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**From:** Nathalie Leitch  
**Sent:** Wednesday, April 21, 2010 7:58 AM  
**To:** 'Tom Johnson'; 'aj@adwise.com'  
**Subject:** RE: Hi - and Kadian  
**Attachments:** 108 redacted Kadian 2008 Brand Plan Part 1.zip

Hi – I've put a number of things in a UPS box for you.

I've attached part one of the 2008 brand plan for Kadian. Parts 2 and 3 will follow. There may be some information here that you find useful/interesting.

Nathalie  
**Nathalie Leitch**  
*Director, Specialty Rx Products*



Actavis  
60 Columbia Rd. Bldg B t +1 973-889-6968 @ NLeitch@actavis.com  
Morristown , NJ 07960 United States w [www.actavis.com](http://www.actavis.com)  
Internal VoIP number t 125 6968

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**From:** Tom Johnson [mailto:tj@adwise.com]  
**Sent:** Tuesday, April 20, 2010 12:15 PM  
**To:** Nathalie Leitch; aj@adwise.com  
**Subject:** RE: Hi - and Kadian

We'll call you at 10:00 tomorrow. Is that good?

Tom Johnson  
Zuchelli & Johnson Healthcare Advertising  
2873 Ocean Ave.  
Seaford, New York 11783  
516-783-1400 x104  
[tj@adwise.com](mailto:tj@adwise.com)

---

**From:** Nathalie Leitch [mailto:NLeitch@actavis.com]  
**Sent:** Tuesday, April 20, 2010 12:13 PM  
**To:** Tom Johnson; aj@adwise.com  
**Subject:** RE: Hi - and Kadian

Hi – anytime this afternoon other than 2-3:30pm. Otherwise, tomorrow after 9:30am is wide open.

**Nathalie Leitch**  
Director, Specialty Rx Products



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60 Columbia Rd. Bldg B t +1 973-889-6968 @ NLeitch@actavis.com  
Morristown, NJ 07960 United States w [www.actavis.com](http://www.actavis.com)  
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**From:** Tom Johnson [mailto:tj@adwise.com]  
**Sent:** Tuesday, April 20, 2010 12:05 PM  
**To:** Nathalie Leitch; aj@adwise.com  
**Subject:** RE: Hi - and Kadian

Hello Nathalie,

Thanks for the write-up. You answered 90% of our questions before we asked (a new record, good job.)

I'd like to have one phone conversation to cover the remaining 10% and then we'll make some suggestions. When will you be available to talk?

Tom Johnson  
Zuchelli & Johnson Healthcare Advertising  
2873 Ocean Ave.  
Seaford, New York 11783  
516-783-1400 x104  
[tj@adwise.com](mailto:tj@adwise.com)

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**From:** Nathalie Leitch [mailto:NLeitch@actavis.com]  
**Sent:** Tuesday, April 20, 2010 10:41 AM  
**To:** Tom Johnson; aj@adwise.com  
**Subject:** RE: Hi - and Kadian

Hi,

I'll provide you with a brief bit of history for Kadian as well as a general idea of what I'd like to do. I say "general idea" because I'm really looking for input on the ideas front from you.

Background:

- Kadian Capsules are an extended-release oral formulation of morphine sulfate indicated for the management of moderate to severe pain when a continuous, around-the-clock opioid analgesic is needed for an extended period of time.
- Actavis acquired the brand from Alpharma/King Pharmaceuticals in December 2008
- Actavis manufactures the product at its Elizabeth, NJ facility
- Alpharma had actively supported the brand, and at the time of the sale, there were 400 reps selling the product (along with another pain product, Flector); 2008 brand sales were \$264M
- Actavis did not acquire any of the support organization in the purchase – only the rights to the product itself

- We launched a small, highly focused sales team of 20 in May 2009 and delivered \$255M in sales in 2009; scripts were off about 14% in 2009 vs 2008
- We also have a telesales team
- Our most significant marketing program is a co-pay assistance program
- The latest patent on the product expired a few days ago; April 13, 2010.

Current Situation:

- Despite the loss of patent protection, there are no signs of a near-term generic launch and we plan to continue supporting the brand for as long as possible
- Until early in 2010, our sales team had been using sales aids/materials developed by Alparma; the only change made to these materials was to change the name from Alparma to Actavis
- Unfortunately, we received a Warning Letter from DDMAC in February, and have had to pull all sales materials from the field. I can send you copies of the materials the team was using.

Between the Warning Letter and the patent expiration, the last few months have been more than a little uncertain and planning any sort of brand strategy virtually impossible. At this point, we're basically starting from scratch on the ad/promo/sales materials fronts.

I believe we need to do some kind of re-launch/awareness campaign as well as develop a new tool for the sales team. I'm open to suggestions – but anything we do decide to move forward with will need to have short development lead times.

Hope this helps give you an idea of where we're at – please let m know if you have any questions.

Nathalie

**Nathalie Leitch**

*Director, Specialty Rx Products*



Actavis

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Morristown , NJ 07960 United States w [www.actavis.com](http://www.actavis.com)

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**From:** Tom Johnson [mailto:tj@adwise.com]

**Sent:** Monday, April 19, 2010 12:17 PM

**To:** Nathalie Leitch; aj@adwise.com

**Subject:** RE: Hi - and Kadian

Hello Nathalie,

It's great to hear from you. Yes, we would like to work with you on Kadian.

Send whatever details you have and let me know when you would like to talk. I'll confirm Angela's availability and we'll schedule a call.

Thank You for thinking of us.

Tom Johnson  
Zuchelli & Johnson Healthcare Advertising  
2873 Ocean Ave.  
Seaford, New York 11783  
516-783-1400 x104  
[tj@adwise.com](mailto:tj@adwise.com)

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**From:** Nathalie Leitch [<mailto:NLeitch@actavis.com>]  
**Sent:** Monday, April 19, 2010 11:56 AM  
**To:** [tj@adwise.com](mailto:tj@adwise.com); [aj@adwise.com](mailto:aj@adwise.com)  
**Subject:** Hi - and Kadian

Dear Angela and Tom,

I hope this note finds you well and enjoying the spring. I was sorry to have missed seeing you when you visited Actavis' Morristown office a few months ago and have wanted to talk to you for a while now about doing some work for us on Kadian (extended release morphine sulfate capsules).

Would you have a few minutes available this week to discuss? I'd be happy to send you some details if you'd like some background before getting on the phone.

Looking forward to hearing from you. I think it's been about 8 years since we were last in touch at Baxter.

Thanks,

Nathalie

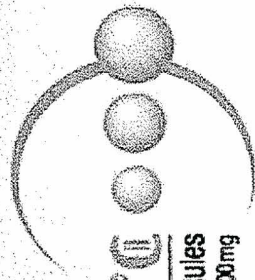
**Nathalie Leitch**  
*Director, Specialty Rx Products*



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<b>Name</b>	<b>Size</b>	<b>Modified</b>
108 redacted Kadian 2008 Brand Plan Part 1.pdf	8,430,366	1/22/2009 2:09 PM



**KADIAN<sup>®</sup>**

Morphine Sulfate Extended-Release Capsules  
10mg • 20mg • 30mg • 50mg • 60mg • 80mg • 100mg • 200mg

**KADIAN<sup>®</sup> 2008 BRAND PLAN**

**KADIAN<sup>®</sup>**  
**MAIDAK**



# Agenda

- Forecast
- Situational Analysis
- Competitive Overview
- Kadian Situational Analysis
- Kadian SWOT
- 2008 Strategies & Tactics





## 2008 Goals

**Vision: To be the Long Acting Opioid of choice for the first line treatment of moderate to severe chronic pain**



### Financial

**\$193 million in sales  
(17% growth)**

**4.5% market share  
(12/08 exit share)**





## 2008 KADIAN Net Sales Bridge from 2007

2007 KADIAN Net Sales	\$165 MM**
Volume Growth	\$ 18 MM
Market Growth	\$ 14 MM
Share Growth	\$ 4 MM
Net Price Growth	\$ 7 MM
2008 KADIAN Net Sales	\$193 MM

- \$165 MM from 2007 is not guaranteed for 2008\*\*
- Risk Factors to maintaining current business include
  - Patient persistency is only 6 months
  - OxyContin Abuse Deterent Launch anticipated in 2008

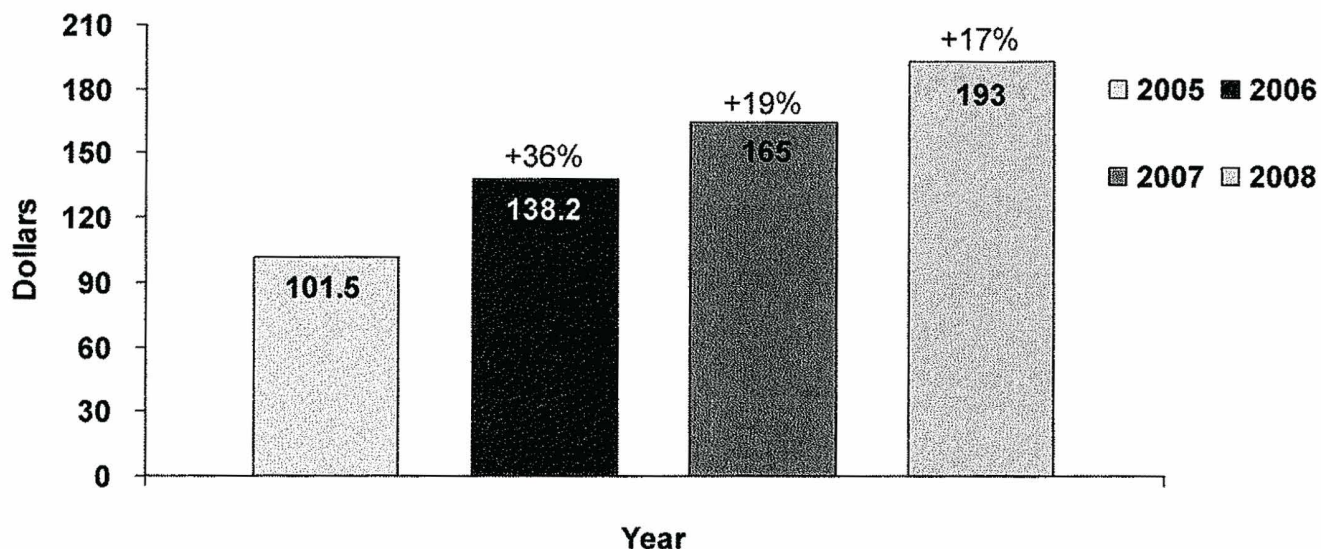
 **ALPHARMA.**  
Pharmaceuticals

**KADIAN**   
Morphine Sulfate Extended-Release Capsules  
10mg • 20mg • 30mg • 50mg • 60mg • 90mg • 120mg • 150mg



# KADIAN Sales Performance

KADIAN Revenue (dollars in millions)



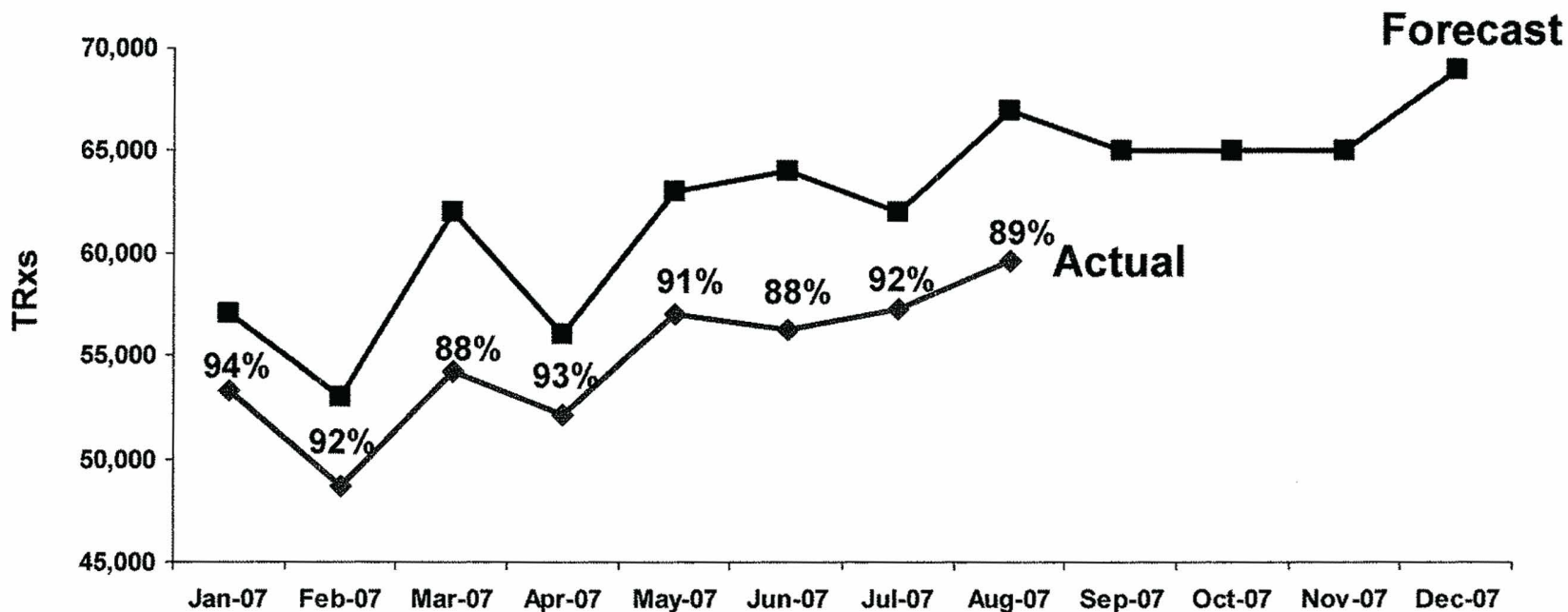
KADIAN continues to achieve double digit growth with market growth of 10%  
**KADIAN Script growth from 686K to 782K (08) representing 14% growth vs. market TRx growth of 8.6%**

Source: Internal Alparma data.





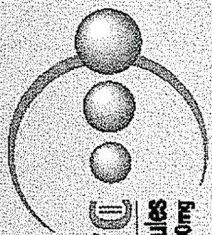
# Kadian Monthly TRxs— Actual vs Forecast



On average, Kadian has been reaching about 90% of forecast TRxs per month (749,000 annual goal)

Percentages indicate the percent of forecast achieved each month.  
 Source: Actual TRxs: Wolters Kluwer Health, Sales Marketing Analyzer.





