	31	1	3.2%	1	3.2%	2	6.5%	4	12.9%	17.2%
PROJECT MGMT	15	15	0	0.0%	0	0.0%	0	0.0%	0	0.0%	5.6%
REGULATORY AFFAIRS	16	16	0	0.0%	0	0.0%	0	0.0%	0	0.0%	6.7%
Total IRD/US	**185**	**190**	**1**	**0.5%**	**1**	**0.5%**	**7**	**3.8%**	**9**	**4.9%**	**9.2%**
% of X-FTE's			*11.1%*		*11.1%*		*77.8%*				
MFG/OPERATIONS											
PF LABS UNION	42	39	0	0.0%	0	0.0%	1	2.4%	1	2.4%	51.6%
PF LABS. SALARIED	33	36	0	0.0%	0	0.0%	0	0.0%	0	0.0%	39.4%
PPMD	48	51	0	0.0%	0	0.0%	0	0.0%	0	0.0%	13.7%
RHODES TECHNOLOGIES	68	76	0	0.0%	0	0.0%	3	4.4%	3	4.4%	22.9%
WILSON NC	131	133	1	0.8%	0	0.0%	6	4.6%	7	5.3%	5.6%
Total MFG/OPERATIONS	**322**	**335**	**1**	**0.3%**	**0**	**0.0%**	**10**	**3.1%**	**11**	**3.4%**	**23.7%**
% of X-FTE's			*9.1%*		*0.0%*		*90.9%*				
Total Miami	**3**	**3**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0.0%**
% of X-FTE's			*0.0%*		*0.0%*		*0.0%*				
Grand Total	**1,186**	**1,217**	**7**	**0.6%**	**3**	**0.3%**	**28**	**2.4%**	**38**	**3.2%**	**14.4%**
% of X-FTE's			*18.4%*		*7.9%*		*73.7%*				

CORPORATE COMPLIANCE

Purdue's CIA

- Together with the Office of the General Counsel and outside counsel, we completed favorable negotiations of Purdue's Corporate Integrity Agreement, fully executed on May 8th, and expected to take effect as on July 31st, the date settlement funds are to be paid over (seven business days after the date the court is expected to accept the pleas). During the quarter, we have conducted a review and selected Huron Consulting as the Purdue IRO under the CIA, with Board approval; reviewed and updated together with our colleagues the Purdue Code of Business Ethics and Healthcare Law Compliance Policies, in preparation for new mandatory OWL compliance training modules under the CIA; taken the leadership role in completing new and revised policies, SOPs, and WPDs for Sales, Marketing, Medical Services, Legal, HR, and others necessary under the CIA; we have taken the leadership role on CIA-required updates to the Phoenix Territory Management System to implement an electronic Field Contact Report; and obtained approvals and beginning implementing the Axentis software system to assist in the administration and coordination of CIA-required commitments. We successfully recruited a highly promising Yale MBA graduate as our CIA "project manager," with start date on June 29th. A series of site visits and "town hall" meetings was undertaken at all Purdue locations to discuss the CIA and answer questions. Under the CIA Corporate Compliance will be making quarterly reports to the Board, with the next one scheduled for August 6th.

AG Agreement

- Under the agreement with the State Attorneys General, we have a number of commitments, including the issuance and training of certain personnel on Purdue's Abuse and Diversion Detection Program, which was required to be accomplished within 30 days of the judgment in the matter, and as to which a certification of Purdue's VP of Corporate Compliance was made June 20th.

Sales Training Initiatives

- Corporate Compliance was involved in major compliance training initiative for the field sales force during this quarter:
    - All sales employees (and select other employees) were trained on Purdue's Abuse and Diversion Detection (ADD) Program. This training was conducted electronically to satisfy training deadlines imposed under the AG Agreement.
    - During the recent Managers' Meetings, Corporate Compliance personnel participated in four different training workshops: Corporate Integrity Agreement (CIA), Standard Operating Procedures (SOPs), Field Contact Reports (FCR), and Compliance Scenarios training. Additionally, support was provided to District Managers responsible for conducting two workshops at the June District Meetings on the CIA and training on Purdue's ADD Program.
    - Corporate Compliance has also conducted various live compliance training sessions at the home office, including SMBA Training (for District Managers), Level 200 Training (for representatives who have been in the field for 18-24 months), and Phase I (new hire) training.

State Law Filings – CA, DC, and ME

- California - On July 1st, Purdue, together with other pharma companies doing business in California, was required to be in compliance with the California law that requires an annual declaration in writing that we have a compliance program in accordance with the OIG Compliance Guidance for the Pharmaceutical Industry. We were also required to establish,

publish, and adhere to an annual physician spending limit for gifts and other free goods, which has been set at $750. We are required to publicize our California declaration on our internet site which was renewed on July 1st.

- District of Columbia and Maine - The District of Columbia and the State of Maine each passed pharmaceutical sales and marketing expense reporting requirements, the detailed reporting provisions for which were still in flux at the time of the July 1st reporting deadline. Working with counsel, we timely filed Purdue's reports of expenditures for gifts and entertainment, advertising and promotional expenses, and the required allocation of personnel expense related to such activities.

No "Major Issues"

- Hotline and Other Inquiries - We investigated a total of 101 Hotline and other matters during the second quarter of 2007. This represented a significant quarterly increase over normal levels (approx. 50-60), attributed to a large number of calls related to the WDVA settlement. None of these matters were of significant concern or indicative of compliance failures sufficient to warrant reporting to the Board or to applicable regulatory or other authorities.

Exhibit 18

Purdue
Quarterly Report to the Board
October 15, 2007

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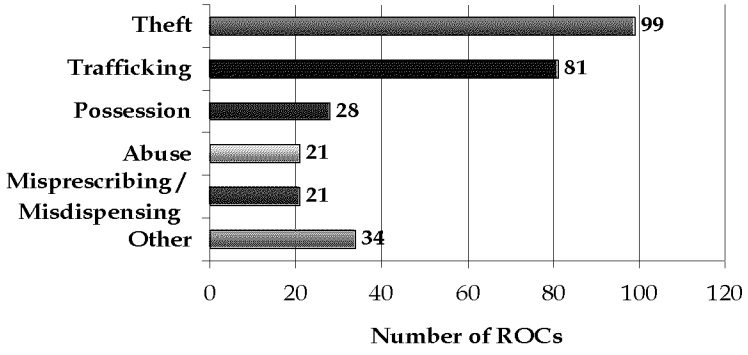
6. Lawful Prescribing & Prevention of Diversion presentation at Lafayette Medical Education Foundation in Lafayette, IN
7. Industry Advisory Board of RADARS® System meeting in Denver, CO
8. Certification as Medical Review Officer, per HR request
9. Mid-Year Board of Directors for the American Academy of Pain Medicine (AAPM)/American Board of Pain Medicine (ABPM) meeting in Chicago, IL
10. Silver Hill Hospital Board of Directors meeting in New Canaan, CT
11. Useful Facts About Pain Medications: Appropriate Use Versus Abuse presentation at the National Association of Drug Diversion Investigators (NADDI) Training for the pharmaceutical diversion investigators in Honolulu, HI

- Manuscript published: Smith MY, Haddox JD, Marino MED et al. "Correlates of Nonmedical Use of Hydromorphone and Hydrocodone: Results from a National Household Survey." J of Pain and Palliative Care Pharmacotherapy 2007; 21(3):5-17 (in anticipation of HTR filing with FDA)



- **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

- OxyContin® Annual Risk Management Report completed for regulatory submission to FDA

- Developed protocol for long-term epidemiological study to support OTR labeling

- Prepared "White Paper" on routes of OxyContin® administration employed by nonmedical users and abusers for inclusion in evaluation of OTR tamper-testing report

- Poster* presented at International Society for Pharmacoepidemiology (ISPE): Smith MY, Palmer L, Margolis J. Prevalence and Costs of Concomitant Use of Alcohol in Medicaid Patients Dispensed Opioid Analgesics for Chronic Pain. *Poster won award for excellence in the drug utilization category

- Manuscript published: **Smith MY** et al. "Abuse of Buprenorphine in the United States: 2003-2005." *Journal of Addictive Disease* 2007; 26(3):107-111. (In anticipation of Norspan™ filing with FDA)

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Full-Time Turnover September YTD 2007

