From: Schurr, Kent
Sent: Friday, February 24, 2012 12:55 PM
To: Harold, John; Egger, Christopher; Brown, Chris; Morreale, Michael; Haygood, Joe; Lally, Shawn; Sweet, William; Merris, Geoffrey
Cc: Paul Rittman; Reilly, Jim; Meyer, Chris; Spokane, Randy
Subject: Slides from Bonus Roll-Out Phone Conference
Attachments: Pain First Semester 2012 Bonus Plan Overview to RSMs Ver1 1 - Feb 24 2012.pdf

Everyone,

As a follow-up to our call today, attached are the slides.

Have a great weekend!

Kent

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PLAINTIFFS TRIAL EXHIBIT
P-29689_00001


A BRAND NEW DAY
Bonus Plan Overview to Pain RSMs
First Semester 2012
February 24, 2012
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2012 Bonus Plan Overview

Today's Agenda:

- Introduction
- Goals for Bonus Plan/Bonus Planning Background
- Review Methodology/Components
- Rx Normalization
- Quarterly Advances
- Bonus Plan Rollout Schedule

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Goals for Bonus Plan

- Simple
- Fair (equal chance to succeed)

Balance

- Representative of the market
- Encourages the right actions (exceeding goals, engaging, motivational)
- Flexible
- Transparent
- Rewarding

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2012 Bonus Planning Background

- Partner with ZS Associates
- "Best of Both"

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Pain Target Payout & Weighting

Annual Target Payout

- Rep $30,000
- RSM $45,000

Breakdown

- Sales-70% / MBO-30%
- Sales-70% / MBO-30%

Product Weighting

- Fentora 100%

*Sales Component is "**uncapped**"*

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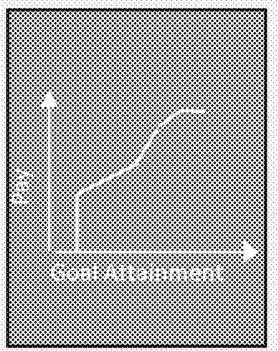
Quota Based Plan

Commission Plan

Pay 5% per TRx

- Often appropriate for new products
- Unfair if territory potential not balanced

Quota Based



- Territory-specific treatment often fairest and most motivational
- Requires accurate national forecast
- Tough to set accurate goals for launches

Matrix

	Share Growth		
Share	0-1.0%	1.1-2.0%	-----
0-20%	500	1000	
20-40%	1000	1500	
40-60%	1500	2000	
60-80%	2000	2500	
>80%	2500	3000	

- Easy to understand
- Difficult to account for all individual territory environments
- Best for growing products with predictable share growth

Relative Ranking

Rank	Payout
Top 10%	$40,000
Next 20%	$20,000
Next 40%	$10,000
Next 20%	$5,000
Bottom 10%	$0

- Breaks direct tie to national forecast and performance
- Can create competition between reps

Management by Objectives (MBO)

Objective 1: 5%
Objective 2: 10%
Objective 3: 60%
Objective 4: 25%
100%

- Can be subjective
- Most people paid similar amounts
- Higher administration burden for field
- Does not require sales data

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Goals→Volume Increases→Attainments