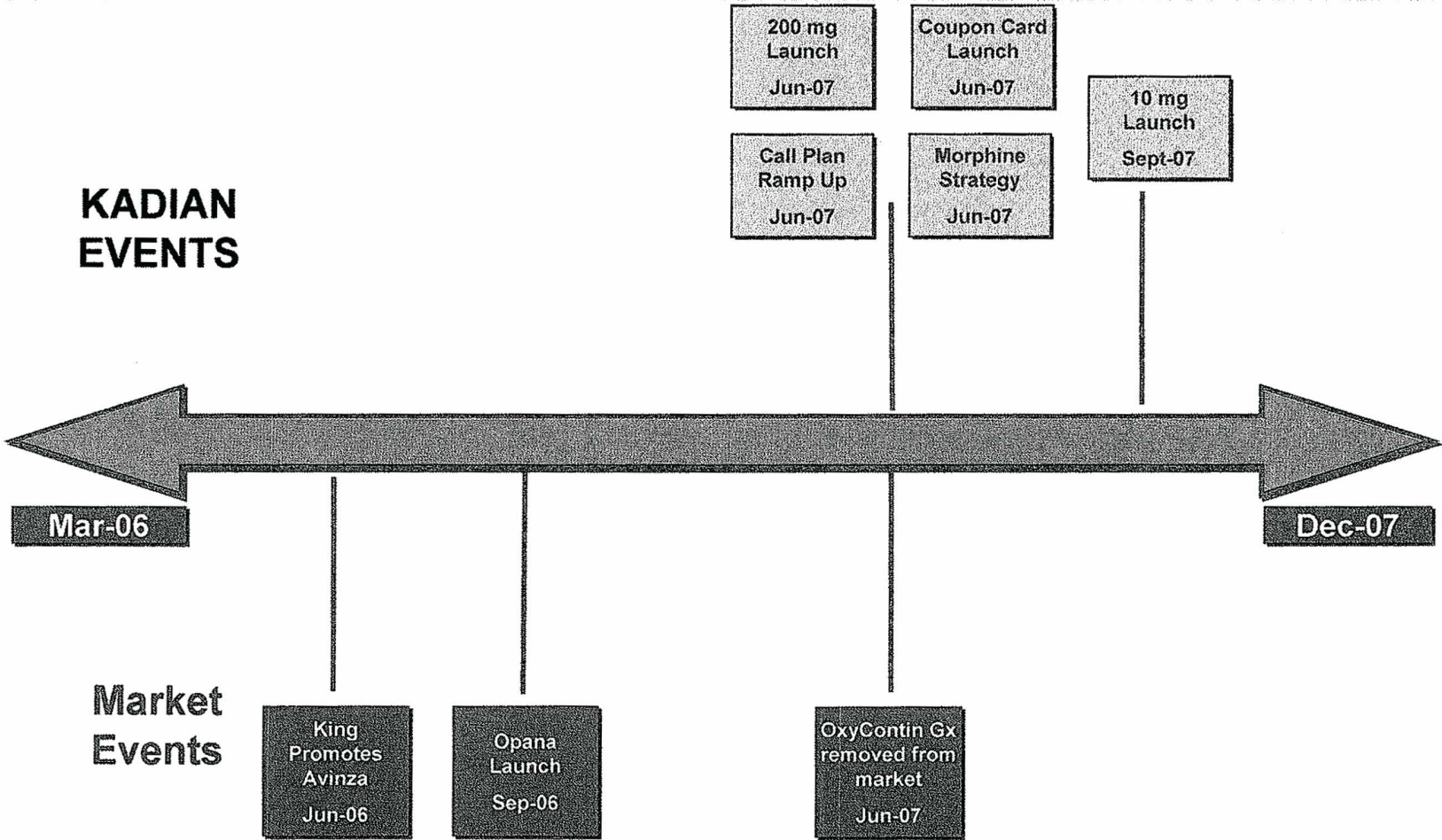
**KADIAN<sup>®</sup>**

**Morphine Sulfate Extended-Release Capsules**  
10mg • 20mg • 30mg • 50mg • 60mg • 80mg • 100mg • 200mg

# Situational Analysis

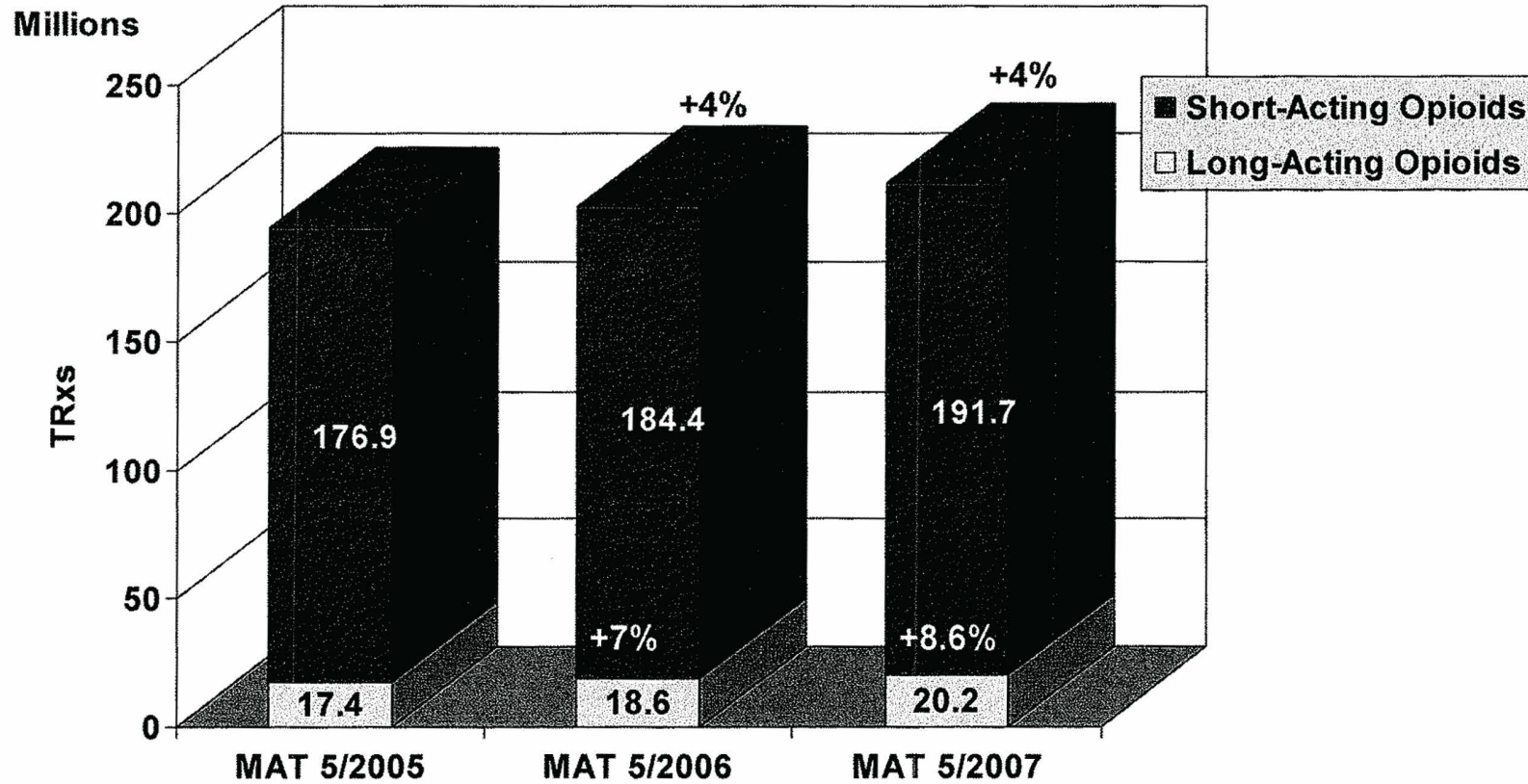


# Market Events





# Total Long and Short-Acting Opioid Market TRxs



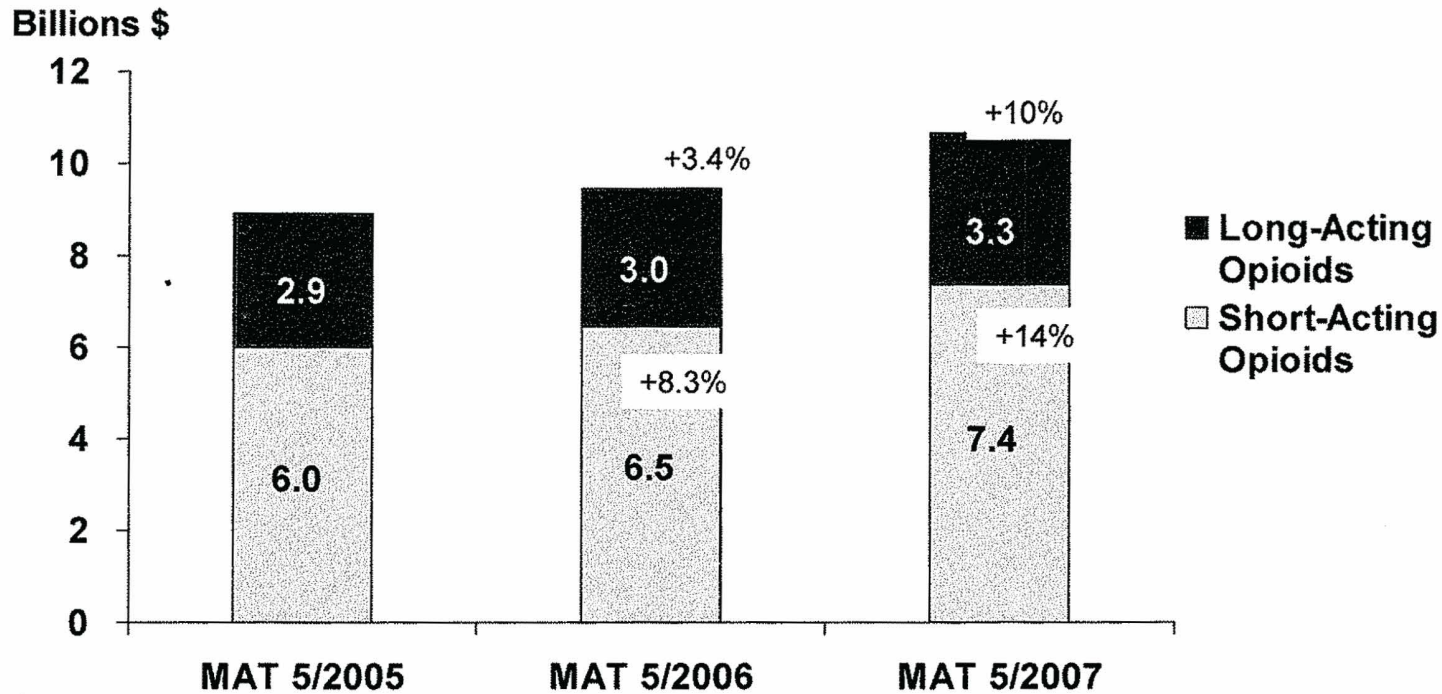
*Short-acting opioids account for about 90% of the opioid market*



Source: Wolters Kluwer Health, Source® PHAST Prescription Monthly



# Long- and Short-Acting Opioid Products—Dollars



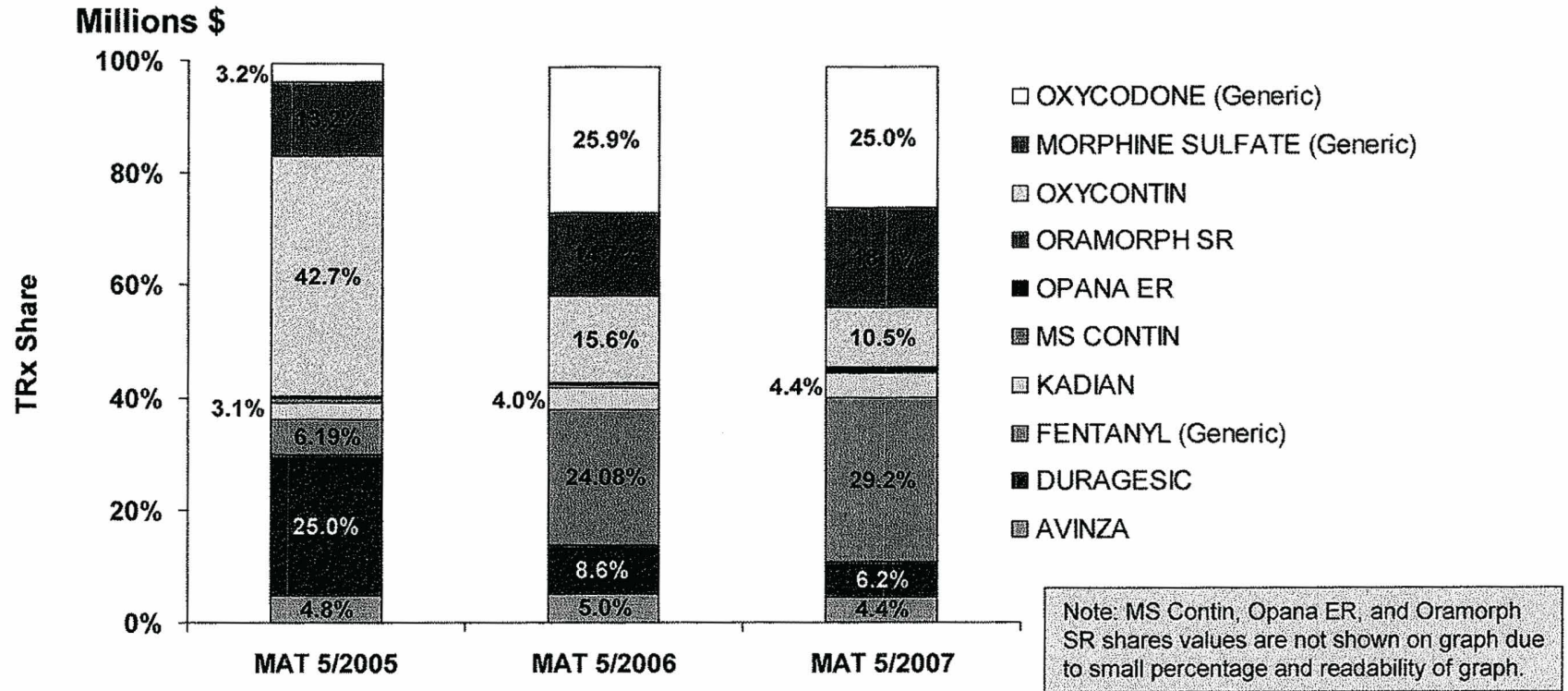
Despite having 90% volume of opioid TRxs, the short-acting products account for only two-thirds of the opioid sales dollars



Source: *Wolters Kluwer Health Source® PHAST Prescription Monthly.*



# Long-Acting Opioid Products—Share of TRxs



Duragesic and Oxycontin were cannibalized by their generics, meanwhile Kadian continued to grow share during the same time

