

From: Mulholland, Michael </O=CEPHALON/OU=US01 ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=MMULHOLL>
To: Roche, Robert
CC: Cooper, Jordan; Siegel, Eric; Brookes, Lynne
Sent: 7/18/2007 1:57:52 PM
Subject: FW: Final Sales Compliance Meeting Questions 7.13.07.doc
Attachments: Final Sales Compliance Meeting Questions 7.13.07.doc



Bob,

You should probably take a look at this. Maybe Frank should also see it. It shows the situation we have to manage through and the concerns of our sales reps. Let's discuss this afternoon at our 1:1.

Mike

From: Cooper, Jordan
Sent: Wednesday, July 18, 2007 9:52 AM
To: Mulholland, Michael; Isaacs, Joan
Subject: FW: Final Sales Compliance Meeting Questions 7.13.07.doc

From: Cooper, Jordan
Sent: Friday, July 13, 2007 2:20 PM
To: Mulholland, Michael
Subject: Final Sales Compliance Meeting Questions 7.13.07.doc

Hey Mike: Eric and I put together responses to many of the questions that were submitted at the sales meeting. Chuck and Joe (Datin) have reviewed and their comments have been incorporated. The entire document is attached, but I have also cut and pasted one section of the document that we would like you to review before we send this out. (Of course feel free to review the rest of the document and any comments are most welcome.) Please let me know if you have any comments. Thanks. Jordan

Compensation / Off-Label Sales

1. Will Q3 and future quarter goals be lowered and based on only on-label growth?

The Company's promotional strategies have just been updated and revised. It is therefore much too early to determine if any changes to sales goals are needed. Sales will continue to be monitored closely and, if necessary, sales goals may be adjusted and/or restructured.

2. Is management willing to accept a short term decline in sales as we navigate through the revised Model Sales Call Behavior and related new processes?

Management and our Compliance Department provided very clear and unified guidance that these new processes (including the Model Sales Call Behavior) must be followed. Management is committed to these new processes. Management is hopeful that the Company's promotional strategies will be very successful but understands that we are currently in a transition period. In any event, it is imperative that you remain compliant with the Models Sales Call Behavior and other new processes that have been recently rolled out.

3. Why do we call on physicians who may be relatively unlikely to prescribe our product on label?

We call on physicians who may be interested in using our products to help their patients. We have created a set of rules for sales reps that we believe, if followed, legally permit them to call on doctors who may decide in their

independent medical judgment to prescribe our products off-label. While we believe that there is a value in visiting and educating doctors who may prescribe our drugs off-label, this is subject to the strict requirement that the rep must limit the scope of any discussions to on-label indications, even if asked to discuss off-label uses. Under no circumstances is any rep permitted to promote any drug off-label or represent that it is safe or effective for any unapproved indication. These rules protect patients, the Company and you, and must be strictly followed.

4. Why do our sales forecasts include so much in off-label sales?

Physicians routinely prescribe drugs for off-label uses and our drugs are no exception. Our sales forecasts capture this usage and any anticipated growth in this usage, as well as growth due to independent changes in the marketplace, such as potential new medical information and changes to managed care reimbursement. However, please understand that our sales forecasts do not contemplate any sales as a result of off-label promotion, and therefore do not anticipate any growth in off-label uses that are a result of off-label promotion. If our compliance efforts happen to result in lower growth or decreased usage of our products, we will, of course, adjust our sales forecasts accordingly.

5. Aren't you suggesting that I sell off-label when the increase in sales that you expect from my territory anticipates off-label sales?

No. Our sales forecasts assume that sales reps are complying strictly with our sales and promotional policies. While our product experience suggests that physicians are interested in prescribing our drugs for off-label uses, your responsibility is to provide only on-label information, except for distributing approved peer-reviewed reprints in strict compliance with company policies and guidelines and referring off-label questions to the Medical Affairs Department. Under no circumstances is any rep permitted to promote any drug off-label or represent that it is safe or effective for any unapproved indication.

6. I can't make my quota without selling off-label. What am I supposed to do?

You must not promote any products for an off-label indication under any circumstance. Please realize however, that Cephalon sales quotas include all sales, whether or not the prescriptions pertain to on-label or off-label indications, and that you receive credit for them even if factors beyond your control or responsibility may be accounted for the sales increase. At Cephalon, your "quota" is a reflection of the average amount that we would expect to pay out in bonuses if our national forecast is accurate. You are not disqualified from earning a bonus if you do not reach your quota. To the contrary, you begin earning a bonus at sales levels far below the level of a quota. If it were true in your territory that you would miss quota without selling off-label, it would be completely unacceptable if you still chose to sell off-label and you would risk losing your job. Overall, if you meet the standards of your job and follow the Company's promotional rules, you will have done your part to help reach the Company's financial goals and that you will earn a bonus on any growth that occurs in your territory. If the Company determines that forecasts are too high or too low, we will adjust them.