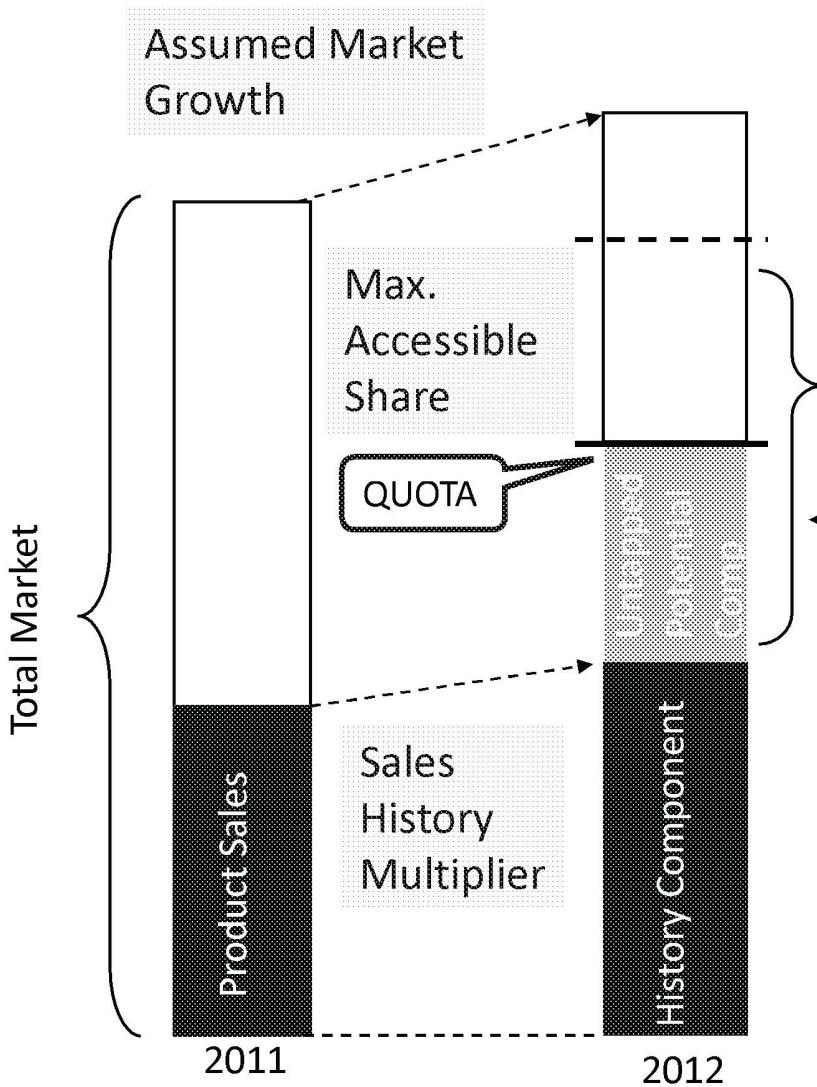
- National TRx Goal Allocation Process
  - National TRx Goal is allocated by brand based on overall Part 1 and Part 2 goal weightings to produce individual territory quotas
  - Part 1 (Maintenance of Current Volume)
  - Part 2 (Untapped Potential)

Purpose: To balance the quotas across those territories who are starting with a high market share and those starting with a low market share in order to give everyone the same opportunity to be successful in the plan.

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Quota Setting Methodology



Quota = History Component + Untapped Potential Component

Untapped Potential Component - All territories are expected to grow by capturing a percentage from their remaining market potential

History Component - All territories are expected to achieve a multiple of last year's sales