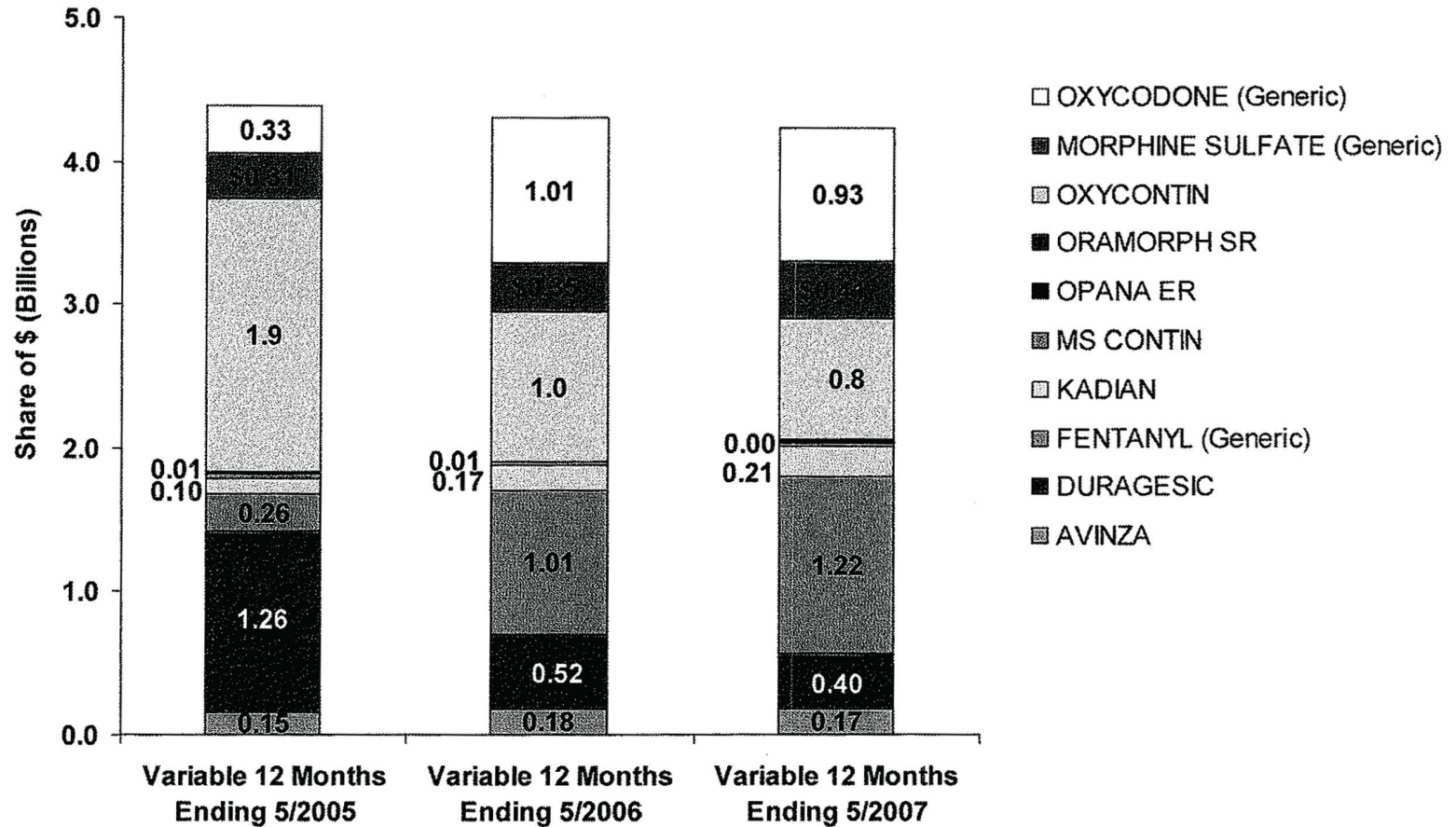


Source: Wolters Kluwer Health Source® PHAST Prescription Monthly.





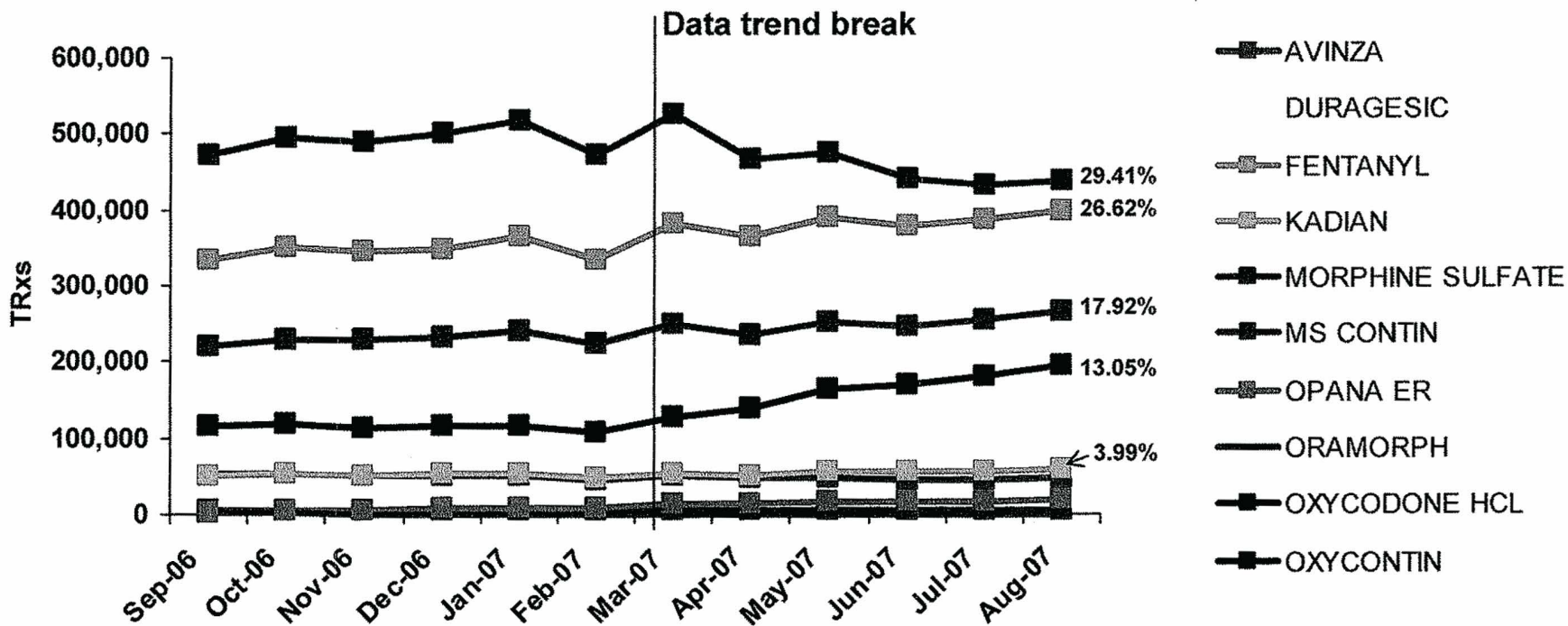
# Long-Acting Opioid Products—Share of Dollars



Source: Wolters Kluwer Health Source® PHAST Prescription Monthly.



# Long-Acting Opioids—TRx Trends



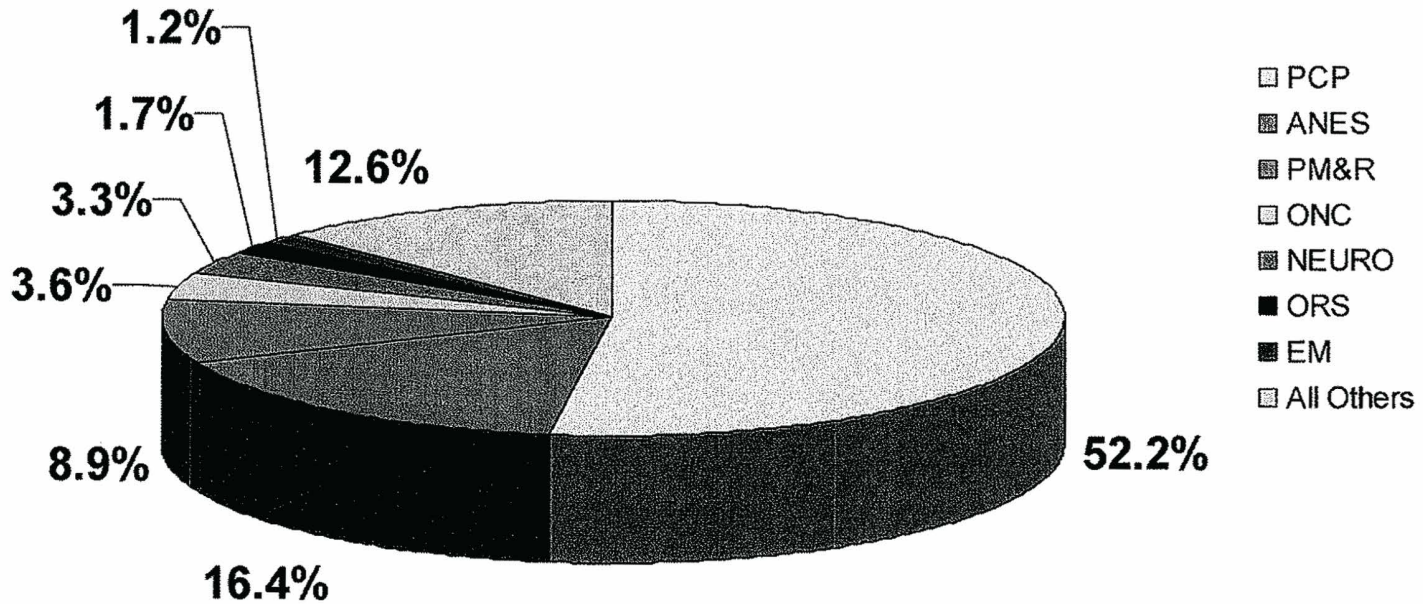
As a whole, the long-acting generic opioids (oxycodone, fentanyl, and morphine sulfate) are growing at a faster rate than the branded product



Source: Wolters Kluwer Health, Sales Marketing Analyzer.



# Branded Long-Acting Opioids Share of TRxs By Specialty



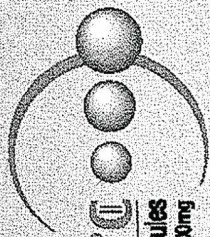
MAT 9/2007

PCPs account for the majority of TRxs in the LA opioid market, followed by anesthesiologists and psychiatrists



Source: Wolters Kluwer Health Source® PHAST Prescription Monthly.