	Begin Count	End Count	Terms	Term EE's %	Retired	Retired EE's %	Resign	% Resigned	Total # Turnover	YTD T/O% Rate	Prior Year Actual
S&P											
FIELD SALES	301	304	4	1.3%	0	0.0%	7	2.3%	11	3.7%	10.6%
MARKETING	34	31	0	0.0%	0	0.0%	3	8.8%	3	8.8%	20.0%
SALES SUPPORT	14	15	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
FIELD OPS, SUP & ADMIN	20	21	0	0.0%	0	0.0%	0	0.0%	0	0.0%	5.6%
Total S&P	**369**	**371**	**4**	**1.1%**	**0**	**0.0%**	**10**	**2.7%**	**14**	**3.8%**	**10.7%**
% of X-FTE's			*28.6 %*		*0.0%*		*71.4 %*				
G&A											
ADMIN SERVICES	31	31	0	0.0%	0	0.0%	0	0.0%	0	0.0%	6.3%
BUSINESS DEVELOPMENT	7	6	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
CORPORATE COMPLIANCE	4	5	0	0.0%	0	0.0%	0	0.0%	0	0.0%	33.3%
CORPORATE PLANNING	4	3	0	0.0%	0	0.0%	1	25.0%	1	25.0%	0.0%
ENVIRON, HEALTH & SAF	4	4	0	0.0%	0	0.0%	0	0.0%	0	0.0%	33.3%
EXECUTIVE	13	11	3	23.1 %	1	7.7%	1	7.7%	5	38.5%	25.0%
EXTERNAL AFFAIRS	10	10	0	0.0%	0	0.0%	0	0.0%	0	0.0%	11.1%
FINANCE	55	58	1	1.8%	0	0.0%	1	1.8%	2	3.6%	18.5%
GENERAL COUNSEL	50	49	2	4.0%	0	0.0%	1	2.0%	3	6.0%	6.6%
HUMAN RESOURCES	20	20	0	0.0%	1	5.0%	0	0.0%	1	5.0%	4.8%
IT	75	76	1	1.3%	0	0.0%	3	4.0%	4	5.3%	3.0%
PROCUREMENT	6	9	0	0.0%	0	0.0%	1	16.7%	1	16.7%	28.6%
QA	16	18	0	0.0%	0	0.0%	0	0.0%	0	0.0%	25.0%
SECURITY	12	14	0	0.0%	0	0.0%	0	0.0%	0	0.0%	9.1%
Total G&A	**307**	**314**	**7**	**2.3%**	**2**	**0.7%**	**8**	**2.6%**	**17**	**5.5%**	**10.6%**
% of X-FTE's			*41.2 %*		*11.8 %*		*47.1 %*				
IRD/US											
DISCOVERY	35	38	0	0.0%	0	0.0%	1	2.9%	1	2.9%	7.7%
DRUG SAF & PHARMA	26	29	0	0.0%	0	0.0%	4	15.4%	4	15.4%	7.4%
HEALTH POLICY	26	27	1	3.8%	0	0.0%	2	7.7%	3	11.5%	4.0%
MEDICAL RESEARCH	36	43	0	0.0%	0	0.0%	2	5.6%	2	5.6%	13.0%
NONCLINICAL R&D	31	35	1	3.2%	1	3.2%	2	6.5%	4	12.9%	17.2%
PROJECT MGMT	15	16	0	0.0%	0	0.0%	0	0.0%	0	0.0%	5.6%
REGULATORY AFFAIRS	16	17	0	0.0%	0	0.0%	0	0.0%	0	0.0%	6.7%
Total IRD/US	**185**	**205**	**2**	**1.1%**	**1**	**0.5%**	**11**	**5.9%**	**14**	**7.6%**	**9.2%**
% of X-FTE's			*14.3 %*		*7.1%*		*78.6 %*				
MFG/OPERATIONS											
PF LABS UNION	42	43	0	0.0%	0	0.0%	1	2.4%	1	2.4%	51.6%
PF LABS. SALARIED	33	38	0	0.0%	0	0.0%	0	0.0%	0	0.0%	39.4%
PPMD	48	50	0	0.0%	0	0.0%	2	4.2%	2	4.2%	13.7%
RHODES	68	86	0	0.0%	0	0.0%	3	4.4%	3	4.4%	22.9%

TECHNOLOGIES											
WILSON NC	131	142	2	1.5%	0	0.0%	7	5.3%	9	6.9%	5.6%
Total MFG/OPERATIONS	**322**	**359**	**2**	**0.6%**	**0**	**0.0%**	**13**	**4.0%**	**15**	**4.7%**	**23.7%**
% of X-FTE's			*13.3 %*		*0.0%*		*86.7 %*				
Total Miami	**3**	**3**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0.0%**
% of X-FTE's			*0.0%*		*0.0%*		*0.0%*				
Grand Total	**1,186**	**1,252**	**15**	**1.3%**	**3**	**0.3%**	**42**	**3.5%**	**60**	**5.1%**	**14.4%**
% of X-FTE's			*25.0 %*		*5.0%*		*70.0 %*				

CORPORATE COMPLIANCE

Purdue's CIA

- The Effective Date of the CIA was July 31st, also referred to as day zero, on which date the Company was in full compliance with all day zero CIA requirements. The next major milestone is day 120, on November 28th, at which time the Company must completely meet further requirements, including distribution and certification to the Code, completion of compliance training of either two or five hours' duration based on job responsibilities [two hours for the Board], and complete and fully operational SOPs and other policies specified in the CIA. We are confident of meeting all obligations.
- We have had a meeting and discussions with Purdue's IRO, Huron Consulting, and further sessions are planned to prepare affected areas of the company for IRO reviews in the future; the first such period will be for the six month period February-June, 2008.
- Purdue's new Ethics and Compliance Management System has been implemented, and will assist in meeting our CIA commitments.

AG Agreement

- Under the agreement with the State Attorneys General, we have a number of integrity commitments, all of which have been timely satisfied. On August 2nd, Purdue's VP, Corporate Compliance timely filed a certification of Purdue's efforts to provide Health Care Professionals (HCPs) in the subject states written, non-branded educational information related to detecting and preventing abuse and diversion of opioid analgesics. As this is a 10-year commitment under the AG Agreement, Corporate Compliance continues to work with various colleagues to refine the process for delivering such information to HCPs going forward.
- With the Law Department, we trained all employees on the terms and obligations of the AG Agreements, which was required to be accomplished within 120 days of the judgment in the matter, and as to which certification was made September 5th.

Sales Training Initiatives

- Corporate Compliance was involved in the following significant compliance training of the field sales force during this quarter:

- Scenario-based training focusing on current hot topics in compliance has been conducted for all field sales personnel at the recent Strategy Meeting and Managers' Meeting and then scripted for deliver by District Managers at the October 2007 District Meetings.

- Level 300 Training (for representatives who have been in the field for more than 2 years), Level 200 Training (for representatives who have been in the field for 18-24 months), Phase I (new hire) training, New District Manager Training, Managed Care Training, and SMBA Training (for District Managers).

State Law Filings – CA, DC, ME, and VT

- The California, District of Columbia and Maine state law filings and/or declarations were all timely made in early July, 2007.

- The Vermont filing is due on December 1, 2007 and is on-target for a timely filing.

- Corporate Compliance continues to coordinate with IT, Finance and other internal partners to enhance the mechanisms for recording and attributing expenditures for gifts and entertainment, advertising and promotional expenses, and allocation of personnel expenses for purposes of complying with state law reporting requirements. Development of a tool that will capture home-office generated expenses in these categories is under way and launch is anticipated in Q1'08.

No "Major Issues"

- Hotline and Other Inquiries - We investigated a total of 39 Hotline and other matters during the third quarter of 2007. None of these matters were of significant concern or indicative of compliance failures sufficient to warrant reporting to the Board or to applicable regulatory or other authorities.

###

Exhibit 19

Sales & Marketing

October 2007

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Sales & Marketing – 2008
Laxative Lines

- Continue to rebuild laxative line sales to levels prior to manufacturing issues
  - Consumer advertising (print, TV, website)
  - “In store” efforts with retail pharmacy and wholesalers
  - Ongoing representative support via physician promotion and sampling

PURDUE®

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Sales & Marketing – 2008
Sales Force Expansion

- Plans are in place for expansion of sales force
  - 100 territories over six months
  - Increased capacity = 12,000 calls (prescribers) per month
  - Estimated budget required $21 million annually
- Best if we expand prior to launch of new formulation
- Significant number of high potential prescribers not being seen – competitive disadvantage
- Conditions:
  - Positive ruling prior to December 1,2007 or
  - Positive settlements with potential infringers
- Option 1:
  - Territories created in systems mid-December
  - Initiate process beginning January 2007
  - Six months process to recruit, hire and train

PURDUE

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Exhibit 20

Purdue

Quarterly Report to the Board

January 15, 2008

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RISK MANAGEMENT & HEALTH POLICY

Health Policy

- Represented Purdue at the following meetings:
    1. AL State Sen. Larry Dixon, Executive Director, Alabama Board of Medical Examiners and representatives of Medical Association of the State of Alabama in Montgomery, AL on October 8, 2007 with Alan Must to discuss education on PMP.
    2. The Connecticut Chapter of the American Society of Addiction Medicine (CT-ASAM)
    3. Lynn R. Webster, M.D., Medical Director, Lifetree Clinical Research and Pain Clinic in Salt Lake City, UT on October 17, 2007
    4. Heath Sector Assembly in Provo, UT on October 19, 2007
    5. Governor's Prevention Partnership in New Britain, CT on October 22, 2007
    6. RADARS® System Industry Advisory Board in Bethesda, MD on October 26, 2007
    7. National Health Promotion Associates meeting in Westchester, NY on October 23, 2007
    8. MGH Purdue Pharma Pain Center in Boston, MA on November 1, 2007
- Purdue Training Provided:
    1. Risk Assessment – BUP3025 Investigators Meeting in Schaumburg, IL on November 2007
    2. Level 200 - Low Back Pain Overview – Sales Training class on October 9, 2007
    3. Lunch & Learn for all colleagues – "Low Back Pain" on November 29, 2007
- Training Provided External to Purdue:
    1. Tufts MSPREP Course – Pain Policy: Opioid Laws and Policies on October 31, 2007
    2. Prescription Drug Abuse Overview – American Association of Medical Review Officers in Las Vegas, NV on November 8-9, 2007
    3. Keynote Address –2nd Annual Post-Approval Drug Safety Strategies and Best Practices to Mitigate Risks Throughout the Product's Life Cycle – Cambridge Healthtech Institute (CHI) in Philadelphia, PA on November 13-14, 2007

Risk Management

Supported NDA Filing of OxyContin® (New Formulation)

- Obtained Protocol Review Committee approval for long-term epidemiologic study to support 'tamper-resistant' labeling for OxyContin® (new formulation).
    4. Conducted review of research literature and synthesized findings on routes of abuse of OxyContin®. Resulting "White Paper" included in NDA filing.
    5. Developed RiskMAP for OxyContin® (new formulation) that was included in NDA filing.