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Pain Goal Allocation

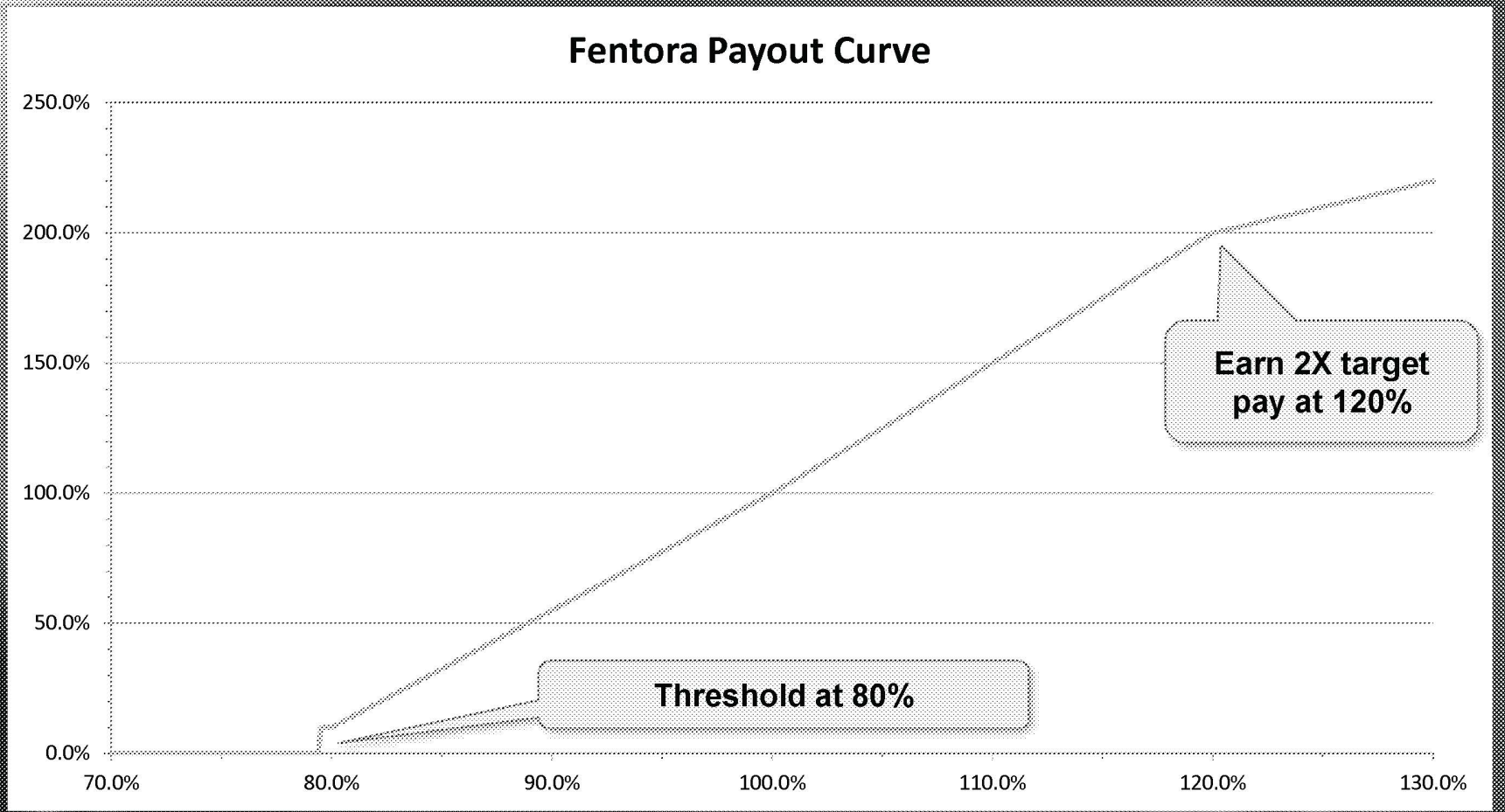
Part 1 and 2 Weightings:

- Fentora - 97% maintenance, 3% untapped potential

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Fentora Payout Curve



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Pain Payout Curve Amounts

Teva IC Payout Curves

Payout % of Target By Attainment Table

	Fentanyl
Target	$21,000

Attainment	Payout % of Target Fentanyl	Payout in Dollars Fentanyl
95.0%	77.5%	$16,275.00
96.0%	82.0%	$17,220.00
97.0%	86.5%	$18,165.00
98.0%	91.0%	$19,110.00
99.0%	95.5%	$20,055.00
100.0%	100.0%	$21,000.00
101.0%	105.0%	$22,050.00
102.0%	110.0%	$23,100.00
103.0%	115.0%	$24,150.00
104.0%	120.0%	$25,200.00
105.0%	125.0%	$26,250.00
106.0%	130.0%	$27,300.00
107.0%	135.0%	$28,350.00
108.0%	140.0%	$29,400.00
109.0%	145.0%	$30,450.00
110.0%	150.0%	$31,500.00
111.0%	155.0%	$32,550.00
112.0%	160.0%	$33,600.00
113.0%	165.0%	$34,650.00
114.0%	170.0%	$35,700.00
115.0%	175.0%	$36,750.00
116.0%	180.0%	$37,800.00
117.0%	185.0%	$38,850.00
118.0%	190.0%	$39,900.00
119.0%	195.0%	$40,950.00
120.0%	200.0%	$42,000.00