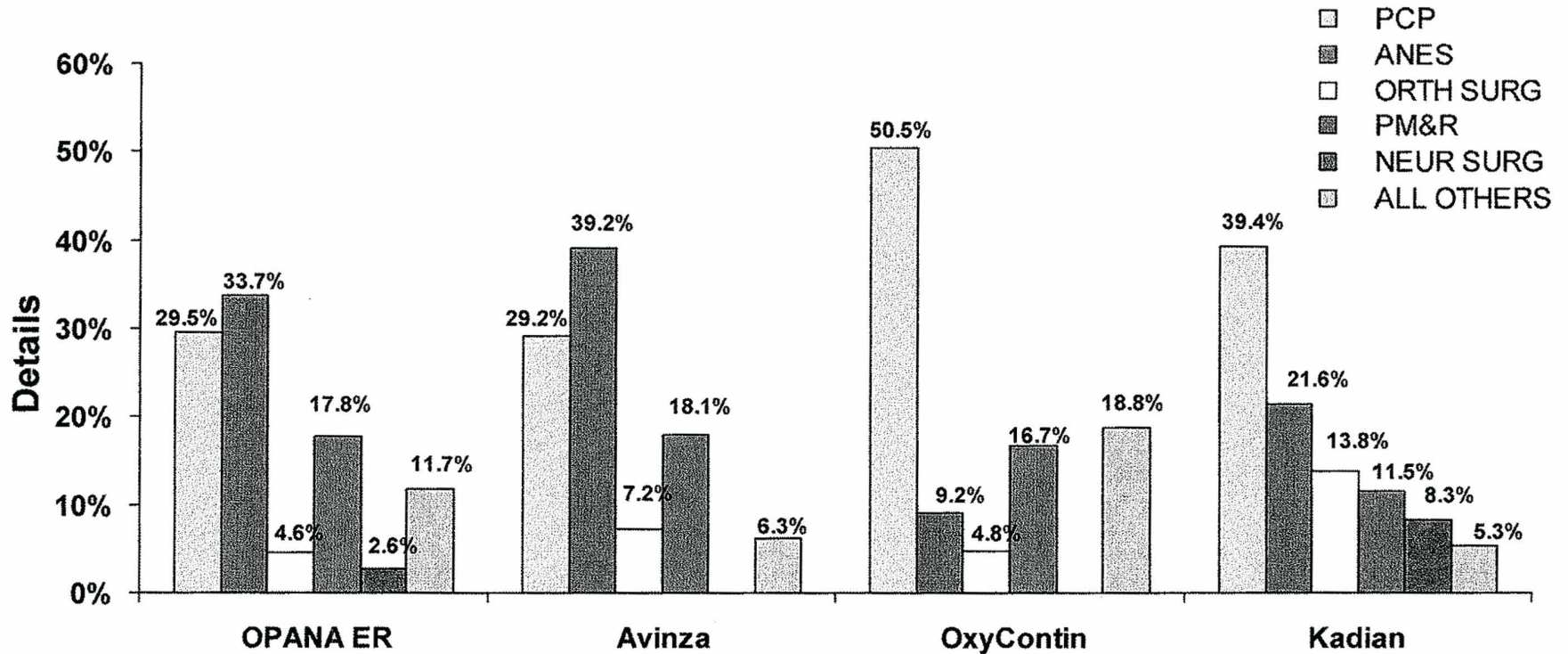
**KADIAN<sup>®</sup>**

**Morphine Sulfate Extended-Release Capsules**  
10mg • 20mg • 30mg • 50mg • 60mg • 80mg • 100mg • 200mg

# Competitive Overview



# Long-Acting Opioids Sales Force Deployment Strategy



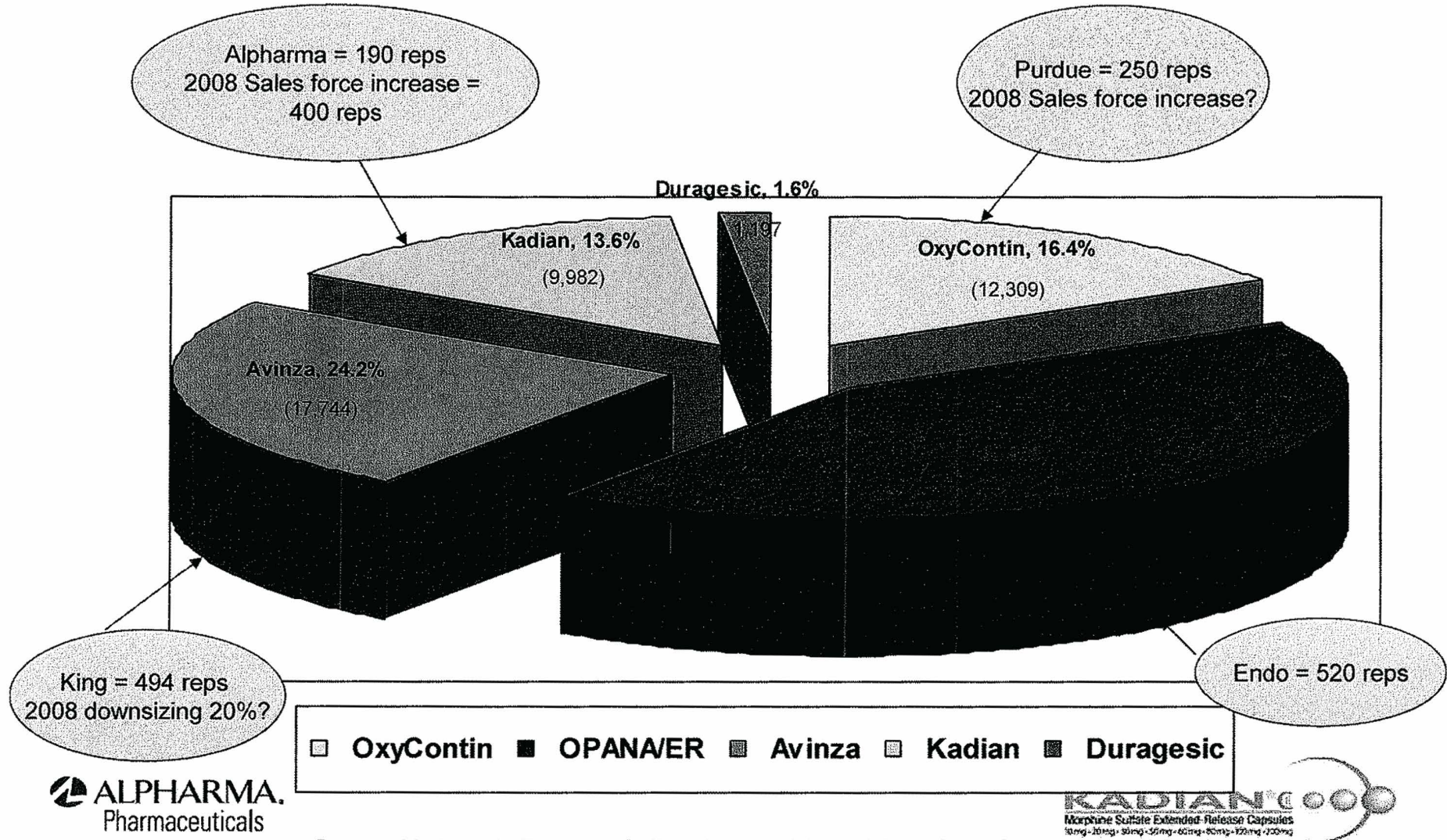
Oxycontin, the market leader, focuses on PCPs. KADIAN will have advantage over Avinza in PCP segment

Note: IM and GP/FM/DO are grouped as PCP.





# KADIAN® Share of voice compared to our competitors Average between 07 Q1&Q2



Source: Verispan's Personal Selling Audit (PSA) and Salesforce Structures and Strategies

# Sales Force Sizing Profiles

Product	Sizing	Structure
KADIAN® (Alpharma)	190 Reps	190 Reps (Specialty/Primary Care, 1 <sup>st</sup> Position)
Avinza® (King)	494 Reps	367 Reps (Primary Care, 1 <sup>st</sup> Position) 127 Reps (Specialty Care, 2 <sup>nd</sup> Position)
OxyContin® (Purdue)	250 Reps	250 Reps (Primary Care, 1 <sup>st</sup> Position)
Opana®ER (Endo)	610 Reps	520 Reps (Specialty, 2 <sup>nd</sup> Position) 90 Reps (Hospital, 1 <sup>st</sup> Position)





# KADIAN – Less Pain. Expect More.

- Total Journal Ad Spend January – June: \$256,970
- SOV – 13.6%
- Key Messages
  - ➔ Smooth plasma levels
  - ➔ Improvements in pain/sleep scores
  - ➔ Individualizing patient dosing
- Key Insights
  - ➔ Refined strategy to focus on morphine to Kadian conversion
  - ➔ Competitive campaign
  - ➔ Value card is \$50 off each co-pay for up to 1 year – offers the most value

Give the morphine that delivers more:

- Smooth steady-state plasma levels when doses of 120 mg Q24h
- Improvements in pain and sleep scores over 4 weeks
- Average plasma concentration for up to 24 hours
- Superiority of active morphine (ADM) for extended-release morphine therapy

KADIAN® therapy can be individualized to effectively treat pain

Product	Dose	Frequency	ADM (mg)	ADM (mg)	ADM (mg)	ADM (mg)
KADIAN®	20mg	12h	120	120	120	120
AMORPH	120mg	12h	120	120	120	120
MS Contin®	20mg	12h	120	120	120	120

KADIAN® – exactly what you and your patients need in a morphine therapy

save up to **\$50** each month toward your KADIAN® prescription.

Non-printing FPO box for variable data







# Avinza – All Day. Every Day.

- Total Journal Ad Spend January – June: \$205,958
- SOV – 24.2%
- Key message
  - ➔ Around-the-clock pain control with QD dosing
  - ➔ Simplified dosing, simplified accountability
- Key insights
  - ➔ Recent campaign switch from “back to active” to “more time with friends”
  - ➔ Non-competitive campaign
  - ➔ Value card is \$20 off each co-pay for up to 6 months

**MORE TIME WITH FRIENDS**

Time, 24-hour pain control with QD dosing helps patients get back to active living.<sup>1</sup>

Switching to Avinza controlled-release capsules helps patients get back to active living.<sup>1</sup>

All patients who switch to Avinza controlled-release capsules will receive a \$20 off co-pay assistance card for up to 6 months.

For more information, visit [www.Avinza.com](http://www.Avinza.com).

ENCLOSED IS YOUR NEW

**AVINZA**<sup>®</sup>

Morphine Sulfate Extended-Release Capsules

**CoPAY ASSISTANCE**

SEE INSIDE HOW TO SAVE UP TO

**\$20**



ON EACH PRESCRIPTION



# OxyContin – It works.

- Total Journal Ad Spend January – June: \$0
- SOV – 16.4%
- Key message
  - ➔ Ideal as a twice-a-day product
  - ➔ Consistent plasma levels over 12 hours
- Key insight
  - ➔ Half of journal ad is comprised of safety information, possibly in response to lawsuits and FDA warning
  - ➔ Non-competitive campaign
  - ➔ No need for value card due to widespread use

For moderate to severe pain when a continuous, around-the-clock analgesic is needed for an extended period of time

9 AM  9 PM 

Q12h  
**OXYCONTIN® II**  
(OXYCODONE HCl CONTROLLED-RELEASE) TABLETS

IT WORKS

- Q12h dosing convenience
- Onset of analgesia within 1 hour in most patients<sup>1†</sup>
- Convenient conversion and titration
- OxyContin<sup>®</sup> is an opioid agonist and a Schedule II controlled substance with an abuse liability similar to morphine. Consider this when an increased risk of misuse, abuse, or diversion is a concern.
- As used here, "moderate" and "moderate to severe" pain do not include commonplace and ordinary aches and pains, pulled muscles, cramps, sprains, or similar discomfort.
- OxyContin<sup>®</sup> TABLETS are NOT intended for use as a prn analgesic.
- OxyContin<sup>®</sup> TABLETS ARE TO BE SWALLOWED WHOLE AND ARE NOT TO BE BROKEN, CHEWED, OR CRUSHED. TAKING BROKEN, CHEWED, OR CRUSHED OxyContin<sup>®</sup> TABLETS LEADS TO A RAPID RELEASE AND ABSORPTION OF A POTENTIALLY FATAL DOSE OF OXYCODONE.
- OxyContin<sup>®</sup> 80 mg and 160 mg TABLETS ARE FOR USE IN OPIOID-TOLERANT PATIENTS ONLY. These tablets may cause fatal respiratory depression when administered to opioid-naïve patients.
- The most serious risk with OxyContin<sup>®</sup> is respiratory depression, which can be fatal.
- OxyContin<sup>®</sup> is not indicated for preemptive analgesic pain in the immediate postoperative period (the first 12 to 24 hours following surgery) in patients not previously taking OxyContin<sup>®</sup> (because its safety in this setting has not been established) or pain that is mild or not expected to persist for an extended period of time.

<sup>†</sup>From a single-dose study.

Please read professional prescribing information, including boxed warning, on pages three and four.

 **ALPHARMA.**  
Pharmaceuticals

 **KADIAN®**  
Morphine Sulfate Extended-Release Capsules  
15mg • 20mg • 30mg • 45mg • 60mg • 80mg • 120mg • 160mg

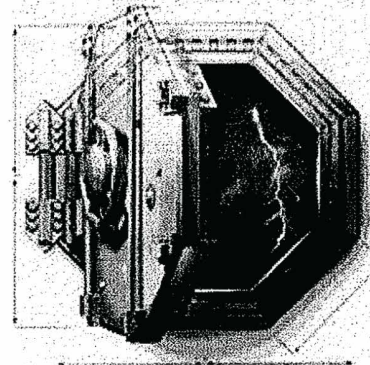


# Opana ER

- Total Journal Ad Spend January – June: \$774,674
- SOV – 42%
- Key message
  - ➔ Durable analgesic effects
  - ➔ Proven twice-a-day dosing
- Key insight
  - ➔ Evolved campaign – dialed up “durable pain control” message rather than “stay ahead of pain”
  - ➔ Non-competitive campaign
  - ➔ Value card is only applicable after the patient spends \$20 in co-pay, then covers up to \$25/month for a total of 6 months

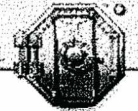
For more information, please visit [www.opana.com](http://www.opana.com)

**LOOKING FOR DURABLE PAIN CONTROL?**



UNIQUELY ENGINEERED FOR TRUE 12-HOUR DOSING

First-line treatment for **DURABLE PAIN CONTROL**



**DESIGNED TO DELIVER**

Over 12 weeks, Opana ER has shown stable efficacy for 12 hours during a 16-hour 1200mg qd study, and even better control of pain at 12 hours during 12 weeks of study.

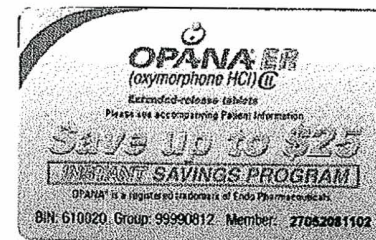
Over 12 weeks, Opana ER has shown stable efficacy for 12 hours during a 16-hour 1200mg qd study, and even better control of pain at 12 hours during 12 weeks of study.

With less gastrointestinal adverse reactions and constipation, Opana ER may be a better choice for patients with GI issues.

**NO KNOWN CYP450 DRUG-DRUG INTERACTIONS AT CLINICALLY RELEVANT DOSES\***

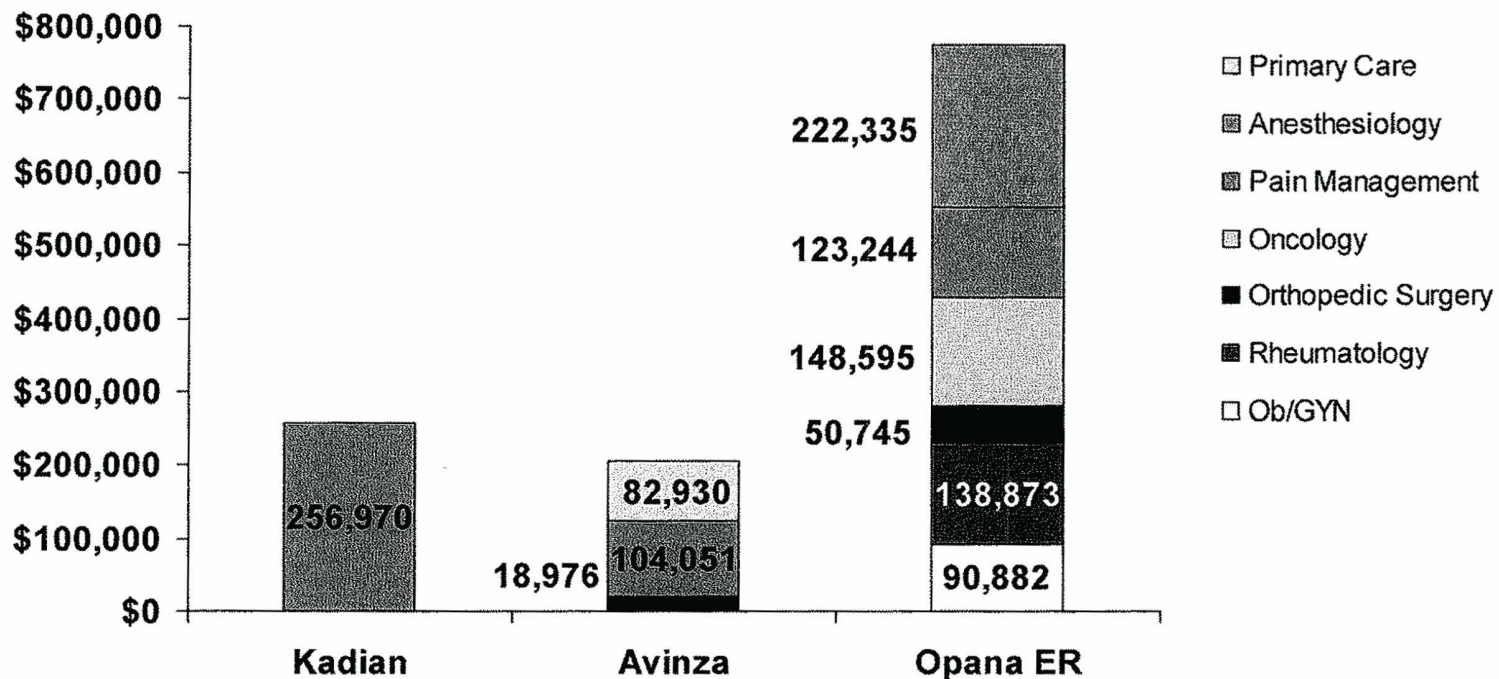
\*Based on data from a study of Opana ER (oxycodone HCl) extended-release tablets.