Monitored Abuse and Diversion of PPLP Marketed Opioid Analgesics

- 689 Reports of Concern (ROCs) regarding abuse and diversion of PPLP marketed opioid analgesics reviewed and entered into the Risk Management DataMart for 4th Quarter 2007
- 21 field inquiries conducted in response to signals of abuse or diversion of OxyContin® as identified via review of ROCs, and RADARS® System data

Other Activities in Support of PPLP Risk Management Program

1. Submitted abstract to 2008 annual meeting of American Association of Pain Management (AAPM)
2. Submitted 4 abstracts to 2008 annual meeting of College on Drug Dependence (CPDD)

Page(s) Omitted

Full-Time Turnover Projection

December YTD 2007

	Begin Count	End Count	Term	Term EE's	Retired	Retired EE's	Resigned	% Resigned	Total # T/O	YTD Turnover % Rate	Prior Year Actual Turnover %
S&P											
Field Sales	301	304	6	2.0%	0	0.0%	9	3.0%	15	5.0%	10.6%
Marketing	34	32	0	0.0%	0	0.0%	4	11.8%	4	11.8%	20.0%
Sales Support	14	16	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Field Ops, Sup & Admin	20	21	0	0.0%	1	5.0%	1	5.0%	2	10.0%	5.6%
Total S&P	**369**	**373**	**6**	**1.6%**	**1**	**0.3%**	**14**	**3.8%**	**21**	**5.7%**	**10.7%**
% of X-FTE's			*28.6%*		*4.8%*		*66.7%*				
G&A											
Admin Services	31	31	0	0.0%	0	0.0%	0	0.0%	0	0.0%	6.3%
Business Devel	7	6	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Corp Compliance	4	5	0	0.0%	0	0.0%	0	0.0%	0	0.0%	33.3%
Corp Planning	4	3	0	0.0%	0	0.0%	1	25.0%	1	25.0%	0.0%
EHS	4	4	0	0.0%	0	0.0%	0	0.0%	0	0.0%	33.3%
Executive	13	11	3	23.1%	1	7.7%	1	7.7%	5	38.5%	25.0%
Ext Affiars	10	11	0	0.0%	0	0.0%	0	0.0%	0	0.0%	11.1%
Finance	55	57	1	1.8%	1	1.8%	2	3.6%	4	7.3%	18.5%
General Councel	50	48	3	6.0%	0	0.0%	1	2.0%	4	8.0%	6.6%
Human Resources	20	20	0	0.0%	1	5.0%	0	0.0%	1	5.0%	4.8%
IT	75	79	1	1.3%	0	0.0%	4	5.3%	5	6.7%	3.0%
Procurement	6	9	0	0.0%	0	0.0%	1	16.7%	1	16.7%	28.6%
QA	16	18	0	0.0%	0	0.0%	0	0.0%	0	0.0%	25.0%
Security	12	14	0	0.0%	0	0.0%	0	0.0%	0	0.0%	9.1%
Total G&A	**307**	**316**	**8**	**2.6%**	**3**	**1.0%**	**10**	**3.3%**	**21**	**6.8%**	**10.6%**
% of X-FTE's			*38.1%*		*14.3%*		*47.6%*				
IRD/US											
Discovery	35	39	0	0.0%	0	0.0%	1	2.9%	1	2.9%	7.7%
Drug Saf & Pharma	26	30	0	0.0%	0	0.0%	5	19.2%	5	19.2%	7.4%
Health Policy	26	31	1	3.8%	1	3.8%	2	7.7%	4	15.4%	4.0%
Medical Research	36	48	1	2.8%	0	0.0%	2	5.6%	3	8.3%	13.0%
NonClinical R&D	31	35	1	3.2%	1	3.2%	4	12.9%	6	19.4%	17.2%
Project Mgt	15	18	0	0.0%	0	0.0%	1	6.7%	1	6.7%	5.6%
Regulatory Affairs	16	17	0	0.0%	0	0.0%	0	0.0%	0	0.0%	6.7%
Total IRD/US	**185**	**218**	**3**	**1.6%**	**2**	**1.1%**	**15**	**8.1%**	**20**	**10.8%**	**9.2%**
% of X-FTE's			*15.0%*		*10.0%*		*75.0%*				
MFG/OPERATIONS											
PF Labs Union	42	43	0	0.0%	0	0.0%	1	2.4%	1	2.4%	51.6%
PF Labs Salaried	33	40	0	0.0%	0	0.0%	0	0.0%	0	0.0%	39.4%
PPMD	48	53	0	0.0%	0	0.0%	2	4.2%	2	4.2%	13.7%
Rhodes Technologies	68	93	0	0.0%	0	0.0%	3	4.4%	3	4.4%	22.9%
Wilson, NC	131	147	3	2.3%	0	0.0%	7	5.3%	10	7.6%	5.6%
Total MFG/OPERATIO	**322**	**376**	**3**	**0.9%**	**0**	**0.0%**	**13**	**4.0%**	**16**	**5.0%**	**23.7%**
% of X-FTE's			*18.8%*		*0.0%*		*81.3%*				
Total Miami	**3**	**3**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0.0%**
% of X-FTE's			*0.0%*		*0.0%*		*0.0%*				
Grand Total	**1,186**	**1,286**	**20**	**1.7%**	**6**	**0.5%**	**52**	**4.4%**	**78**	**6.6%**	**14.4%**
% of X-FTE's			*25.6%*		*7.7%*		*66.7%*				

LICENSING & BUSINESS DEVELOPMENT

[redacted]

CORPORATE COMPLIANCE

Corporate Integrity Agreement

- Day 120 Implementation Report Timely Submitted – On November 28th, the CIA Implementation Report was timely submitted to OIG, certifying to the Company having completed all its requirements, including distribution and certification of the Code, training, screening of employees and others, Policies and Standards, etc.

- Independent Review Organization -Huron Consulting – We have continued to meet and communicate regularly with Huron with respect to Purdue's preparations for IRO reviews under the CIA. We share a comfortable, non-adversarial, relationship with them and have been constructively preparing for successful reviews.

- A letter dated November 20, 2007 from the Office of the Inspector General of the Department of Health & Human Services ("OIG") to Howard Udell, Purdue Executive Vice President, Chief Legal Officer, informed Mr. Udell that the OIG was considering whether to exercise its permissive exclusion authority with respect to Mr. Udell, pursuant to 42 U.S.C. §§ 1320a-7(b)(1) and (b)(3). We communicated with Purdue's CIA monitor on this development, including a letter and email dated

December 4th laying out the Company's plans for separating Mr. Udell from pricing matters. We have not heard any response or objection to such plans from OIG as of the date of this report.

Vermont State Filing

- The required report for state of Vermont promotional expenditures was timely filed December 4th, reflecting July 1, 2006-June 30, 2007 marketing expenses. Expenditures in excess of $25 for the year for only 8 prescribers were required to be reported.

No "Major Issues"

- Hotline and Other Inquiries - We investigated a total of 83 Hotline and other matters during the fourth quarter of 2007. None of these matters were of significant concern or indicative of compliance failures sufficient to warrant reporting to the Board or to applicable regulatory or other authorities.

FINANCE DEPARTMENT

Financial Performance

- Net Sales for the 12 months ended December 31, 2007 were just over $1 billion.
  1. This is $44 million higher than the forecast presented at the recent Board meeting. The forecast presented at the recent Board meeting, which was prepared in September 2007, assumed that Mallinckrodt would launch their OxyContin generic on December 1st. Mallinckrodt has not launched therefore the higher sales. [redacted]
  2. This sales result is just under DOUBLE the 2007 Original Budget.
  3. This sales result is 46% higher than 2006 actual sales.
  4. OxyContin is 91% of total sales.

- [redacted]

- [redacted]

- Full audited financials are being prepared. In early February we will send you advance copies of the un-audited full P&L, Balance Sheet, Cash Flow and supporting schedules. The full audited statements will be sent in mid-April.

- Backup schedules on Sales and Cash were distributed on January 3.

- [redacted] We will update the Board on 2008 at the February Board meeting.

Page(s) Omitted

Exhibit 21

To: Sackler, Dr Richard[DrRichard.Sackler@pharma.com]
From: Gasdia, Russell
Sent: Thur 1/31/2008 8:28:39 AM
Subject: Re: Teva looks to be done

My fault. It was a typo. It is 50 not 500. You have it right at 50 above the first 10. They are good for up to 5 Rxs.

Sorry for the confusion

----- Original Message -----
From: Sackler, Dr Richard
To: Gasdia, Russell
Sent: Wed Jan 30 18:25:10 2008
Subject: RE: Teva looks to be done

Let's try this again.

The patient goes to the pharmacy with the card.

The pharmacist dispense the Rx.

The patient pays the first $10.

Then, the card picks up any additional costs above the $10, up to $500 (in addition).

So if a patient pays the $100 and the card picks up the additional $50, any Rx for $60 or less is covered for just a $10 co-pay on the part of the patient.

I don't get the $500? If the Rx is $1000 and the patient is obligated to pay 30% of that, the card handles 30% of 1000 or $300-$10? That seems to be a very serious obligation.

Or do I have it wrong.

When the program was presented more than a year ago, I understood that the card was good for up to $50/Rx with some Rx # limit. What has changed since then?

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From: Gasdia, Russell
Sent: Wednesday, January 30, 2008 4:23 PM
To: Sackler, Dr Richard
Subject: RE: Teva looks to be done

Here is how it works.