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RSM Multiplier

- RSMs Sales Results payout will be based on a multiplier of the average of respective territories

$$\text{RSM Multiplier} = \frac{\text{RSM Sales Results Target Bonus (by product)}}{\text{Rep Sales Results Target Bonus (by product)}}$$

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MBO Component – Pain Specialists

First Semester 2012 Teva Pain Care Sales Specialist (U.S.) – MBO Bonus Goals

Key Results Areas	Qualifier Questions	Yes	No	Measurement Tool(s)
Business Plan Management and Administration	**1. REMs HCP Enrollment** - Has the Specialist achieved the Goal of 90% of all decile 3-10 and 50% of all decile 1-2 *FENTORA* Prescribers in the call plan by 3/12/2012? *** Decile 3 – 10: ≥ 95% Payout $3,000; 90 – 94% Payout $2,000; 85 – 89% Payout $1,000 Decile 1 – 2: ≥ 50% Payout $1,000; 40 – 49% Payout $500			REMs Enrollment Report
	2. REMs Patient Enrollment - Did the Specialist obtain ≥ 1 enrolled patient PPAF for decile 3-10 enrolled prescribers by 3/12/2012? *Note: Credit given for PPAF's already submitted* Percent w/ 1 min enrolled: ≥ 90% Payout $2,500; 80 – 89% Payout $1,500; 70 – 79% Payout $ 750			Patient Enrollment Report
	3. Call Plan Achievement - Did the Specialist average 6 calls/day with 5 being on Call Plan targets and achieve > 90% of the call/PDE goal? Target Payout: $1,000 (annual target)			Call Plan/MBO Report
	4. Sales Activity Management - Has the Specialist consistently entered sales calls and other activity including time out of territory into Siebel daily and synchronized a minimum of 3x/weekly including once by midnight Sunday evening? Target Payout: $500 (annual target)			MBO Report

Payout Matrix

Key Results Areas	Payout Level
REMs HCP Enrollment	≤ $3,000
REMs Patient Enrollment	≤ $2,500
*Call Plan Achievement	≤ $1,000
*Sales Activity Management	≤ $500

TARGET MBO OPPORTUNITY = $7,000^

*Annual Target

TARGET PAYOUT $9,000 (annually)

^ TARGET PAYOUT can be exceeded by achieving ≥95% of Decile 3-10 and ≥50% of Decile 1-2 REMs HCP Enrollment

*** Specialists who achieve ≥100% goal attainment will earn the REMs HCP Enrollment target payout of $3,000

Final evaluation of incentive compensation will also include an assessment regarding whether performance and professional conduct was consistent with the letter and the spirit of the Company's Compliance Program, Code of Conduct and compliance-related policies.

MBO Component – Pain RSMs

First 2012 Teva Pain Care Regional Sales Manager (U.S.) – MBO Bonus Goals

Key Results Areas	Qualifier Questions	Yes	No	Measurement Tool(s)
Business Management and Administration	1. Has the Manager built and maintained a quality Regional business plan and consistently executed all regional management duties (e.g. business reviews, work-with letters/field coaching reports, expense management, backfilling open territories within ≤45 days, etc.)?			Regional Business Plan/ASD A&R
	2. Has the Manager implemented/maintained and coached to individual skills development plans, daily call entry into Seibel and activity transmission ≥3 times/week for all region members?			Discussion/ASD A&R/MBO Report
	3. Did the region meet MBO metric goals: meeting enrollment goals in the REMs program, sales specialists averaged 6 calls/day with 5 being on Call Plan targets and achieved ≥90% of the call/PDE goal?			MBO Report
	4. Has the Manager achieved a minimum of ***72*** work-with days (time with sales specialists or customers annually) in the field with a field coaching report after each work-with?			Siebel/ Vacation Tracker

Payout Matrix

Key Results Areas/Payout Level	Maximum Payout	Median Payout	No Payout
Business Plan Management (4)	$6,750 (Yes to all)	$3,375 (Yes to 2)	$0 (Yes to 0)

TOTAL MBO OPPORTUNITY = $6,750

TARGET PAYOUT $6,750 (per semester) $13,500 (annually)

Each MBO Component Target Payout $1,687.50 (per semester)

Final evaluation of incentive compensation will also include an assessment regarding whether performance and professional conduct was consistent with the letter and the spirit of the Company's Compliance Program, Code of Conduct and compliance-related policies.

