

PURDUE PHARMA INC.

Minutes of a Meeting of
the Board of Directors

January 13, 2006

A meeting of the Board of Directors of Purdue Pharma Inc., a New York corporation (the "Corporation"), the general partner of Purdue Pharma L.P., a Delaware limited partnership (the "Partnership"), Purdue Pharmaceutical Products L.P., a Delaware limited partnership, a Delaware limited partnership ("PPPLP"), and Purdue Pharmaceuticals L.P., a Delaware limited partnership ("PPNC") and a general partner of Purdue Neuroscience Company, a Delaware general partnership ("PNC"), was held on January 13, 2006 (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 effective January 15, 2006, Russell J. Gasdia be and he hereby is elected to the office of Vice President, Marketing and Sales of the Corporation and the Partnership, to serve until his successor is elected and qualified; and further

RESOLVED, that the Partnership be and it hereby is authorized and directed to implement the following price increases as indicated:

Product	Price Increase Percentage	Price Increase Date
	Redacted for Subject Matter	
OxyContin® Tablets	6%	February 1, 2006

; and further

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EXHIBIT # 19
DATE _____
DEPONENT _____
PROFESSIONAL REPORTERS (800) 376-1006

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HIGHLY CONFIDENTIAL-ACCESS RESTRICTED BY COURT ORDER
IN COMMONWEALTH OF KENTUCKY, EX REL. JACK CONWAY, ATTORNEY GENERAL V. PURDUE PHARMA L.P., ET AL.,
CIVIL ACTION NO. 07-CI-01303 (PIKE COUNTY CIRCUIT COURT)

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RESOLVED, that the Corporation be and it hereby is authorized and directed to add John D. Crowley as a Group A authorized signatory and Dennis A. Merlo as a Group B authorized signatory for the bank accounts set up on behalf of itself, the Partnership, PPPLP, PPNC and PNC; and further

RESOLVED, that the current authorized signatories for the bank accounts set up for the Corporation, the Partnership, PPPLP, PPNC and PNC are as follows:

Single Signature Authority (any amount)

Mortimer D. Sackler, M.D.
Raymond R. Sackler, M.D.

Group A Signatories (singly less than \$500,000; jointly with Group B Signatories Over \$500,000)

Edward B. Mahony
David E. Long
Larry Pickett, Jr.
Danielle Nelson
Diana Lenkowsky
Hank Shaw
Richard W. Silbert
Deborah A. Tegan
Joseph W. Drelich
Jonathan R. Lowne
Celine Hannett
John D. Crowley

Group B Signatories (singly less than \$500,000; jointly with Group A Signatories Over \$500,000)

Michael Friedman
Howard R. Udell
Ronald D. Levine
Robert F. Kaiko
James J. Dolan
William J. Mallin
James J. Lang
Bert I. Weinstein
David J. Haddox, M.D.
Anthony C. Santopolo, M.D.
Russell J. Gasdia
Aaron Graham
Robin E. Abrams
Dennis A. Merlo

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Facsimile Signatories (less than \$100,000)

Edward B. Mahony

; and further

RESOLVED, that David P. Fiore, Jonathan Davis, Paul R. Marcus and David Hooke (all employees of the Davis Companies Group) be added as authorized signatories on the Partnership's corporate bank account with Bank of America to be used only for Ardsley Park activities; and further

RESOLVED, that these additional authorized signatories on the Partnership's bank account for Ardsley Park activities will be authorized singly for amounts up to \$100,000 and jointly for any amount over \$100,000 with any one person from the following Group A or Group B Authorized Signatories listed below. The additional authorized signatures will not have any signing authority for amounts payable to the Davis Companies or their affiliates:

Group A Authorized Signatories

Edward B. Mahony
David E. Long
Larry Pickett, Jr.
Danielle Nelson
Diana Lenkowsky
Hank Shaw
Richard W. Silbert
Deborah A. Tegan
Joseph W. Drelich
Jonathan R. Lowne
Celine Hannett

Group B Authorized Signatories

Michael Friedman
Howard R. Udell
Robert F. Kaiko
James J. Dolan
William J. Mallin
Bert I. Weinstein
David J. Haddox, M.D.
Anthony C. Santopolo, M.D.
Russell J. Gasdia
Aaron Graham
Robin E. Abrams

; and further

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RESOLVED, that the Partnership be and it hereby is authorized and directed to enter into a transaction with Watson Pharma, Inc. ("Watson") for Watson to distribute an authorized generic version of MS Contin® tablets in the United States based upon the terms set forth in the term sheet attached hereto as Schedule 1 (the "Watson Transaction"); 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 Watson Transaction, in such form as the officer of the Corporation so acting may by his execution 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.