The patient goes to the pharmacy with the card. The pharmacist dispense the Rx. The patient pays the first $10. Then, the card picks up any additional costs above the $10, up to $500 (in addition). So if a patient pays the $100 and the card picks up the additional $50, any Rx for $60 or less is covered for just a $10 co-pay on the part of the patient.

The current cards have a hard stop at end of June.

We are presenting some findings at the board meeting next week.

Russ

From: Sackler, Dr Richard
Sent: Wednesday, January 30, 2008 4:20 PM
To: Gasdia, Russell
Subject: RE: Teva looks to be done

I didn't follow the cards:

1. Is the support to reduco pay to $10.00 or to give $50.00 off the RX or both? Or is it up to 50.00 to reduce the copay down to $10.00?

2. These cards will cease being effective in June? I know the cards can have a hard expiration date.

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From: Gasdia, Russell
Sent: Wednesday, January 30, 2008 3:49 PM
To: Sackler, Dr Richard; Sackler, Mortimer JR; Sackler, Jonathan; Sackler, Dr Kathe; Sackler, Dr Raymond R; Sackler, Theresa; Sackler, Dr Mortimer
Cc: Baker, Stuart D.; Stewart, John H. (US); Mahony, Edward; Udell, Howard
Subject: RE: Teva looks to be done

They are increasing stocking of brand. Uptake on new strengths is exceeding original expectations, because it is coinciding with a decrease in availability of generics and they see value. We are running a stock and save for the new strengths and have not seen the need to do so with the brand. Retailers are re-stocking as needed. We are getting strong support from our wholesalers, major chain drug stores, as well as most independent pharmacies. Our sales representatives have been directed to increase their level of retail pharmacy activity during January and early February as we introduce the new strengths and as generic availability decreases. Also, Steve Seid's National Account Managers are staying in close contact with wholesalers and chain drug during the transition.

We are seeing significant support from the Managed Care Organizations, of which many are moving OxyContin back to 2nd tier status. But there are some tablet limits and prior authorizations being put into place in some plans. Managed Care Organizations will put more pressure on physicians and patients. Some will require a course of therapy with a generic MS Contin or generic Duragesic, before approving a branded long-acting opioid like OxyContin, Opana ER, Kadian, Avinza. This is where we see some managed care "step edits" coming back, as they were in place in 2003 prior to generics.

It is not the pharmacist turning patients away. We are hearing some cases where patients who have been used to the lower co-pay associated with generics, not wanting to pay the higher co-pay for brand. However, this has not been a widespread issue yet. We are still hovering around 30% share, so we need to keep an eye on this as we gain more share. As we gain more share, it may become more of an issue.

We are seeing an increase in utilization of the Patient Savings Cards. This is allowing patients to get the brand with a $10 out-of-pocket co-pay and then up to $50 off the OxyContin prescription for up to 5 prescriptions. We budgeted for this program to continue until June 2008. It is well received by most physicians and patients who take advantage of this program.

We are vulnerable to the competition (Endo, Alpharma, King) in offices where we do not have adequate coverage. They are capitalizing on that lack of coverage on our part. This is one of my biggest concerns as we return to exclusivity. We must ensure we regain as much market share as possible (convert as much of the existing generic oxycodone er prescriptions to branded OxyContin prescriptions) and continue to effectively position ourselves in the minds of prescribers versus the other branded long-acting opioids that are being promoted. Our competitors all have larger sales forces with capabilities to see more high potential physicians.

Sorry for the long response, but I wanted to provide more of an overview surrounding the current market conditions.

Russ

From: Sackler, Dr Richard
Sent: Wednesday, January 30, 2008 3:04 PM
To: Gasdia, Russell; Sackler, Mortimer JR; Sackler, Jonathan; Sackler, Dr Kathe; Sackler, Dr Raymond R; Sackler, Theresa; Sackler, Dr Mortimer
Cc: Baker, Stuart D.; Stewart, John H. (US); Mahony, Edward; Udell, Howard
Subject: RE: Teva looks to be done

What do they do when they can't get generics?

Are they stocking out on OxyContin totally and turning patients away?

How can we utilize this situation to encourage retailers to stock up on OxyContin tablets?

Should we run a stock and save rebate program?

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From: Gasdia, Russell
Sent: Wednesday, January 30, 2008 2:29 PM

To: Sackler, Dr Richard; Sackler, Mortimer JR; Sackler, Jonathan; Sackler, Dr Kathe; Sackler, Dr Raymond R; Sackler, Theresa; Sackler, Dr Mortimer
Cc: Baker, Stuart D.; Stewart, John H. (US); Mahony, Edward; Udell, Howard
Subject: RE: Teva looks to be done

As soon as I hear anything solid, I will let you know. So far, this report from AmerisourceBergen, one of the “Big Three” wholesalers, is consistent with reports we are hearing at the retail level. Recent reports from sales representatives indicate that retail pharmacists are telling our reps that they are having a difficult time getting generics.

Russ

From: Sackler, Dr Richard
Sent: Wednesday, January 30, 2008 2:27 PM
To: Gasdia, Russell; Sackler, Mortimer JR; Sackler, Jonathan; Sackler, Dr Kathe; Sackler, Dr Raymond R; Sackler, Theresa; Sackler, Dr Mortimer
Cc: Baker, Stuart D.; Stewart, John H. (US); Mahony, Edward; Udell, Howard
Subject: RE: Teva looks to be done

Thank you.

Any more confirmation/validation/verification of the actions of Teva?

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From: Gasdia, Russell
Sent: Wednesday, January 30, 2008 9:38 AM
To: Sackler, Dr Richard; Sackler, Mortimer JR; Sackler, Jonathan; Sackler, Dr Kathe; Sackler, Dr Raymond R; Sackler, Theresa; Sackler, Dr Mortimer
Cc: Baker, Stuart D.; Stewart, John H. (US); Mahony, Edward; Udell, Howard
Subject: FW: Teva looks to be done

This is to provide an update regarding availability of the Teva product at our wholesale accounts.

The report below, from Steve Seid our Executive Director, National Accounts demonstrates that Teva is letting customers know that they will no longer be supplying generic OxyContin.

Russ

From: Seid, Stephen
Sent: Tuesday, January 29, 2008 9:42 PM
To: Gasdia, Russell
Subject: Teva looks to be done

Russ,

AmerisourceBergen reported today that their generic buyer received a letter from Teva indicating that any outstanding orders for oxycodone ER will not be filled. ABC has outstanding orders going back to mid December.

Steve Seid

National Accounts

Trade Relations

Exhibit 22

To: Mahony, Edward[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=MAHONYE]; Stewart, John H. (US)[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=JOHNS]; Long, David[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=LONGD]
From: Gasdia, Russell
Sent: Thur 2/14/2008 9:07:32 AM
Subject: RE: OxyContin trade inventory stoichiometry.xls

Ed

Trade inventory does take into account the new strengths and OTR. Kim has that factored into the calculations.

Also, others may want to weigh in on valuing the higher strengths versus lower strengths. With the rep bonus plan we have been very careful to not over incentivize reps to promote the higher strengths over the lower strengths. Alls strengths are important to the overall success of the brand. Also, I would think that the further people are from impacting the demand, the less of an incentive plan this becomes…I do not have a problem either way. Generating appropriate demand is my department's responsibility.

Russ

From: Mahony, Edward
Sent: Wednesday, February 13, 2008 8:33 PM
To: Stewart, John H. (US); Long, David
Cc: Gasdia, Russell
Subject: FW: OxyContin trade inventory stoichiometry.xls

The idea of using scripts vs. factory sales is interesting. Russ and I will get the data and talk to you tomorrow.

Best Regards,
Ed Mahony
203 588 7060 office
203 249 9947 cell

From: Sackler, Dr Richard
Sent: Wednesday, February 13, 2008 7:29 PM
To: Stewart, John H. (US); Mahony, Edward; Long, David; Pearl Meyer (pmeyer@shallpartners.com); Joseph A. Sorrentino (jsorrentino@shallpartners.com); Sackler, Dr Richard; Sackler, Jonathan; Sackler, Mortimer JR
Subject: OxyContin trade inventory stoichiometry.xls

<< File: OxyContin trade inventory stoichiometry.xls >>
This spread sheet demonstrates the enormous difficulty in forecasting 2008 shipments only allowing for inventory shifts in the trade.
We haven't layered on this the impact of the new strengths and OTR.

General performance measure for 2008 --

Demand performance is always slippery. But 2008 presents unique challenges that would cause enormous problems for any analyst.
1. Ending of generic shipments and the impact of this on demand by the trade.
2. Introduction of 3 new OxyContin tablets strengths
3. Transition to OTR and the impact this will have on inventory levels both temporary and long term.
Since there are so many complexities in forecasting demand in 2008, let's not tie our performance measure to such an inexact forecast.

Solution:
Let's measure our performance by Rx's by strength, giving higher measures to higher strengths an especially the new strengths.
Rx's could also be measured by *original* and OTR product, as we want that to find tremendous response.

John and Ed,
Please bring the detailed Rx projections by strength and by month in Excel so that we can discuss how to do this if we agree that this is the right approach.

Exhibit 23

Page(s) Omitted

From: Sackler, Dr Richard
Sent: Tuesday, February 19, 2008 7:24 PM
To: Mahony, Edward; Stewart, John H. (US); Gasdia, Russell; Fogel, David
Subject: RE:

Questions:

1. Wholesalers
    a. Turns were about 17/year (assuming 21 days of stock)
    b. Why will turns increase if we increase SKU's from 4 to 7 and then to 14? Shouldn't they go down this year
2. Pharmacies
    a. I see that average pharmacy stock goes from 2 to 3, but why wouldn't it go up from 2 to 4 or more?
    b. On average more than double the SKU's (4-7-14-7)

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From: Mahony, Edward
Sent: Tuesday, February 19, 2008 6:24 PM
To: Sackler, Dr Richard
Subject:

Question 1 and 2 in one email … per your request.