OPANA ER (oxycodone HCl) extended-release tablets are indicated for the treatment of moderate to severe pain in patients who are opioid tolerant. Opana ER is not indicated for the treatment of pain in patients who are not opioid tolerant. Opana ER is not indicated for the treatment of pain in patients who are not opioid tolerant. Opana ER is not indicated for the treatment of pain in patients who are not opioid tolerant.





# Total Journal Advertising Spend by Target January - June 2007

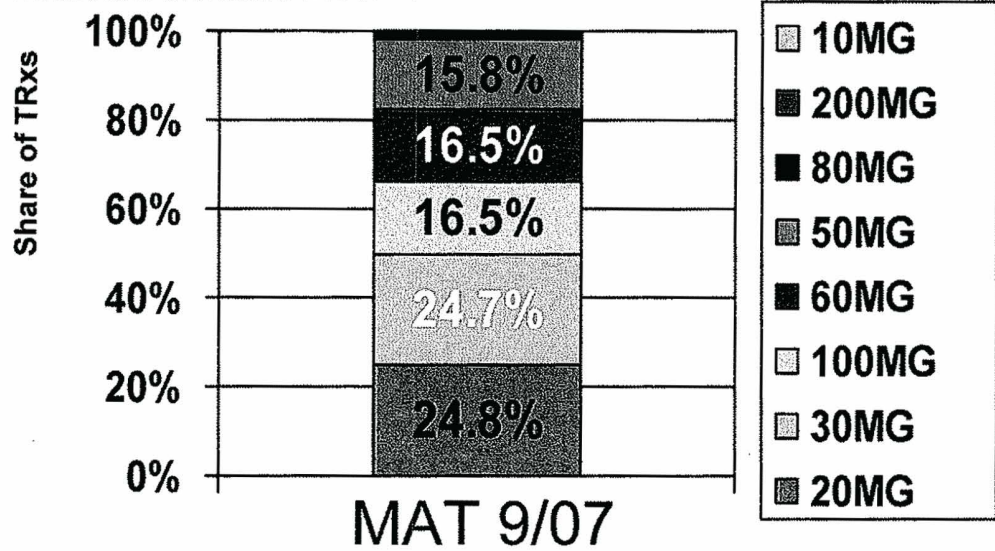


Opana ER allocating funds to numerous targets

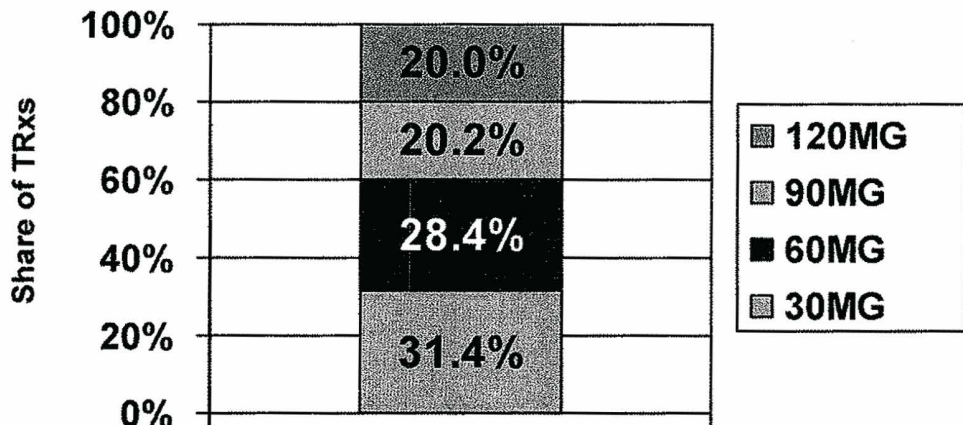
Note: Kadian spend is based on actual schedule; competitor spend is based on audited schedules.  
Source: June 2007 Perq/HCI Audit Data.



# Kadian & Avinza Share of TRxs By Strength



➤ Over 80% of Kadian TRxs come from four strengths: 20mg, 30mg, 100mg, and 60 mg



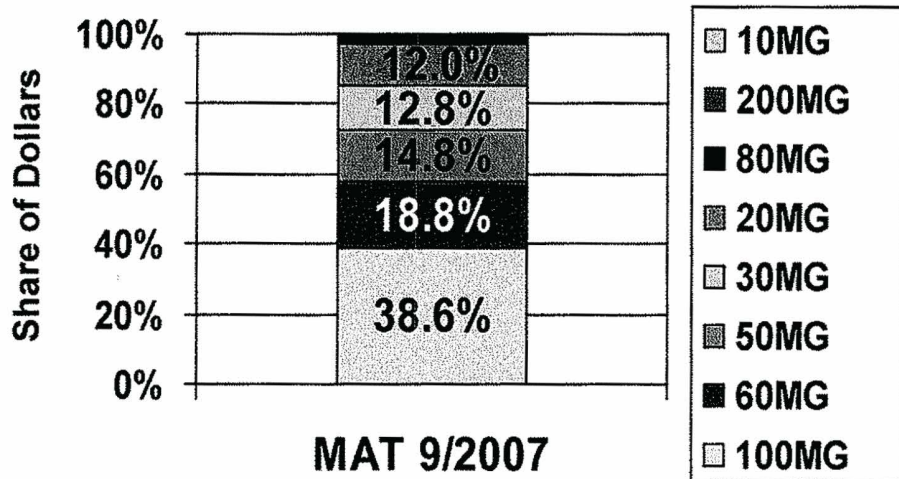
➤ The majority of Avinza TRx are from the 30 mg and 60 mg strengths

**ALPHARMA**, Source: Wolters Kluwer Health, Source® PHAST Prescription Monthly Pharmaceuticals

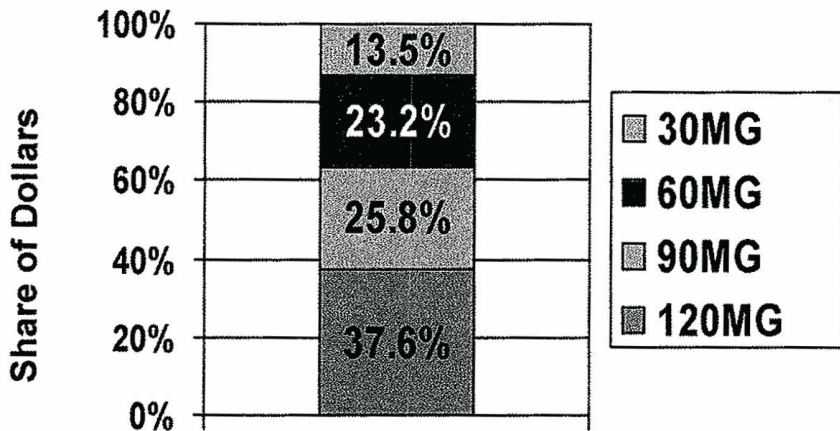
Note: Share values under 3% not labeled on graph for clarity



# KADIAN & Avinza Share of Dollars by Strength



➤ The 100 mg and 50 mg = 57% of KADIAN business

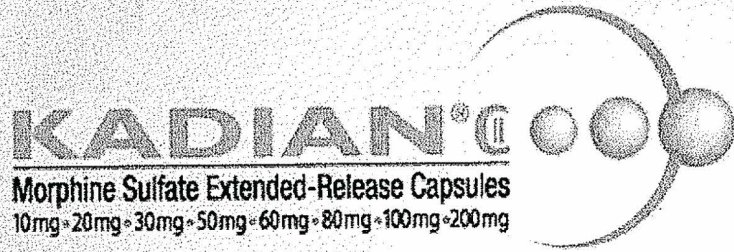


➤ The 120 mg and 90 mg = 63% of Avinza business



Source: *Wolters Kluwer Health, Source® PHAST Prescription Monthly*

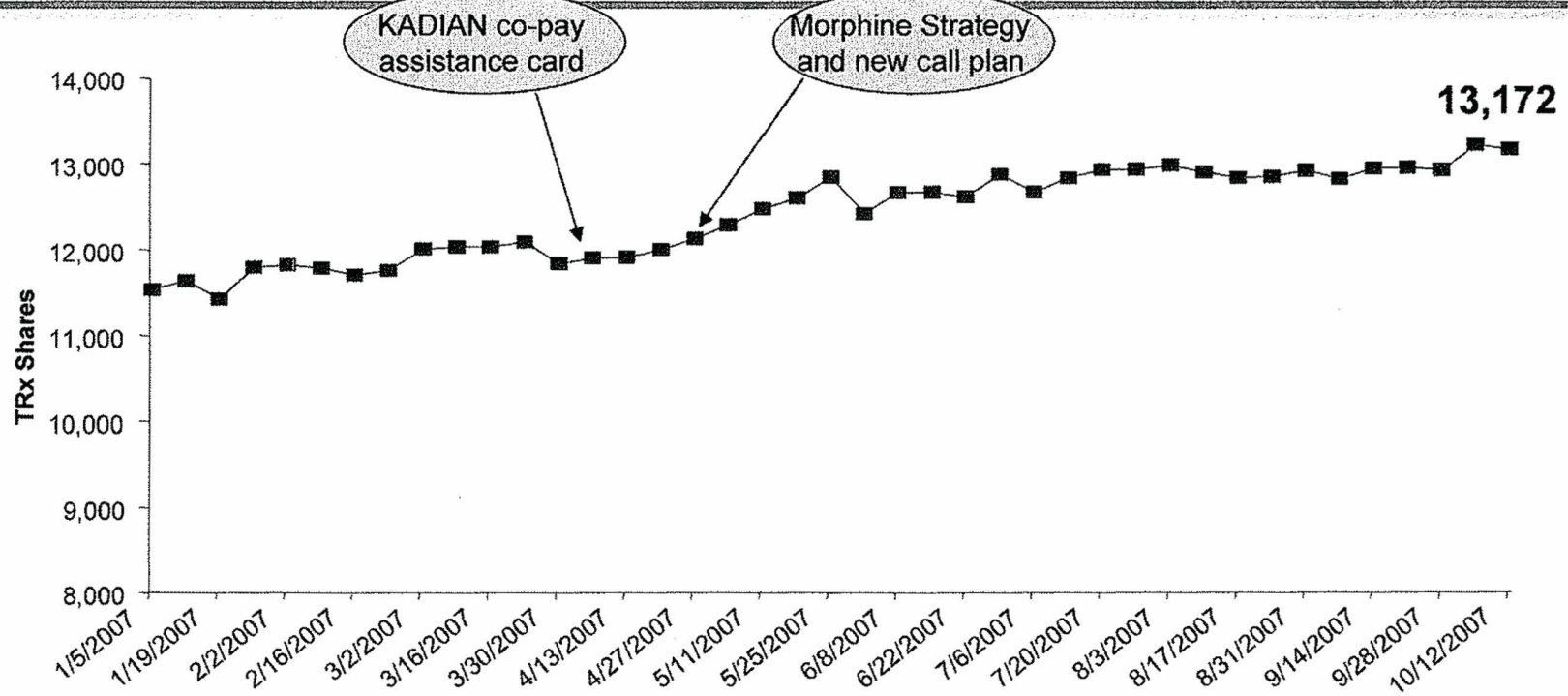




# KADIAN Situational Analysis



# KADIAN Average TRx



Slow growth over past 10 months

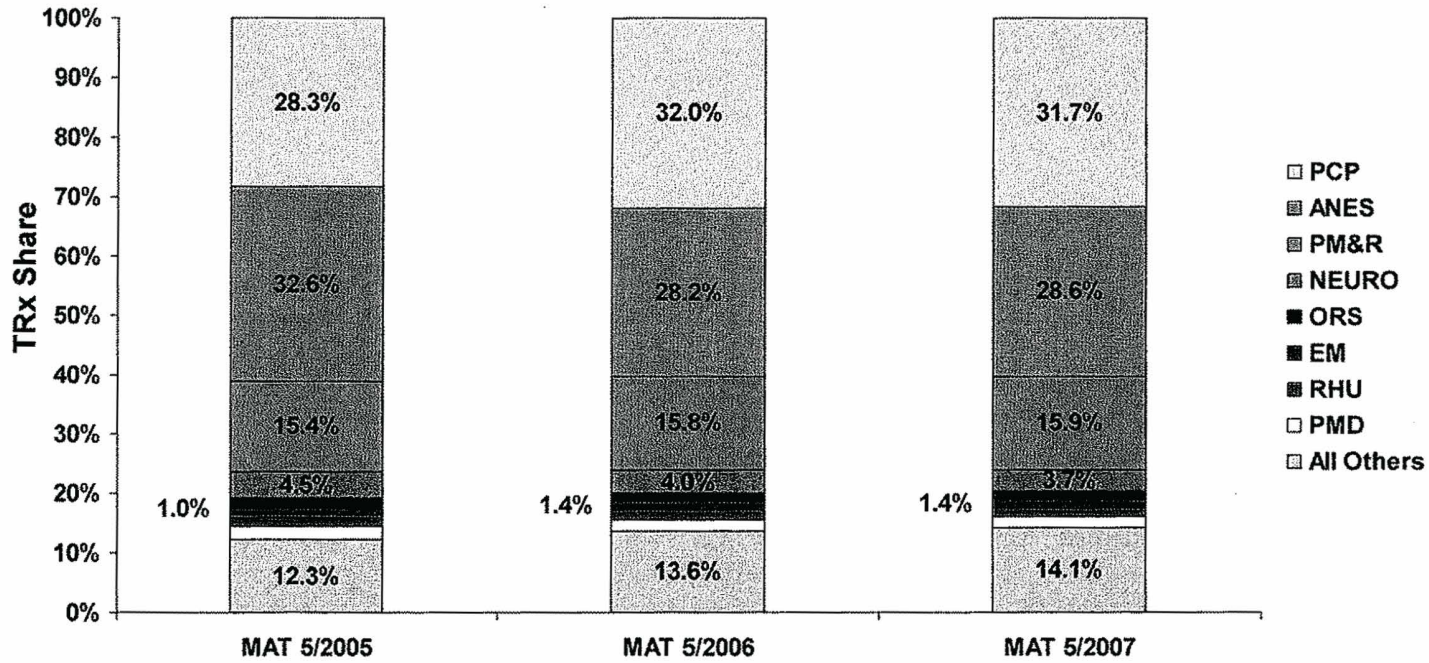
Source: Wolters Kluwer Health, Source® PHAST Prescription Monthly.  
 \*Weekly; 4-week rolling average.