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


Stuart D. Baker
Secretary

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SCHEDULE 1

**Selected Terms and Conditions for a
Supply and Distribution Agreement (the "Agreement")**

between

Purdue Pharma L.P. ("Purdue") and Watson Pharma, Inc. ("Watson")

Product	Redacted for Subject Matter controlled release in 15, 30, 60, 100, and 200 mg oral tablets
Initial Firm Order	<ul style="list-style-type: none">▪ Initial Firm Order (product supply volumes and shipment schedule) for Watson's requirements between February 17, 2006 and March 31, 2007 will be attached to the Agreement▪ Initial Firm Order volumes may be amended upward before February 17, 2006, with Purdue's written consent, but may not be changed thereafter▪ Initial Firm Order shipment schedule may be amended with Purdue's written consent between February 17, 2006 and December 31, 2006▪ Entire Initial Firm Order volume must be shipped to Watson by March 31, 2007
Standard Terms	<ul style="list-style-type: none">▪ All product supply orders shipped would be invoiced on the shipment date▪ Payment of product supply orders would be net 60 days of the invoice date▪ Payment of Profit Share would be 60 days after year-end
Initial Firm Order Special Conditions	Product shipped to Watson in accordance with the Initial Firm Order would be non-returnable except if found to be damaged and not saleable
Product Shipment Partial Pre-payments	The following amounts would be paid to Purdue as non-refundable partial pre-payments for Product to be shipped to Watson in fulfillment of the Initial Firm Order: <ul style="list-style-type: none">▪ \$2.3 million upon signing of the Agreement,▪ \$1.4 million on June 30, 2006, and▪ \$1.3 million on January 2, 2007. All amounts would be creditable toward the invoiced amounts due from shipments in respect of the Initial Firm Order

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<p>Transfer Price (\$/bottle of 100 count)</p>	<p>Watson would pay Purdue the following prices for product shipped to Watson on the schedule as set forth in the Initial Firm Order:</p> <ul style="list-style-type: none"> ▪ 15 mg \$7.15 ▪ 30 mg \$8.60 ▪ 60 mg \$11.53 ▪ 100 mg \$15.71 ▪ 200 mg \$32.91 <p>Transfer Prices for Firm Orders will increase annually, beginning with January 1, 2007 for shipments to Watson after March 31, 2007, by a certain percentage that is the arithmetic average of any percentage increase over the period of time since the last adjustment in (a) Purdue's API cost of [Redacted for Subject Matter] and (b) the percentage increase over the same period of time in the Pharmaceutical Producer Price Index.</p>
<p>Negative Net Margin</p>	<ul style="list-style-type: none"> ▪ Watson would notify Purdue in advance when it determines that Net Margin is or is likely to be negative or of its intent to sell Product with an anticipated negative Net Margin. ▪ Watson would be entitled to accrue and set-off any such negative Net Margin against any future positive Net Margin before calculating any Profit Share or Distribution Fee. ▪ Watson would not invoice Purdue for any amount of negative Net Margin.
<p>Profit Share</p>	<ul style="list-style-type: none"> ▪ Watson and Purdue will each receive 50% of any positive Net Margin earned under the Agreement. ▪ Profit Share would be payable to Purdue 60 days following the end of each calendar year during the term of the Agreement.
<p>Shipping Expense Fee</p>	<p>3% of Net Sales</p>
<p>Other terms and conditions</p>	<p>All other terms and conditions would be similar to the terms contained in the Distribution and Supply Agreement between Purdue Pharma L.P. and Watson Pharma, Inc., dated as of October 13, 2005, for the supply and distribution of an oxycodone controlled release product.</p>

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