Ed

Exhibit 24

To: Mahony, Edward[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=MAHONYE]; Sackler, Mortimer JR[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=MORTIMER JR SACKLER]; Stewart, John H. (US)[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=JOHNS]; sdb[/O=PURDUE/OU=PURDUE US/CN=ALIASES/CN=SDB]; Strassburger, Philip[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=STRASSBP]; Dolan, James[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=1E41A12F]; Gasdia, Russell[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=58B02E32]; Sackler, Jonathan[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=JONATHAN SACKLER]; Sackler, Dr Kathe[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=DR KATHE SACKLER]
Cc: Fogel, David[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=FORGELD]; Bostrup, Eric[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=BOSTRUPE]; Lowne, Jon[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=DC999509]; mcm[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=MM]; Shum, Sam[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=SAM SHUM]
From: Sackler, Dr Richard
Sent: Tue 2/26/2008 10:03:39 PM
Subject: RE: Bank Presentation 02272008 v6.ppt

When you say cover the debt, do you mean cover $1B or 2B? I've told GS that our target was 1-2B.

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From: Mahony, Edward
Sent: Tuesday, February 26, 2008 9:50 PM
To: Sackler, Dr Richard; Sackler, Mortimer JR; Stewart, John H. (US); sdb; Strassburger, Philip; Dolan, James; Gasdia, Russell; Sackler, Jonathan; Sackler, Dr Kathe
Cc: Fogel, David; Bostrup, Eric; Lowne, Jon; mcm; Shum, Sam
Subject: RE: Bank Presentation 02272008 v6.ppt

Dr Richard please see my response.

Best Regards,
Ed Mahony
203 588 7060 office
203 249 9947 cell

From: Sackler, Dr Richard
Sent: Tuesday, February 26, 2008 8:32 PM
To: Sackler, Mortimer JR; Mahony, Edward; Stewart, John H. (US); sdb; Strassburger, Philip; Dolan, James; Gasdia, Russell; Sackler, Jonathan; Sackler, Dr Kathe
Cc: Fogel, David; Bostrup, Eric; Lowne, Jon; mcm; Shum, Sam
Subject: RE: Bank Presentation 02272008 v6.ppt

Ed, if you can repair this before tomorrow, it would be very welcome.

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From: Sackler, Mortimer JR
Sent: Tuesday, February 26, 2008 5:53 PM
To: Mahony, Edward; Stewart, John H. (US); sdb; Strassburger, Philip; Dolan, James; Sackler, Dr Richard; Gasdia, Russell; Sackler, Jonathan; Sackler, Dr Kathe
Cc: Fogel, David; Bostrup, Eric; Lowne, Jon; mcm; Shum, Sam
Subject: Re: Bank Presentation 02272008 v6.ppt

Ed,

Shouldn't you include a look at what the run rate P&L would look like under the exclusive scenario from 2009 onwards? I think that would be key. Also, why do you project Oxycontin sales to flatten in 2010 and start coming down in 2011 even if we stay exclusive? Are you assuming no further price increases and no prescription growth beyond 2010? Why?

Also, I would not call the non-exclusive scenario as the "low" forecast. I wouldn't include it at all except for in the back up slides to show that even in the unlikely event that we lost further patent challenges by the middle of next year we could still afford to cover the debt based on this projection. [redacted]

Regards,

Mortimer

On 2/26/08 2:18 PM, "Mahony, Edward" <Edward.Mahony@pharma.com> wrote:

Colleagues,

Attached is a complete & final version of the Goldman presentation for tomorrow. This version includes all the changes that we discussed over the last two days. The two multi year sales forecasts at the end are new. [redacted]

In this regard the following is how I suggest we organize the meeting. The following is in order of the slides:

1. I will open the meeting and cover the financial summary slides.

2. John will talk to OTR and the pipeline charts. In the pipeline when you get to hydromorphone CR I suggest you mention the Dilaudid acquisition.

3. Phil will talk to the IP and Legal issues. Goldman has the financial statement footnotes so they should be pretty comfortable with the issues. [redacted]

4. John talk to the long term sales forecast

5. Richard talk amount to be raised and the use of funds

6. Finally, Goldman talk about indicative terms and conditions that we should expect in the credit markets for the amount and use of funds that Dr Richard describes.

Mary will have agendas and copies of the presentations ready for the meeting.

Thanks to Eric, David , Sam and Jon for pulling this together. Thanks also to Russ and his team (Mike, Kim and David R) for putting aside their other work to do the sales forecast update.

Ed

Exhibit 25

To: Stewart, John H. (US)[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=JOHNS]; Mahony, Edward[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=MAHONYE]; Rosen, David[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=ROSEND]; Innaurato, Mike[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=X.INNAURAM]
From: Gasdia, Russell
Sent: Sun 3/9/2008 5:52:14 PM
Subject: Fw: OxyContin Rx data with Kg graphs

John and Ed

I think we are all in agreement that the 200x forecast is not conservative. Conservative would have been a slight decline of 6 or so percent.

Russ

----- Original Message -----
From: Rosen, David
To: Gasdia, Russell; Innaurato, Mike
Sent: Sun Mar 09 17:33:14 2008
Subject: Re: OxyContin Rx data with Kg graphs

Hi, Russ and Mike. I got a message on my home phone from Dr. Richard to give him a call and that he wants to meet tomorrow. He feels that the forecast is too low and that he is going to recommend the Board not approve it until we can all get together on it. As an aside, I feel that the forecast is on the aggressive side of reasonable. We are in a very competitive situation as a branded product. I think a lot will have to go our way in order to maintain the overall market at flat this year. Thank you both again for your support.
-d

----- Original Message -----
From: Gasdia, Russell
To: Innaurato, Mike; Rosen, David
Sent: Sun Mar 09 17:08:04 2008
Subject: Fw: OxyContin Rx data with Kg graphs

Mike and David

FYI ONLY

Ed and I shared emails to get to this point. Again thanks for all your work

Russ

----- Original Message -----
From: Mahony, Edward
To: Sackler, Dr Richard; Gasdia, Russell; Stewart, John H. (US); Long, David
Sent: Sun Mar 09 16:27:06 2008
Subject: RE: OxyContin Rx data with Kg graphs

Dr Richard,

First, thanks to Russ and his team for pulling the data you requested together over the last few weekends.

Second, our goal in this exercise was to get you comfortable with the 2008 forecast in the revised budget. In that regard:

1. When we presented the forecast to the Board we said that our goal in the forecast was to have the same number of scripts for 2008 for total oxycodone ER as in 2007 in spite of competition and pressure from payors. This was the challenge that John Stewart put to the group. That challenge was accepted by Russ and all of us. That challenge assumes the added reps and the patient savings card are both are in the revised budget. That challenge also assumes Mallinckrodt does not launch.
2. I see nothing in the Excel files prepared at your request that leads me to believe that the forecast was not true to that challenge.
3. You also asked about trade inventory assumptions. We covered that several ways. Most importantly any target will include a disclaimer like "except for unbudgeted changes in trade inventory". This way we are accountable to John and the Board to measure and report not only sales but also changes in trade inventory.
4. You questioned the accuracy of our trade inventory calculation. While the calculations are not perfect they are audited by E&Y and our method agrees to the method used by other pharma companies that they audit. I recently asked King's CFO how they measure trade inventory and they use the same approach that we use. They have no special data. From reading Endo's financial reports it is clear that they are in the same position. We will try to improve our methods but for now let's work with what we have as it is audited.
5. You questioned how the generics will sell through. We provided analysis around why we think that there are 1.6 million bottles of generic out in the trade for 2008 consumption. We will track actual against this. We are accountable to John and the Board to measure and report this as well.
6. IN CONCLUSION – I think that the sales target as designed by John is a fair and challenging sales forecast assuming no new generics.

Third, in some of your emails you talk about new programs and new ideas. It's always fair to challenge the team. These programs ideas are not yet designed, not analyzed and therefore any benefit can't be quantified.

CONCLUSION, I suggest you accept the 2008 forecast as presented and focus instead, with John and Russ, on the future ideas.

Ed

From: Rosen, David
Sent: Sunday, March 09, 2008 2:03 PM
To: Sackler, Dr Richard
Cc: Innaurato, Mike; Gasdia, Russell; Mahony, Edward; Gadski, Kimberly
Subject: RE: OxyContin Rx data with Kg graphs

Hl, Dr. Richard. I have put most of the things together that you asked for. A couple of comments:

1. To do the trend analysis, I needed to put together new charts, because Excel did not let me split out the dates for the trend lines the way you requested unless I laid them out differently. You will see these labeled as "trend analysis" tabs.
2. On each of the trend analyses, the solid black line is the pre 2006 trend, the dotted black line is 2006-present, and the bold blue line represents Jan 04 to present. You will see in just about all of the cases that starting Jan 06, there was an inflection point and the growth was significant. More recently, however, the growth has flattened. You can mouse over the equations to determine to which line each equation corresponds.
3. The $/kg and Rx/kg charts are the first two in the worksheet. The $/Rx worksheet vacillates significantly due to the fact that we have assumed a generic price 20% of brand price.
4. In terms of dollars, they are all gross. I believe Finance can supply our blended rebate to factor into this analysis.

At this point, I have done as much as I can in the limited time I have today and Mike and Russ have requested that I attend to family obligations. I have family who are in from out of town (and I have worked the last three weekends). The extrapolation to 2009 will take some time, and I can happily attend to it first thing tomorrow AM.