# Kadian Share of TRxs by Specialty



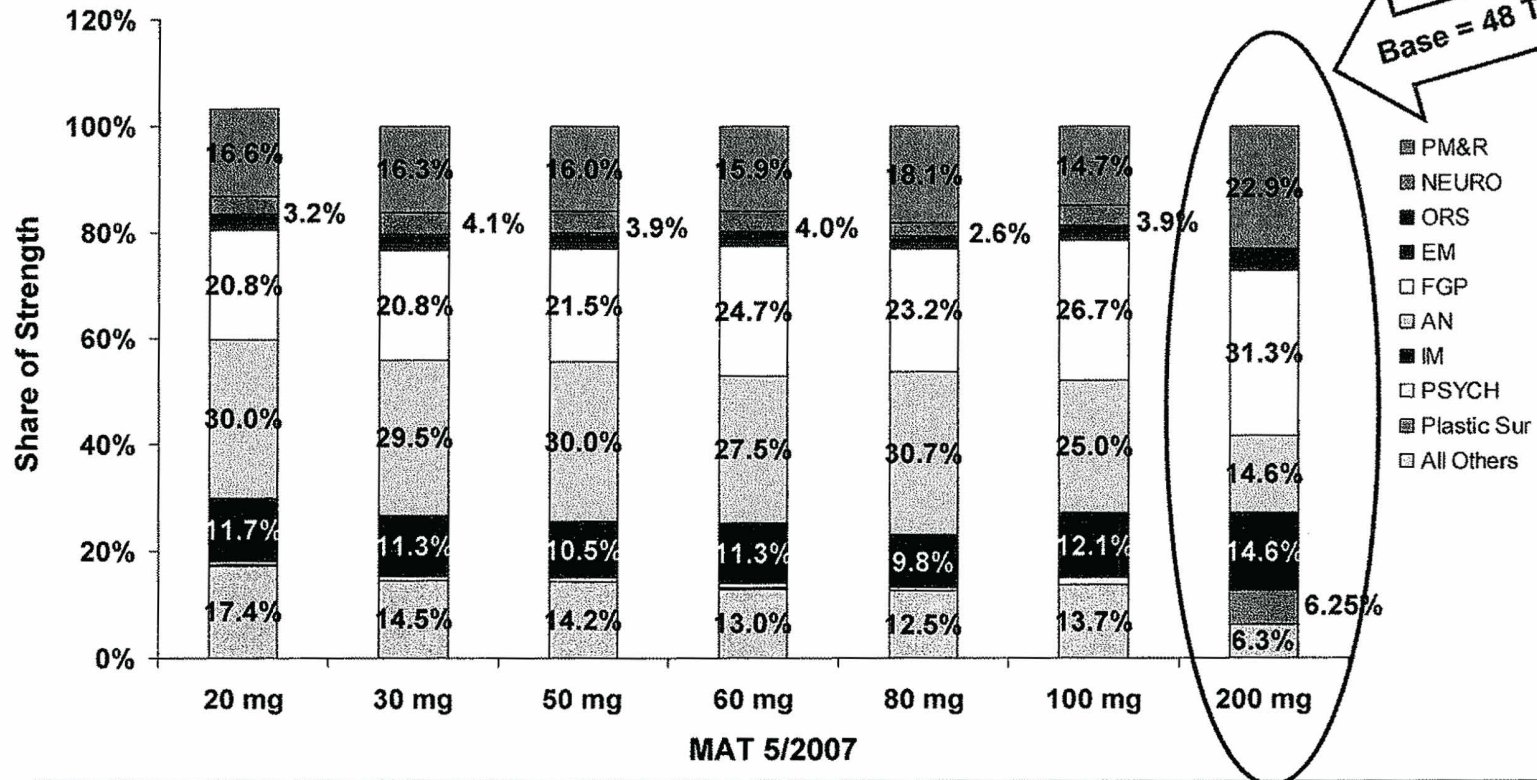
Shift in prescriber base from anesthesiologist to PCPs due to increase of sales force

Source: Wolters Kluwer Health Source® PHAST Prescription Monthly.





# Kadian TRxs by Strength and Specialty Group



**No one specialty seems to favor a particular strength of Kadian**

Note: Most Neurology, Orthopedics, Emergency Medicine, Psychiatry, and Plastic Surgery shares values are not shown on graph due to small percentage and readability of graph.

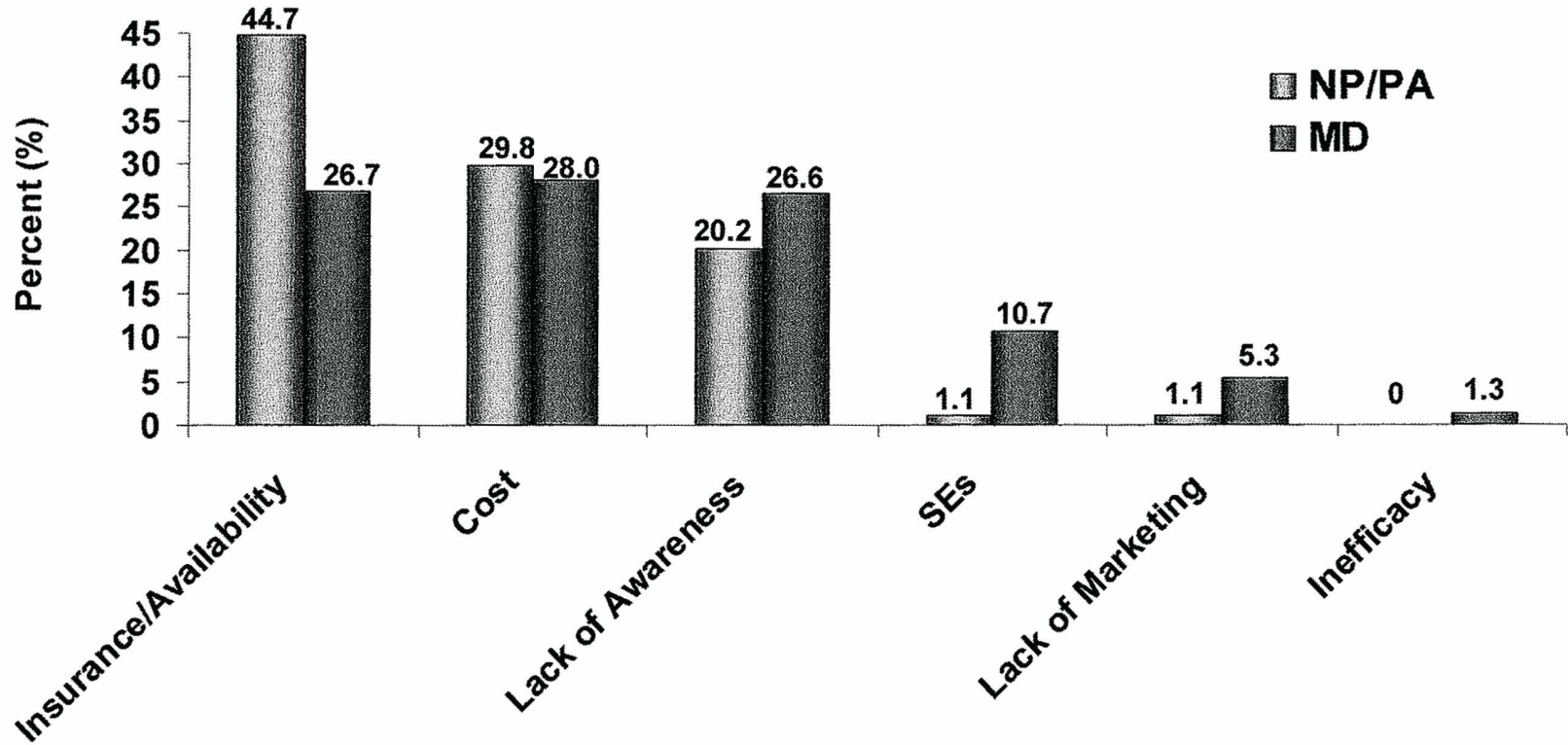


Source: Wolters Kluwer Health Source® PHAST Prescription Monthly.





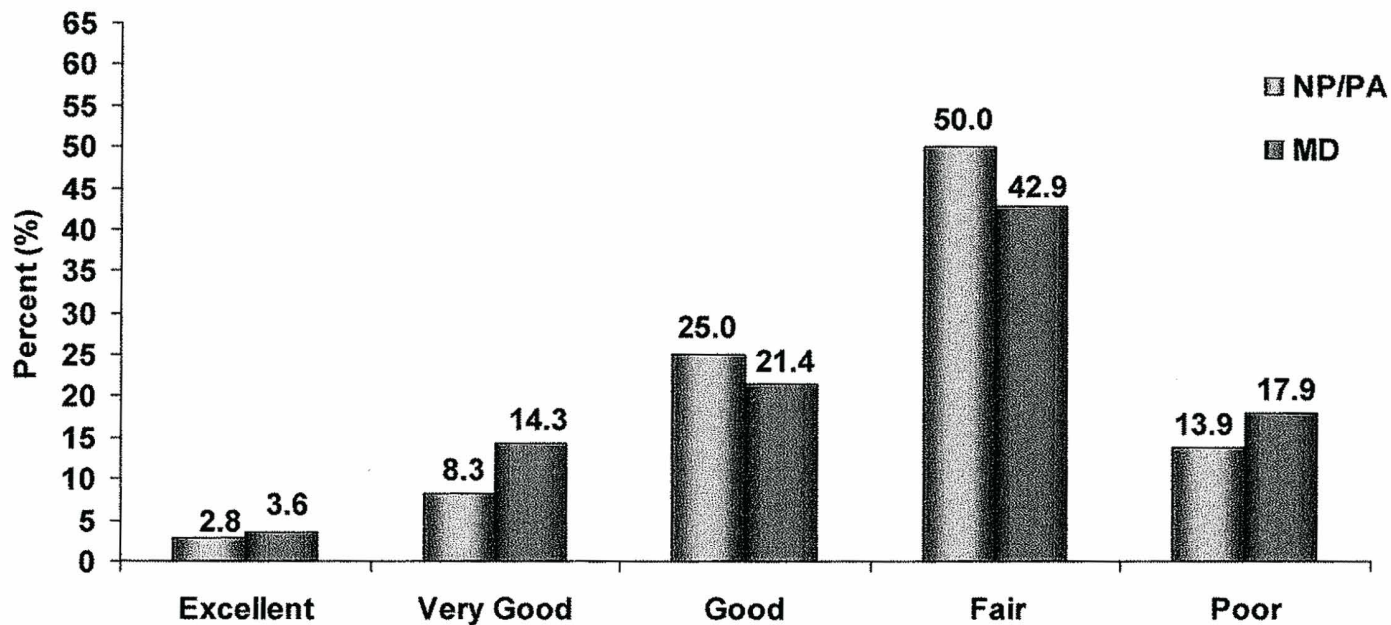
# What are the biggest barriers that limit more widespread use of KADIAN®?



Data provided by Embryon. N=74  
8/07-10/07



# What is your perception of KADIAN<sup>®</sup> formulary coverage



Data provided by Embryon. N=74  
8/07-10/07



# Managed Care

Channel	KADIAN	AVINZA	OXYCONTIN	OPANA ER
Commercial	78%	63%	85%	42%
Medicaid	89%	80%	89%	64%
Medicare Part D	48%	60%	45%	33%

- KADIAN<sup>®</sup> is still preferred more often than any other brand across all categories of payors (56% on commercial, 78% on Medicaid)
- Only branded Oxycontin<sup>®</sup> is covered more often in the commercial category
- For the first two quarters in 2007, roughly 72% of KADIAN<sup>®</sup> utilization came through commercial payors, 10% Medicaid programs, 14% Medicare, and 4% cash payors

Cognetix Data –  
Aug 2007

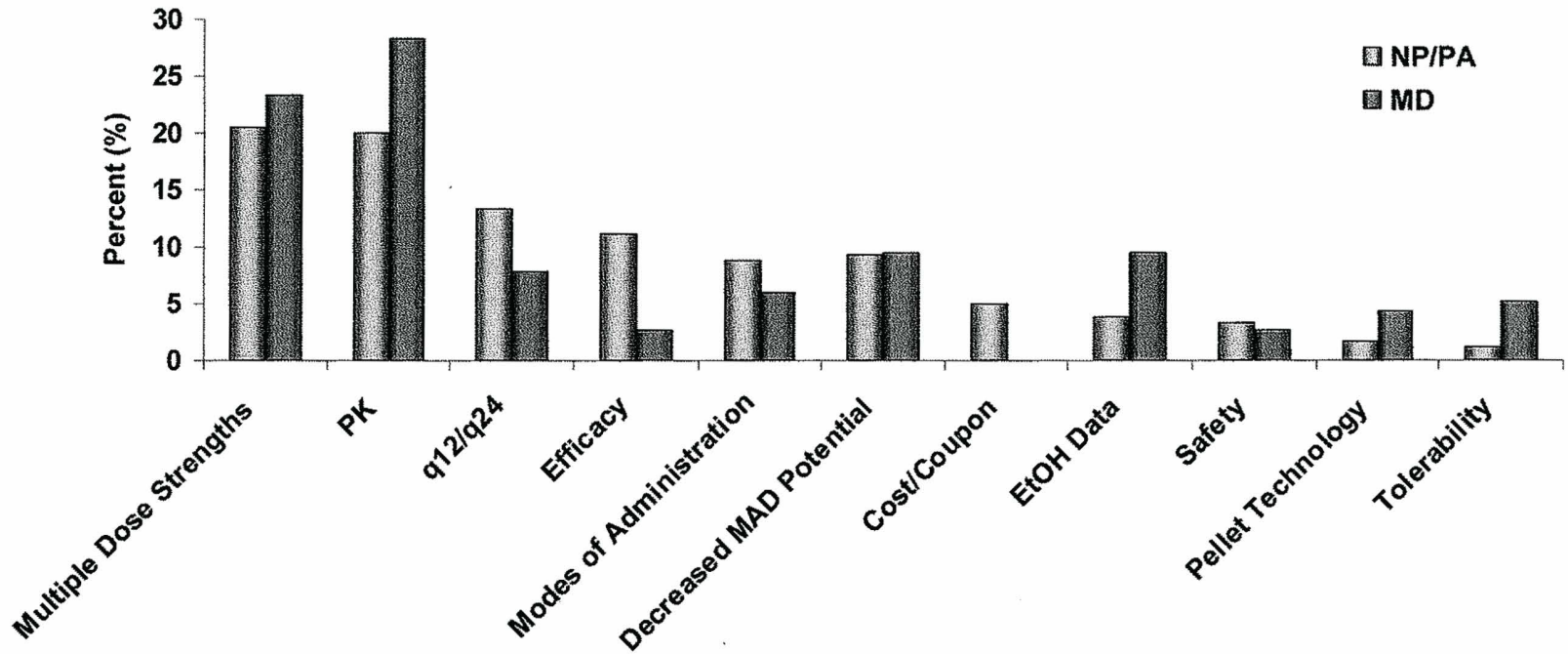
 **ALPHARMA.**  
Pharmaceuticals

**KADIAN<sup>®</sup>**  
Morphine Sulfate Extended-Release Capsules  
10mg • 20mg • 30mg • 50mg • 60mg • 80mg • 100mg • 120mg