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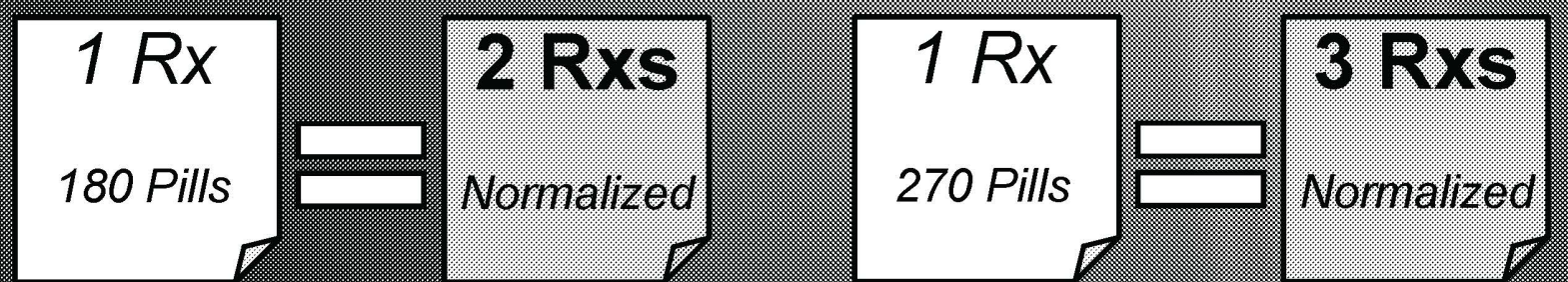
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Rx Normalization

- *New* - Fentora Rxs will be normalized in the 2012 Reports
- Normalized Rxs will be calculated using the following formula:

  Fentora Normalization = Number of Pills in Rx / 90

- Examples



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*Fentora Normalization will require a factoring for each strength.

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Quarterly Advance Rules

- Annual Plan broken into two semesters
- Advances are paid in Q1, Q2, and Q3 up to 20% of annual target payout
  - 60% advanced in Q1-Q3
  - 40% paid at year-end (no maximum in Q4)
- Normal payout curve rules apply (must meet threshold to earn incentive pay)

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Pain Payout Example

Example 1						
		Q1	Q2	Q3	Q4	
Fentora	Est YTD Attainment	101%	98%	100%	102%	
	Quarterly Advance/Payment	$ 5,250.00	$ 4,777.50	$ 5,250.00	$ 7,822.50	
MBOs	Achieved >=$3000 REMS	$ 750.00	$ 750.00	$ 750.00	$ 6,750.00	Total YTD
Total		$ 6,000.00	$ 5,527.50	$ 6,000.00	$ 14,572.50	$ 32,100.00
Example 2						
		Q1	Q2	Q3	Q4	
Fentora	Est YTD Attainment	96%	100%	101%	100%	
	Quarterly Advance/Payment	$ 4,305.00	$ 5,250.00	$ 5,250.00	$ 6,195.00	
MBOs	Achieved $2000 REMS	$ 500.00	$ 500.00	$ 500.00	$ 7,500.00	Total YTD
Total		$ 4,805.00	$ 5,750.00	$ 5,750.00	$ 13,695.00	$ 30,000.00
Example 3						
		Q1	Q2	Q3	Q4	
Fentora	Est YTD Attainment	95%	100%	101%	99%	
	Quarterly Advance/Payment	$ 4,068.75	$ 5,250.00	$ 5,250.00	$ 5,486.25	
MBOs	Achieved $2000 REMS	$ 500.00	$ 500.00	$ 500.00	$ 4,000.00	Total YTD
Total		$ 4,568.75	$ 5,750.00	$ 5,750.00	$ 9,486.25	$ 25,555.00

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Bonus Plan Rollout Schedule

- 2012 Incentive Compensation Plan Documents will be sent in late February or March
- Bonus Calculators will be sent in March
- January 2012 sales results and 2012 monthly Quotas will be available in March

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