I appreciate the opportunity to do this work and enjoyed our conversation this morning.

Thanks,

David

From: Sackler, Dr Richard
Sent: Sunday, March 09, 2008 12:13 PM
To: Rosen, David
Cc: Innaurato, Mike; Gasdia, Russell; Mahony, Edward; Gadski, Kimberly
Subject: RE: OxyContin Rx data with Kg graphs
Importance: High

Thanks for the quick turn around. This looks very different and much more encouraging, doesn't it? I'm really excited to dig into the data

I assume you've validated and spreadsheet and have checked the equations, but I wonder if you could touch it up a bit.

1. Change the scale on the charts from all strengths to fill the charts as we did in my office so everything will fit.

2. Then put in three trend lines with the equations and extrapolate through 2009

a. one from Jan 04 through Jan 06

b. one from Jan 06 through to present

c. one from Jan 04 through to present

d. add charts in kg for the new strengths

e. create a column for 7 strengths showing $'s/kg including the overall total kg chart.

3. Thanks for the information on the different Rx sizes between OxyContin® tablets and oxycodone ER generic. We are in complete agreement regarding how to forecast this going forward.

4. Would you somewhere give me a tab that shows the $/kg, Rx/kg both by strength and in total.

5. Anything else you think is worthy of considering in setting out a forecast.

I trust that the $'s you show are net, but if this isn't feasible don't mix and match them unless you have to. Either gross or net (net preferred since our rebates are rising).

Can you conveniently do this this morning?

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From: Rosen, David
Sent: Sunday, March 09, 2008 9:40 AM
To: Sackler, Dr Richard
Cc: Innaurato, Mike; Gasdia, Russell; Mahony, Edward; Gadski, Kimberly
Subject: OxyContin Rx data with Kg graphs

Hello, Dr. Richard. As per your request, I have calculated total oxycodone ER Kg's accounting for total tablets per Rx. The graphs are located in the first 5 tabs of the spreadsheet to make them easy to find. To make the calculations transparent, I listed out the numbers step by step in the "Oxycodone ER scripts_kg" tab. This tab also includes the total tablets per Rx for oxycodone ER as you requested. This particular calculation is a little more complicated than it seems in that the brand and generic have a different Avg. Rx size. Thus, I took a weighted avg. Rx size proportionately combining the brand and generic.

It is very important to underscore when looking at the individual strength total kg data that each of the existing strengths is significantly impacted by the new strengths. In fact, our primary market research has shown that each of the existing strengths may be impacted by multiple new strengths. Thus, one may argue that the easiest way to observe the oxycodone ER volume is to look at the total Kg data. Another factor the total Rx forecast takes into account is competition, including Opana ER.

Please feel free to call me on my cell phone at 203-273-7765 or at home 203-426-2533 if you have questions or if you would like me to walk you through the calculations. I hope you have a good rest of your weekend.

Thanks,

David Rosen

Exhibit 26

To: Sackler, Dr Kathe[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=DR KATHE SACKLER]; Sackler, Dr Richard[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=DR RICHARD SACKLER]; Gasdia, Russell[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=58B02E32]; Stewart, John H. (US)[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=JOHNS]; sdb[/O=PURDUE/OU=PURDUE US/CN=ALIASES/CN=SDB]; Rosen, David[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=ROSEND]; edm[/O=PURDUE/OU=PURDUE US/CN=ALIASES/CN=EDM]; Sackler, Jonathan[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=JONATHAN SACKLER]; Sackler, Mortimer JR[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=MORTIMER JR SACKLER]; Long, David[/O=PURDUE/OU=PURDUE US/CN=RECIPIENTS/CN=LONGD]
From: Mahony, Edward
Sent: Sun 3/16/2008 10:41:52 PM
Subject: RE: Card program

Dr Kathe,

The pressures that I refer to are all the tools that payors use to save money. These can be prior authorization, tablet limits, preferred copay for lower cost meds and more. The payors are in the business of reducing the cost of healthcare and one of their targets is high priced meds.

When there were generic oxycodone ER's available those pressures were relaxed. Now that there are no generics available Russ and his team are up against those pressures once again.

Best Regards,
Ed Mahony
203 588 7060 office
203 249 9947 cell

-----Original Message-----
From: Sackler, Dr Kathe
Sent: Tuesday, March 11, 2008 12:17 AM
To: Mahony, Edward; Sackler, Dr Richard; Gasdia, Russell; Stewart, John H. (US)
Cc: sdb; Rosen, David; edm; Sackler, Jonathan; Sackler, Mortimer JR
Subject: Re: Card program

Ed,
Please identify which "pressures" you refer to in your email below and provide some quantification of their negative impact on projected sales which you have built into your Proposed Budget for 2008 and the developing new five year plan.
Thanks
Kathe
K. A. Sackler, M.D. 203 588-7300
203 517-6559 direct
ksackler@pharma.com

Assistant: Amy Whitehouse
203 588-7302 tel
203 588-7305 fax
Amy.Whitehouse@pharma.com

----- Original Message -----
From: Mahony, Edward
To: Sackler, Dr Richard; Gasdia, Russell; Stewart, John H. (US)
Cc: sdb; Rosen, David; edm; Sackler, Dr Kathe; Sackler, Jonathan; Sackler, Mortimer JR
Sent: Sun Mar 09 13:59:12 2008
Subject: RE: Card program

Dr Richard I understand that you have "reserved the right to challenge the sales forecast but a few points:

1. The current patient savings card extended to the end of 2007 is in our revised budget.
2. The sales in our revised budget assumed that the patient savings card is extended.
3. In addition to higher rebates than OxyContin (reported separately by Russ) Opana also offers an "Instant Savings Card" program per a recent press release.

So ... as I see it the extended Purdue Patient Savings Card Program is part of the mix that enables Purdue to counter the forces that would try to drive OxyContin scripts down in the face of competition and payor pressures. The Purdue Patient Savings Card Program is one of the tools that we are relying on to meet John's challenge, which was to keep OxyContin scripts at the same level as 2007 in spite of all the pressures.

Ed

From: Sackler, Dr Richard
Sent: Saturday, March 08, 2008 9:17 PM
To: Gasdia, Russell; Stewart, John H. (US)
Cc: sdb; Rosen, David; edm; Sackler, Dr Kathe; Sackler, Jonathan; Sackler, Mortimer JR
Subject: RE: Card program

OK to defer the presentation, but I don't understand why you say "we know that it works." Just how do we know that it works? In fact, I thought that the % of cards used was very small. So it may work in the physician's mind, but does it work for the patients?

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-----Original Message-----
From: Gasdia, Russell
Sent: Saturday, March 08, 2008 7:27 PM
To: Sackler, Dr Richard; Stewart, John H. (US)
Cc: sdb; Rosen, David; edm; Sackler, Dr Kathe; Sackler, Jonathan; Sackler, Mortimer JR
Subject: Re: Card program

Dr Richard

It is to early to know whether the McKesson program makes sense, would replace our program or supplement it. We are gathering data, analyzing everything you lay out on you other email and hope to be able to make a recommendation to the board. Until I am back in the office and follow up with individuals responsible for this, I can not committ to how fast we can arrive at a recommendatioin. We realize this is a priority and of significant importance.

I would suggest we do noy present the current card program Monday at board meeting. We know it works and we do know we want some extension to aide patients transitioning from generic as well as gaining new patients to OxyContin.

It is important to remember that copays alone are not the only issue impacting growth. We operate in a very competitive market. Opana ER is gaining more favorable formulary status, they are adding three

new strengths as well. Kadian is growing and continues to be heavily promoted. Both Endo and Alpharma have sales forces larger than ours.

I am confident that our additional reps will have a positive impact, our new strengths will have a positive impact and we will identify programs to increase the likelyhood of patients who are prescribed OxyContin will fill the Rx and pay for the brand.

I need a few days to get data together and asses the McKesson program. It will not be done over the weekend.

Russ

----- Original Message -----
From: Sackler, Dr Richard
To: Stewart, John H. (US); Gasdia, Russell
Cc: sdb; Rosen, David; edm; Sackler, Dr Kathe; Sackler, Dr Richard; Sackler, Jonathan; Sackler, Mortimer JR
Sent: Sat Mar 08 17:12:45 2008
Subject: Card program

I would suggest that based upon Russ' description of the McKesson program that would replace the existing program, we limit the presentation on this part of the agenda to the budget that you want to be in principle be allocated to extending a program. This will shorten the presentation to a simple set of slides showing budget and + Rx's above the existing provisional plan. Please give these Rx's on an adjusted or KG basis. Ed and David Rosen can help here.

Please identify this as a means to reach for the increasing trajectory of Rx's and exceeding 2007 Rx numbers on an adjusted basis (adjusted for strength and average number of tablets per Rx).

Please indicate your agreement or disagreement with this proposal.

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Exhibit 27

Memorandum to Dr. Richard Sackler

From: F. Peter Boer

April 12, 2008

Re: CEO Considerations

This memo is responsive to your request for an update to our correspondence of Dec 28, 2007 and thereafter regarding the key issues and considerations in selecting a CEO for Purdue USA.

Assumptions

Let me begin by framing the situation as I currently see it.

My central assumption is that Purdue must be managed for long-term success. While it is very possible that the company can be recapitalized using debt, or sold to a strategic buyer, the perception of a sound long-term plan and effective management will translate into maximizing value for the present owners. Conversely, a perception of a hasty exit will unnecessarily diminish their bargaining position.