# What are the top strengths of KADIAN?



Kadian messages are fragmented

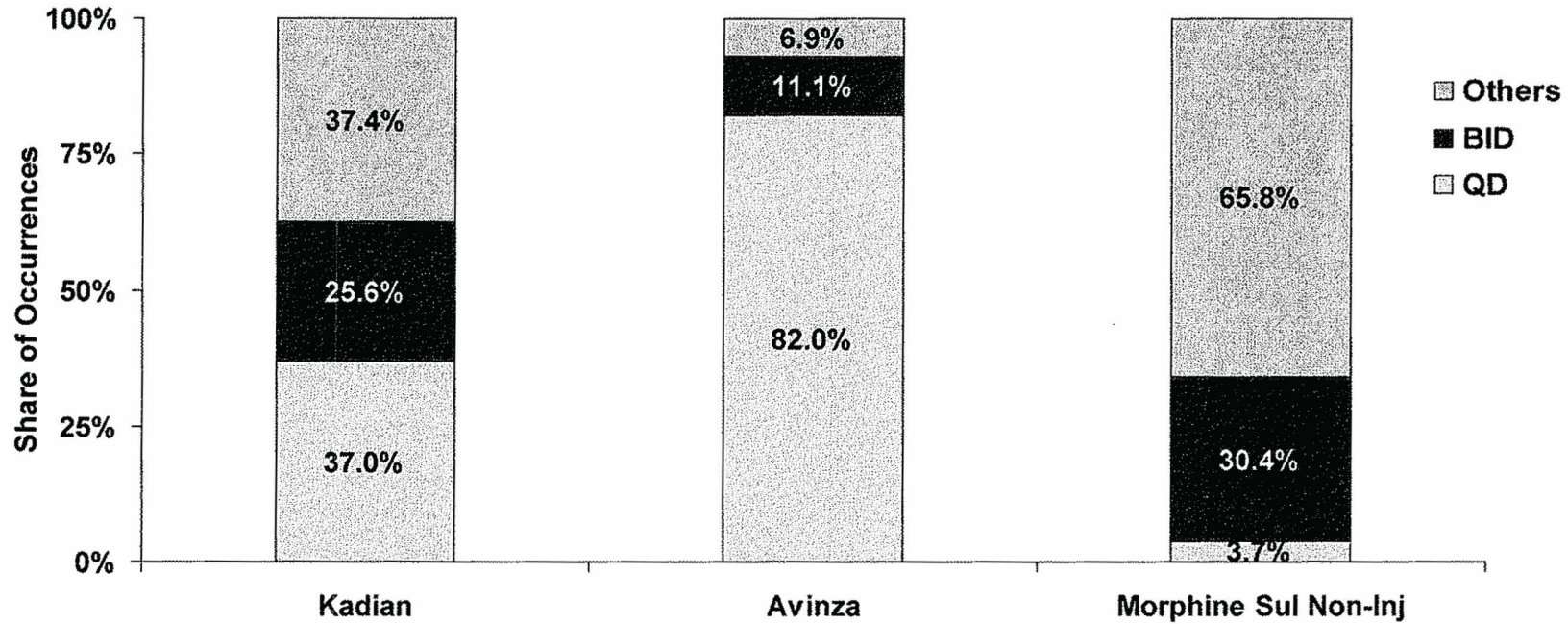


Data provided by Embryon. N=74 8/07-10/07





# Long-Acting Morphine Dosing Frequency



Avinza is dosed QD based on messaging. Kadian's QD & BID dosing reflects flexible dosing messaging

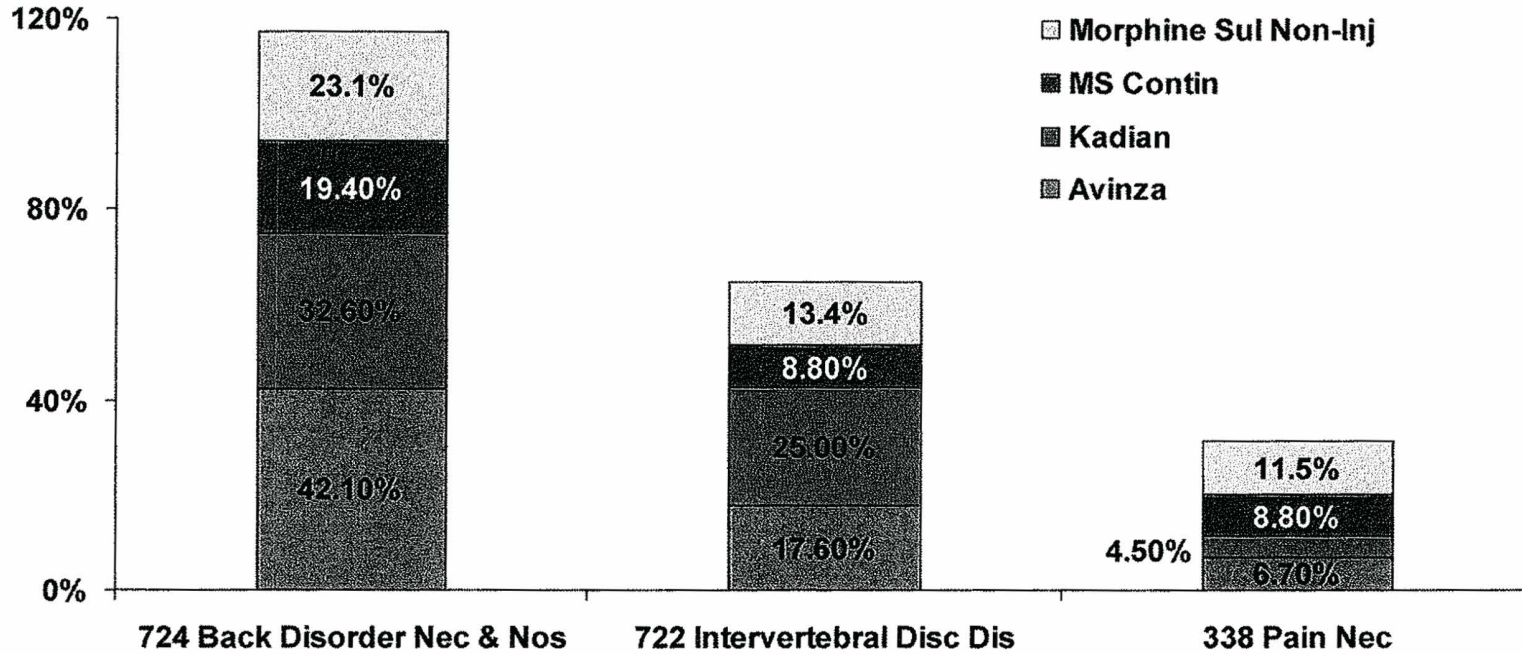
Note: Audit data does not indicate type of drug-release for generic Morphine Sul Non-Inj (includes short-acting and long-acting).

Source: Verispan's Physician Drug and Diagnosis Audit (PDDA).





# Market Share by Diagnosis



**Avinza has targeted lower back pain successfully**

Note: All other diagnosis not displayed. Audit data does not indicate type of drug-release for generic Oxycodone and Morphine Sul Non-Inj.

Source: Verispan's Physician Drug and Diagnosis Audit (PDDA).







# Kadian & Competitors Mean Daily Dosage

MAT/6/2007	
Morphine Sulfate Product	Mean Daily Dosage
MS Contin	136.6 mg
Kadian	80.9 mg
Morphine Sul Non-Inj*	80.3 mg
Avinza	79.1 mg
Oramorph SR	60.8 mg

\*May include both LA & SA morphine sulfate.  
Source: Verispan's Physician Drug and Diagnosis Audit (PDDA).



# Kadian Net Business Gain/Loss

(includes switches and add-on)

Product Gained From/Lost To	QTR 1 2007	QTR 2 2007	QTR 3 2007
<b>TOTAL</b>	5,536	7,448	5,760
HYDROCODONE/APAP SA	3,187	4,247	3,019
OXYCODONE/BRAND/GENERIC IR	1,492	2,216	1,802
OTHER PAIN/BRAND/GENERIC IR	458	397	313
OXYCONTIN/BRAND/GENERIC SR	293	330	253
FENTANYL/DURAGESIC LA	221	326	263
MS CONTIN/ BRAND/ GENERIC SR	(387)	(300)	(72)
METHADONE LA	98	150	56
ULTRAM ER	44	103	(11)
MS CONTIN/BRAND/GENERIC IR			(4)
AVINZA ER	235	260	248
OPANA ER	(107)	(266)	(93)
ORAMORPH SR	2	(15)	(14)

Majority of Kadian switches are from SA products and Avinza.  
Opana ER conversions have been blunted

Source: IMS Health, NPA Market Dynamics.



# Avinza Net Business Gain/Loss

(includes switches and add-on)

Product Gained From/Lost To	QTR 1 2007	QTR 2 2007	QTR 3 2007
<b>TOTAL</b>	1,762	2,517	2,189
HYDROCODONE/APAP SA	2,050	1,965	1,818
OXYCODONE/BRAND/GENERIC IR	900	1,212	1,019
OTHER PAIN/BRAND/GENERIC IR	114	185	(15)
OXYCONTIN/BRAND/GENERIC SR	(107)	38	82
FENTANYL/DURAGESIC LA	74	181	129
MS CONTIN/ BRAND/ GENERIC SR	(707)	(588)	(535)
METHADONE LA	(113)	(57)	(3)
ULTRAM ER	(50)	(22)	38
KADIAN LA	(235)	(260)	(248)
MS CONTIN/BRAND/GENERIC IR	5	1	
OPANA ER	(162)	(135)	(105)
ORAMORPH SR	(7)	(3)	9

Avinza gets business from SA's and losses to KADIAN and MSContin

Source: IMS Health, NPA Market Dynamics.





## MS Contin/MSER Net Business Gain/Loss

Product Gained From/Lost To	QTR 1 2007	QTR 2 2007	QTR 3 2007
TOTAL	42,420	19,644	36,764
HYDROCODONE/APAP SA	24,464	23,707	19,554
OXYCODONE/BRAND/GENERIC IR	12,054	12,848	11,211
OTHER PAIN/BRAND/GENERIC IR	1,969	2,227	1,167
OXYCONTIN/BRAND/GENERIC SR	1,678	2,041	1,787
FENTANYL/DURAGESIC LA	662	708	1,858
METHADONE LA	518	147	623
ULTRAM ER	115	80	70
KADIAN LA	387	300	72
MS CONTIN/BRAND/GENERIC IR	17	(22,889)	26
AVINZA ER	707	588	535
OPANA ER	(172)	(123)	(107)
DRAMORPH SR	21	10	(32)

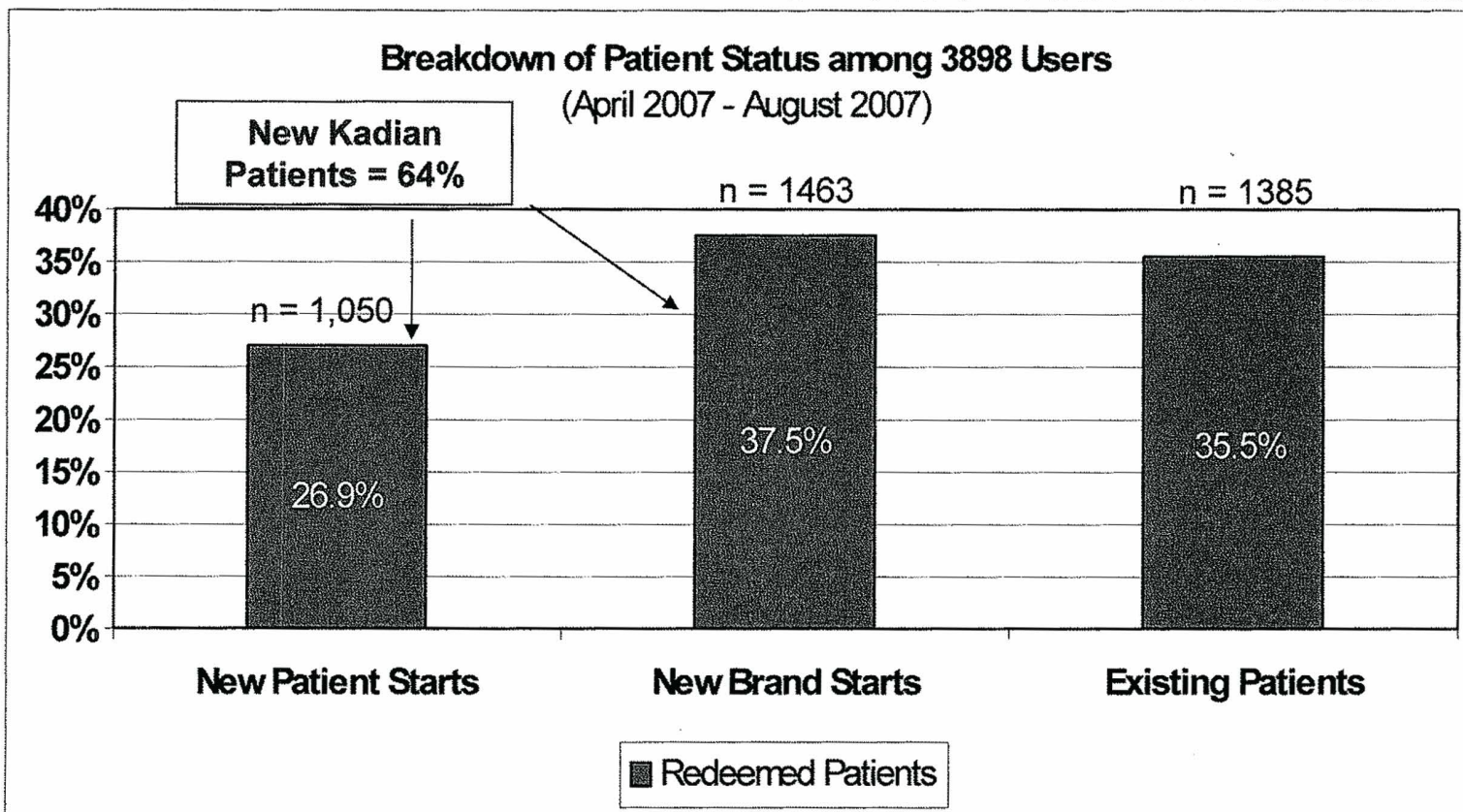
MSER taking business from SA and LA Oxy and Fentanyl

Source: IMS Health, NPA Market Dynamics.





# KADIAN Conversion Card – Redemption of cards by New Patients compared to existing patients



\*\*Based on 3,898 unique users who could be matched to LPD data This should be viewed as directional, not definitive as over 50% of users are not represented in this data.