Secondly, there are two risks the owners cannot effectively control. The first is the availability of a meaningful amount of debt on reasonable terms (rate and covenants). The second is the entrance of strategic buyers both able to finance an acquisition and a conviction that Purdue is among the best investments currently available to them. We and our advisers will have some control over buyers' perception of Purdue, but not over their competing investment opportunities or strategies. These risks again argue for operating the company for sustained value.

In the event that a favorable deal cannot be structured during 2008, the most certain way for the owners to diversify their risk is to distribute more free cash flow to themselves if they cannot purchase diversifying assets . Top management must be aligned to this reality, which intrinsically competes with the use of free cash flow to maximize growth and diversification for Purdue itself. In the end, the right targets will depend on a realistic assessment of the quality of the investment opportunities available to Purdue, which includes the competence of its management team to execute on these opportunities.

Special CEO Considerations — These are for the Board only and not for Management discussions at this time.

Purdue's situation is unique, particularly in its dangerous concentration of risk, and this circumstance of itself makes CEO selection considerations unique.

Possible investors in, or acquirers of, Purdue will view the top management team differently. Passive investors will include the competence of this team and its long-term commitment to the Company as an element of value. On the other hand, some strategic buyers would contemplate synergies and intend to replace executives in due course with their own people and systems.

The Purdue CEO and his top team are thus in an interesting and conflicted position. Under some circumstances, such as merger with a public company, they may gain exceptional opportunities to increase personal wealth through equity packages. On the other hand, they may at the end of the day gain only the one-time benefits specified in change-of-control or severance agreements. Their perception of this equation will depend on whether they are contemplating retirement, or whether they feel they are well positioned to advance their careers elsewhere in the industry. Inevitably, there will be intense speculation by executives on the probable outcome for the Company.

Character — as we recently discussed in NY over dinner — becomes a paramount consideration under these circumstances. People who will shift their loyalties rapidly under stress and temptation can become a liability from the owners' viewpoint. My opinion is that JHS is very favorably strong in this dimension.

Priority 1. Sustaining, protecting, and possibly extending the cash flow afforded by the Oxycodone franchise

The primary metric and source of value over the medium term is EBITDA through our period of exclusivity, currently estimated to be through 2013. [It must be remembered that we need to start pediatric studies to earn the additional 6 months of patent life early enough to assuredly accomplish approval.] This must be protected through operational excellence and astute positioning versus potential competitors.

There seem to be a few opportunities to extend the franchise to 2015 or beyond. [redacted] Even if they are long shots, success with these projects would be extremely valuable.

Major risks must be avoided, especially non-compliance with the Corporate Integrity Agreement, and employee loss of confidence in a period of turbulence.

Priority 2. Building an organization and business systems that will improve efficiency and decision-making, while trimming redundant procedures or staff

The revitalization and reorganization of the Company, including top executive ranks, is a priority. In particular, the absence of a Chief Scientific Officer to coordinate and prioritize R&D programs is a major gap, and the question has been raised whether Business Development should be led by a more seasoned executive if we are to

accomplish meaningful results in the time frame. Manufacturing appears to be in excellent shape — with the exception of the Totowa inefficiencies and the lack of a viable and cost-effective backup plan — while the role and performance of other key functions such as Sales and Marketing, Finance, Legal and Human Resources need to be carefully assessed. An important issue is whether recruiting a COO would be helpful. Another is whether adequate succession potential is in place in middle level positions across the functions.

The CEO must ensure cooperation, communication, and coordination among departments, and work to eliminate silos and roadblocks to effective action. The repair of systems and procedures, many of which are deficient, is an important task, some of which must be delegated.

The CEO must define the management teams' goals, incentives, and metrics to implement both the annual and strategic plans.

Priority 3. Working with the Board on Company strategy, including financing or recapitalizing the Company

There are several key strategic issues that deserve prompt attention:

1) The correct allocation of free cash flow between distributing profits to owners versus to new investment opportunities
2) The quality and size of external investment opportunities. Overestimation of these, and our ability to exploit them can lead to misallocation of resources.
3) The allocation of internal R&D funds between medium term and long-term opportunities (my definition of medium-term is generating meaningful EBITDA before 2013). While some long-term effort is necessary, the priority is EBITDA impact before 2013.
4) The amount of cash on the balance sheet to ensure liquidity and respond to opportunity. This judgment will affect the rate of distribution, especially in the short term.

A flawed strategic plan or failure in execution of a good strategy are important risks.

When a potential transition to a new owner comes into sight, the commitment of senior management to lead this process with enthusiasm to a successful outcome will be critical.

Priority 4. Investing in acquisitions and R&D programs that will create medium-term value.

A successful CEO will diversify sources of cash flow over the next five years to reduce the company's vulnerability to loss of exclusivity, and increase investor estimates of ongoing EBITDA beyond this timeframe. Some EBITDA can be "bought" through

shrewd acquisitions and more can be created by successful new product development. Setting an achievable target is a key task.

While abundant cash flow for investment is in principle available, the key judgment is how many opportunities can be realized within the constraints of the external marketplace and integrated and pursued given modest personnel resources, the need for investments to be value-creating, and the resource limitations of a relatively small company. Considerable leverage is available through associated businesses in Europe, Canada, Asia and Rhodes, and some of Purdue's best opportunities may come from creative exploitation of the opportunities these present.

Managing priority 4) is critical because it typically involves complex situations and time-consuming meetings, and the urgent can easily distract from the truly important. The CEO must provide leadership, guidance, and encouragement, but this is not CEO work. Effective senior executives in R&D, Finance and Business Development can help greatly.

Personal Considerations

The CEO's job is challenging. I have noted he must divide his time among four general priorities, and achieve results within the short time frame afforded by our exclusivity position.

1) Sustaining, protecting, and possibly extending the cash flow afforded by our Oxycodone franchise.
2) Building an organization and business systems that will improve efficiency and decision-making, while trimming redundant procedures or staff.
3) Working with the Board on company strategy, including financing or recapitalizing the Company
4) Investing in acquisitions and R&D programs that will create medium-term value.

An immediate opportunity is to reduce the time committed to managing Canada by appointing a President/COO for this region, with JHS retaining at least temporarily the CEO position. The division of responsibility between Canadian CEO and COO will involve three elements: formulating Canada strategy (agreement on goals), delegation of authority, and structuring effective reporting relationships. It should be expected that the COO in Canada will join the rank of possible successors to JHS, AW and HG. It will be important to firmly establish the amount of time JHS is expected to commit to the US business. This division of time should also be reflected in the structure of the pay package, i.e. US W-2 versus Canadian T-4.

A second possible opportunity is to recruit a COO for Purdue USA. A positive decision will affect JHS's personal priorities and begin to address the issue of succession

planning. There appear to be no current internal or external candidates. The wrong incumbent in this sensitive job would be a serious risk. A COO will help with priorities 1) and 2) and will be another possible successor to our current Area Managers.

Finally, there are a group of issues particular to JHS including dual residence, tax, travel to Toronto, vacation entitlements, health insurance, and other fringe benefits. (These details must be considered with a view to the differences between US and Canadian practice by human resource professionals.)

There are several issues with regard to long-term incentives, vesting, and possible change-of-control agreements should a strategic buyer emerge. These incentives must be correctly aligned with the priorities above, and in time with a strategic plan that is supported by the Board. I have recently written a separate memo to Jon Sackler on why I think that plan might be a joint effort by the Board and Management that reflects the owner's needs as well as those of the Company. But again, this is not urgent and can be approached in the coming months as we explore strategic options.

Conclusion

I hope this summary of the key considerations in our decision to go forward will be helpful to the Search Committee, and more importantly to setting the stage for an effective transition and mutual understanding between CEO and Board. I'm sure you will get some other suggestions from Committee members and I look forward to the discussion.

Exhibit 28

Purdue

Quarterly Report to the Board

April 15, 2008

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Full-Time Turnover Projection

March YTD 2008

	Begin Count	End Count	Term	Tern EE's	Retired	Retired EE's	Resigned	% Resigned	Total # T/O	YTD Turnover % Rate	Prior Year Actual Turnover %
S&P											
Field Sales	304	304	1	0.3%	0	0.0%	3	1.0%	4	1.3%	10.6%
Marketing	32	34	0	0.0%	0	0.0%	0	0.0%	0	0.0%	20.0%
Sales Support	16	14	1	6.3%	0	0.0%	0	0.0%	1	6.3%	0.0%
Field Ops, Sup & Admin	20	21	0	0.0%	0	0.0%	0	0.0%	0	0.0%	5.6%
Total S&P	**372**	**373**	**2**	**0.5%**	**0**	**0.0%**	**3**	**0.8%**	**5**	**1.3%**	**10.7%**
% of X-FTE's			*40.0%*		*0.0%*		*60.0%*				
G&A											
Admin Serv	31	31	0	0.0%	0	0.0%	0	0.0%	0	0.0%	6.3%
Business Devel	6	5	0	0.0%	0	0.0%	1	16.7%	1	16.7%	0.0%
Corp Compliance	5	6	0	0.0%	0	0.0%	0	0.0%	0	0.0%	33.3%
Corp Planning	0	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
EHS	4	4	0	0.0%	0	0.0%	0	0.0%	0	0.0%	33.3%
Executive	11	11	0	0.0%	0	0.0%	0	0.0%	0	0.0%	25.0%
Ext Affairs	11	12	0	0.0%	0	0.0%	0	0.0%	0	0.0%	11.1%
Finance	56	58	0	0.0%	0	0.0%	0	0.0%	0	0.0%	18.5%
General Counsel	48	48	0	0.0%	0	0.0%	1	2.1%	1	2.1%	6.6%
Human Resources	20	20	0	0.0%	0	0.0%	0	0.0%	0	0.0%	4.8%
IT	79	80	0	0.0%	0	0.0%	1	1.3%	1	1.3%	3.0%
Procurement	9	9	0	0.0%	0	0.0%	0	0.0%	0	0.0%	28.6%
QA	19	19	0	0.0%	0	0.0%	0	0.0%	0	0.0%	25.0%
Security	14	14	0	0.0%	0	0.0%	0	0.0%	0	0.0%	9.1%
Total G&A	**313**	**317**	**0**	**0.0%**	**0**	**0.0%**	**3**	**1.0%**	**3**	**1.0%**	**10.6%**
% of X-FTE's			*0.0%*		*0.0%*		*100.0%*				
IRD/US											
Discovery	39	42	0	0.0%	0	0.0%	0	0.0%	0	0.0%	7.7%
Drug Saf & Pharma	30	33	0	0.0%	0	0.0%	0	0.0%	0	0.0%	7.4%
Health Policy	30	29	1	3.3%	0	0.0%	0	0.0%	1	3.3%	4.0%
Medical Research	47	48	0	0.0%	0	0.0%	0	0.0%	0	0.0%	13.0%
NonClinical R&D	34	35	0	0.0%	0	0.0%	0	0.0%	0	0.0%	17.2%
Project Mgt	18	19	0	0.0%	0	0.0%	0	0.0%	0	0.0%	5.6%
Regulatory Affairs	17	17	0	0.0%	0	0.0%	1	5.9%	1	5.9%	6.7%
Total IRD/US	**215**	**223**	**1**	**0.5%**	**0**	**0.0%**	**1**	**0.5%**	**2**	**0.9%**	**9.2%**
% of X-FTE's			*50.0%*		*0.0%*		*50.0%*				
MFG/OPERATIONS											
PF Labs Union	43	42	2	4.7%	0	0.0%	0	0.0%	2	4.7%	51.6%
PF Labs salaried	39	38	3	7.7%	0	0.0%	0	0.0%	3	7.7%	39.4%
PPMD	53	54	0	0.0%	0	0.0%	0	0.0%	0	0.0%	13.7%
Rhodes	92	105	0	0.0%	0	0.0%	1	1.1%	1	1.1%	22.9%
Wilson, NC	147	152	0	0.0%	0	0.0%	1	0.7%	1	0.7%	5.6%
Total MFG/OPERATI	**374**	**391**	**5**	**1.3%**	**0**	**0.0%**	**2**	**0.5%**	**7**	**1.9%**	**23.7%**
% of X-FTE's			*71.4%*		*0.0%*		*28.6%*				
Total Miami	**3**	**3**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0.0%**
% of X-FTE's			*0.0%*		*0.0%*		*0.0%*				
Grand Total	**1,277**	**1,307**	**8**	**0.6%**	**0**	**0.0%**	**9**	**0.7%**	**17**	**1.3%**	**14.4%**

LICENSING & BUSINESS DEVELOPMENT

[redacted]

Business Development Committee

- Launched new "Business Development Committee" which replaces the "NPLC." This new structure will facilitate:
  1. renewed focus on internal new product development
  2. IP and technology out-licensing
  3. In-licensing of products which meet the criteria in the comprehensive analgesic plan

CORPORATE COMPLIANCE

Corporate Integrity Agreement

- The Compliance Officer received a letter dated April 4th from OIG seeking clarification of three points and a copy of a document in connection with Purdue's November 28, 2007 Implementation Report. These are minor non-substantive clarifications with respect to the intent and operation of three SOPs produced to OIG with the Implementation Report. We submitted our reply to OIG on April 10th.

State Filings

- All required state law filings concerning sales and marketing expenditures on prescribers and others have been timely filed, including pursuant to the new West Virginia "emergency rule," on March 1st (nothing significant reported), and the timely payment of $1000 to the state of Maine with respect to the MaineCare program, on April 1st.

No "Major Issues"

- Hotline and Other Inquiries - We investigated a total of **83** Hotline and other matters during the first quarter of 2008. None of these matters were of significant concern or indicative of compliance failures sufficient to warrant reporting to the Board or to applicable regulatory or other authorities. The Board is aware of the previously reported investigation into recent Uniphyl batch production anomalies. Another matter involved a hotline caller's reported concern about production anomalies with respect to developmental batches of OTR, as to which investigation confirmed management awareness and satisfactory addressing of the concern.

Page(s) Omitted

Exhibit 29

PURDUE PHARMA INC.

Minutes of a Meeting
of the Board of Directors

April 18, 2008

A meeting of the Board of Directors of Purdue Pharma Inc., a New York corporation (the "Corporation"), as the general partner of Purdue Pharma L.P., a Delaware limited partnership (the "Partnership"), was held on April 18, 2008 (the "Meeting"). A quorum of the Board of Directors was present and at the request of those Directors present, Stuart D. Baker acted as Secretary of the Meeting.

After discussion, and on motion duly made and seconded, it was unanimously decided as follows:

RESOLVED, that the Partnership be and it hereby is authorized and directed to take the following actions to reorganize Ardsley Science Park (the "Ardsley Science Park Reorganization"):

1. The Partnership will contribute 100% of its long-term leasehold interest in Ardsley Science Park to Millsaw Realty L.P., a Delaware limited partnership ("Millsaw Realty");

2. The Partnership will distribute 100% of the limited partnership interest of Millsaw Realty (up through several companies), 50% to Beacon Company, a Delaware general partnership ("Beacon") and 50% to Rosebay Medical Company L.P., a Delaware limited partnership ("Rosebay"); and

3. Effective upon such distribution, all of the rights and obligations associated with Ardsley Science Park will be held by Millsaw Realty, and any funding obligations arising in connection with Ardsley Science Park will be made 50% by Beacon and 50% by Rosebay; provided, however,

the Partnership will distribute sufficient funds to Beacon and Rosebay to cover the costs and expenses associated with the net cost of exercising the option to repurchase Ardsley Science Park of $5,788,125 (when and if exercised) and $5 million to cover the current costs of operating Ardsley Science Park.

; and further

RESOLVED, that the proper officers of the Corporation be and each of them hereby is authorized and directed to make, execute and deliver, or cause to be made, executed and delivered, all such agreements, documents, instruments and other papers and to do or cause to be done on behalf of the Partnership all such acts, as the officers of the Corporation so acting may deem necessary or appropriate to complete the Ardsley Science Park Reorganization, with such changes, additions and modifications thereto as the officer executing said documents and instruments on behalf of the Partnership may approve, the execution and delivery thereof to be conclusive evidence that the same has been authorized by the Board of Directors of the Corporation on behalf of the Partnership; and further

RESOLVED, that the revised 2008 budget for the Partnership be and the same hereby is approved in the form attached hereto as Schedule 1; and further

RESOLVED, that the proper officers of the Corporation be and each of them hereby is authorized and directed to make, execute and deliver, or cause to be made, executed and delivered, all such agreements, documents, instruments and other papers, and to do or cause to be done on behalf of the Partnership all such acts, as they may deem necessary or appropriate to carry out the purposes and intent of the foregoing resolutions.

There being no further business to come before the Meeting, the same was upon motion adjourned.

Stuart D. Baker
Secretary

NY2 - 511335.01

SCHEDULE 1

PURDUE PHARMA L.P. - 2008 Budget	
($000s)	**2008 Budget as of 4/18/08**
Gross Branded Product Sales	$2,671,440
Fee for Service	(60,378)
Discounts and Allowances	(69,784)
Rebates on Branded Sales	(425,909)
Rebates as % of Gross Branded Sales	15.9%
NET BRANDED REVENUES	2,115,369
[redacted]	[redacted]
NET BRANDED REVENUES + AG & PROFIT SHARE INCOME	2,120,343
Cost of Goods Sold	(174,022)
COGS as % of Gross Branded Product Sales	6.5%
[redacted]	[redacted]
[redacted]	[redacted]
Shipping and Warehousing	(15,923)
GROSS PROFIT	1,924,441
G&A (incl. Legal Dept. but excl Legal Fees)	(122,015)
G&A as % of Net Sales	6%
Legal Fees	(61,955)
R&D	(127,281)
Sales and Promotion	(155,802)
Other - US	(26,348)
OPERATING EXPENSES	(493,402)
Operating Expenses as % of Net Sales	23.3%
Rhodes	0
OPERATING MARGIN BEFORE INCENTIVE & SETTLEMENTS	$1,431,039
Incentive Bonus	(31,001)
Insurance Income	8,000
Settlement Expense	
TOTAL INCENTIVES AND SETTLEMENTS	(23,001)
OPERATING MARGIN AFTER INCENTIVES AND SETTLEMENTS	1,408,038
Other Items	
Royalty Expense	(3,694)
Royalty Income - ex US	57,019
Ex US Expenses	(94,354)
One Time Charges	-
Other Items	(1,648)
Interest (Expense)/Income	20,000
TOTAL OTHER ITEMS	(22,677)
PROFIT/LOSS BEFORE TAX	$1,385,362

Exhibit 30

To: Sackler, Dr Richard[DrRichard.Sackler@pharma.com]
From: Gasdia, Russell
Sent: Tue 4/22/2008 11:52:17 AM
Subject: Re: Covered lives

I have already requested an update

----- Original Message -----
From: Sackler, Dr Richard
To: Gasdia, Russell; Innaurato, Mike
Sent: Tue Apr 22 11:51:16 2008
Subject: Covered lives

What is the status of covered lives now with OxyContin?

Of these, how many are:
1. limited to 60 tablets/month of any strength
2. limited to number of tablets/dose
3. limited to number of tablets/day

please assign to get me this information by tomorrow morning.