NPS = patients new to therapeutic class; NBS = patients who switched brands within class



Source: Verispan LPD

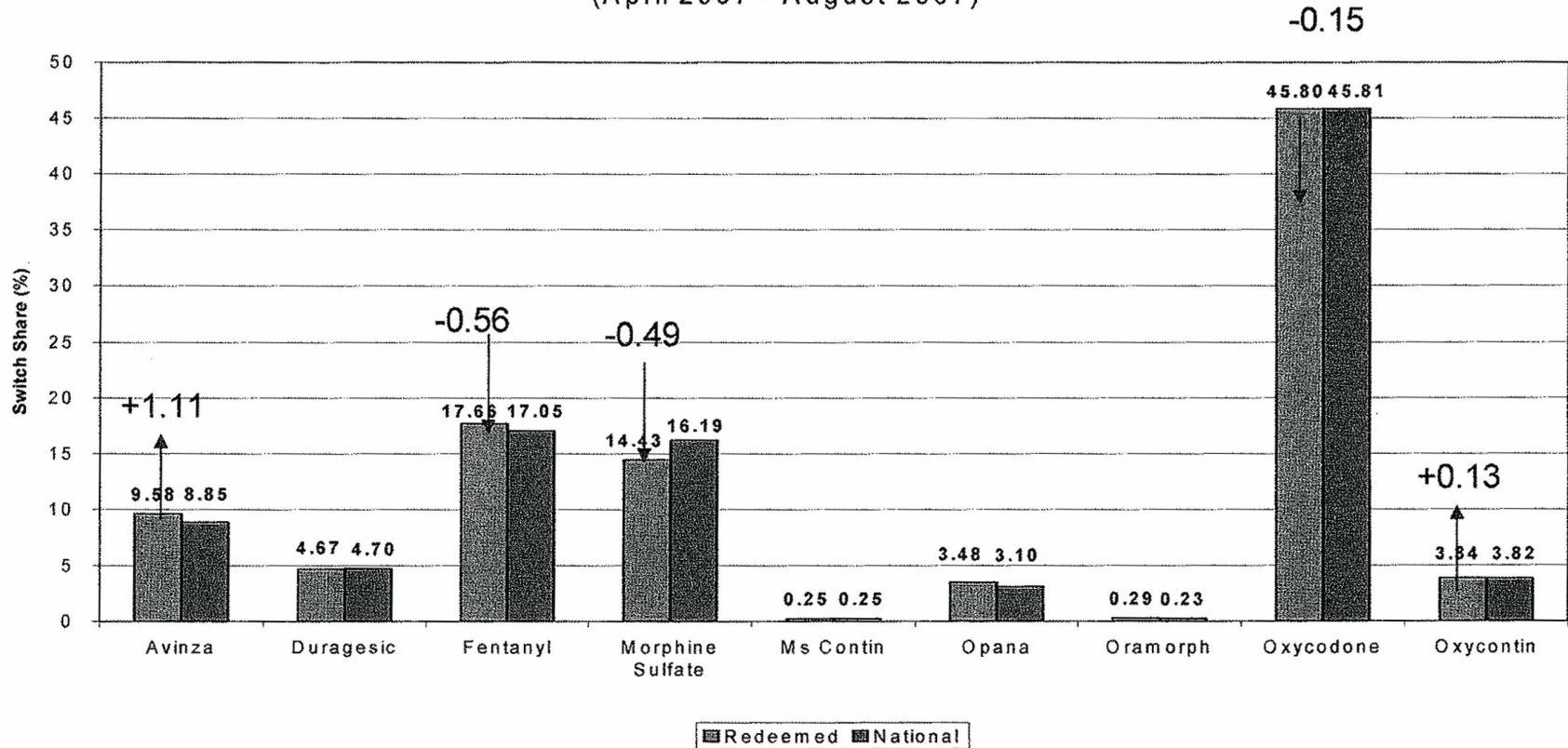
Source: Verispan LPD



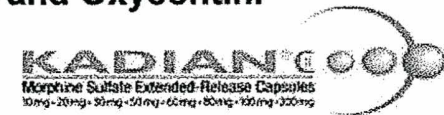
# Source of business through conversion card Switches

Redeeming Physicians = 2786  
National Physicians = 5999

Switches to Kadian: Redeeming Physicians vs. National  
(April 2007 - August 2007)



Of the 64% of patients new to Kadian, NBS switches come predominantly at the expense of Oxycodone, however have increased slightly from Avinza and Oxycontin.



Source: Verispan LPD



## KADIAN Conversion Card – ROI Summary

- 64% (2495) of patients who have redeemed the card are new to KADIAN
  - ➔ 3898 patients from Apr – Aug 07
- Program Revenue (Apr – Oct 07)

**Program revenue through Oct 07**                      **3,340,000**

**Less operating costs and  
program fees through Oct 07**                      **1,300,000**

**Net revenue**    **2,040,000**

**Ratio**    **1.6**



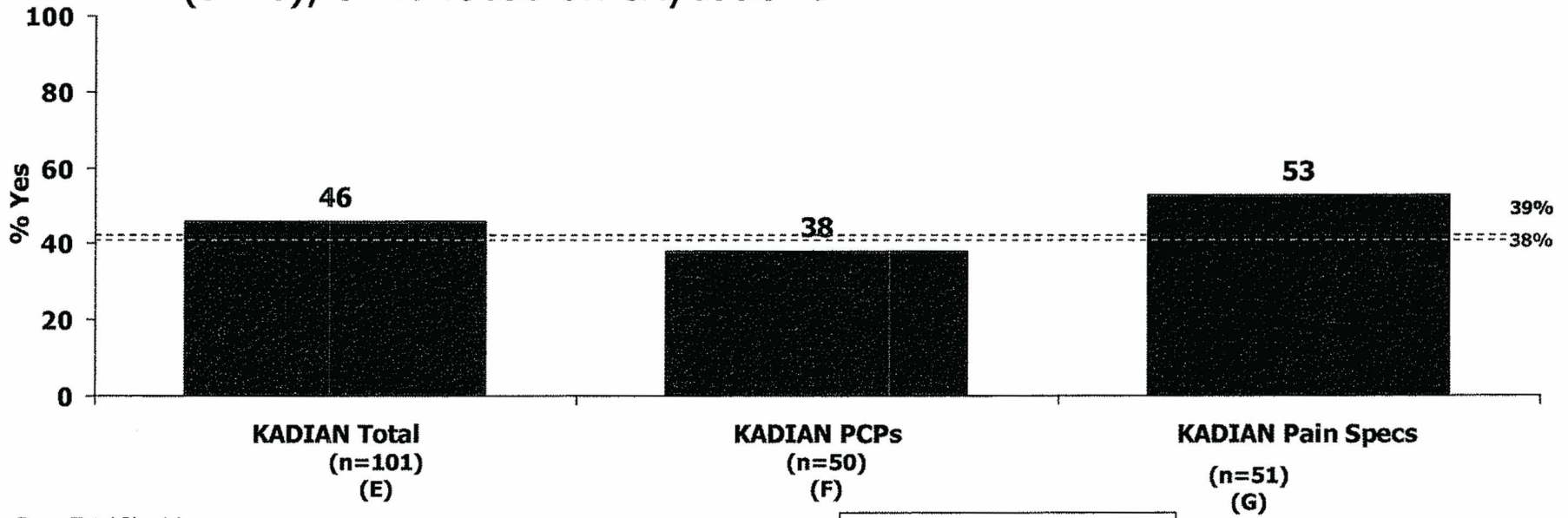
Dendrite – LPD Data and ROI analysis





# Sales Force Execution

- Product comparisons during KADIAN detail:
  - Only half of KADIAN details include a product comparison discussion.
  - The majority of these comparisons are to a morphine sulfate product (57%); 37% focus on oxycodone



Base: Total Physicians  
 Uppercase letters denote significant differences at the 90% confidence level

---- FT industry avg. PCPs  
 ---- FT industry avg. Specialists



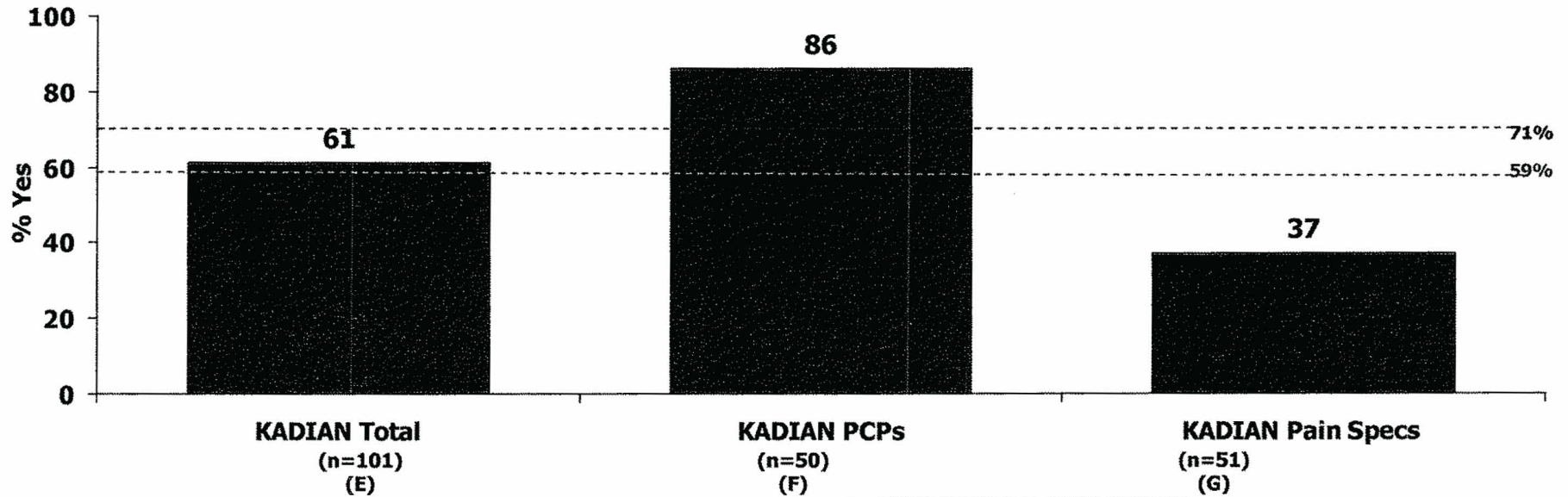
Source: Kadian Message Tracking Study





# Sales Force Execution

- Sales Representative's request to prescribe
  - 61% of physicians recall the Kadian rep asking for the business
  - The reps are closing with PCPs but much less often with specialists



Base: Total Physicians  
 Uppercase letters denote significant differences at the 90% confidence level

---- FT industry avg. PCPs  
 ---- FT industry avg. Specialists



Source: Kadian Message Tracking Study





# Sales Force Efforts

	2007	2008
<b># of Targets</b>	22800	65000
<b>% PCP</b>	36%	62%
<b>Detail Position</b>	1	2
<b># Reps</b>	190	400
<b>Focus</b>	Morphine Targets	Morphine Targets/Chronic Pain/Acute Pain

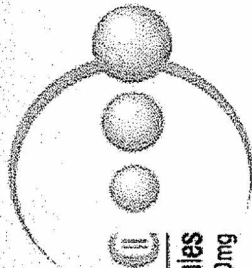




## Summary Insights

- Equal or superior Managed Care status compared to other branded LAOs
- Awareness of Kadian's formulary status is low
- Momentum exists with taking business from Avinza
- Current message of flexible dosing is resonating across all specialties
- Avinza has a clear focused message compared to KADIAN
- Sales Force implementation of morphine strategy can still be improved as well as closing skills





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Morphine Sulfate Extended-Release Capsules  
10mg • 20mg • 30mg • 50mg • 60mg • 80mg • 100mg • 200mg

# KADIAN® 2008 SWOT Analysis

MAIDA <KADIAN>



# KADIAN Strengths and Weaknesses

## 2008 Strengths

- Flexibility
  - Once/twice day
  - Multiple doses (most in the market)
  - Routes of administration
- Focused growing sales force
- Favorable formulary coverage
- Smooth PK profile
- Easy conversion from other opioids

## 2008 Weaknesses

- Differentiation vs. other SR opioids
  - Lack of data vs. competitors
  - Fragmented messaging
- Disruption of Organization
- Weak formulary pull through
- Small Prescriber Base





# KADIAN Opportunities and Threats

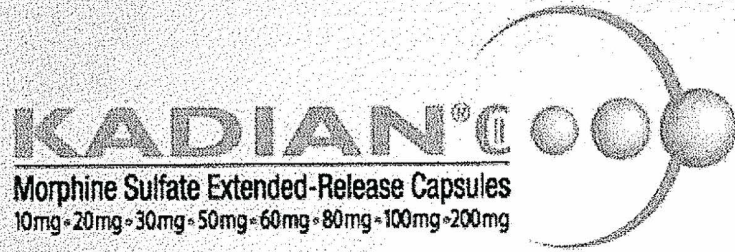
## 2008 Opportunities

- Synergy w/ FLECTOR-Acute and Chronic Pain
- Improve Managed Care pull through
- Increase prescriber base
- Conversion from SA patients to KADIAN as first line choice for chronic pain
- Focus messages on specific pain states and capture share from other LA morphines

## 2008 Threats

- Managed care preference for generics
- Reluctance of PCPs to prescribing CII's
- New Competitors
  - Oxycontin back to market
  - Opana ER stealing share
  - Abuse Deterrent
- Government Regulations





# KADIAN<sup>®</sup> 2008 POSITIONING STRATEGIES AND TACTICS





## KADIAN Positioning

Kadian, the morphine of choice, has the flexibility to provide individualized pain relief.







# Critical Success Factors - Strategies

## Critical Success Factors

**Deliver compelling KADIAN message in second position and close for business, each and every time**

**Adapting message to fit the need of new physician profiles**

**Overcome perception of poor managed care coverage**

**Product differentiation by connecting features into benefits**

**Expand prescriber base**

## Strategies

**Gain conversions from LA morphine and SA depending on physician target**

**Develop benefit based proposition**

**Improve MCO awareness and pull through**

**Focused message given P2 placement**

**Maximize synergies between FLECTOR and KADIAN**





## Gain Conversions from LA Morphine and SA

- Position conversion card to facilitate switches
- Train representatives to adapt message delivery to diverse audience
- Transition SA patients
  - ➔ Product specific flashcards
  - ➔ APS safety campaign around APAP issues
  - ➔ Conversion Guides-electronic version
  - ➔ Assess 10 mg as a tool
- Reinforce importance of closing and making direct comparisons.
  - ➔ Sales and sales training
- Conventions
- Patient Outreach program
- Pharmacy messaging
- Website development geared towards patient specific messages
- Regional Ad Boards (Webcast) – NP,PA and MD
- Sell whole office

