
From: Meyer, Chris
Sent: Wednesday, October 11, 2006 12:40 PM
To: Pentz, William; Martin, Gregory S.
Cc: Schurr, Kent
Subject: RE: Confirmation of Q4 Target
Attachments: Fentora Q4 Bonus Plan

Bill,

Sounds good. We now need to figure out how we are going to handle Fentora. The plan that Greg and Kent are using for the PCS sales force is going to be quite different than the Actiq plans we have been modeling the Oncology plan around. The new PCS plan has 2 components. The plan we build for Oncology probably only needs to consider the first component in the PCS plan. I know Kent is working on a final draft which I will ask him to send to you but I have attached an earlier draft so you have some idea of what to expect.

Thanks,
Chris

Chris Meyer

Associate Director, Sales Force Planning and Operations
Phone: 610-738-6562
Cell: 610-283-8538

From: Pentz, William
Sent: Tuesday, October 10, 2006 5:32 PM
To: Martin, Gregory S.; Meyer, Chris
Subject: RE: Confirmation of Q4 Target

Greg and Chris-

I spoke to Chuck and Liz together and here is the final update...

Floor: 34
Ceiling: 42
Blanket Increase: 3 cartons
Ceiling + %: 33%

It's a wash on the national number and I can fill in details later if you're interested.
Thanks-
Bill

From: Pentz, William
Sent: Tuesday, October 10, 2006 11:26 AM
To: Barrett, Elizabeth
Cc: Bucklar, Charles; Martin, Gregory S.; Meyer, Chris
Subject: Confirmation of Q4 Target

Hey Liz-

Just confirming that the below parameters meet your needs for the Q4 2006 compensation targeted quotas.

Our minimum quota will be set at 35 cartons and our maximum will be 42 plus 20% of the cartons above 42. We will have 14 people at the minimum quota and that number hardly changes regardless of plan approach. This plan is very similar to the Q3 plan, which is outlined to the right of the Q4 plan.

Please let me know if you have any questions and if not, I will begin crafting the word document for approval later this wee.

Thanks-
Bill

Q2 Sales	866	
Q3 Sales	948	
Q4 Target	1073	
Growth Q2 vs. Q3	9.47%	
Growth Q3 vs. Q4	13.19%	
		Q3 Plan
Floor	35	30
Ceiling	42	45
Blanket Increase	3	3
Ceil.+ %	20%	33%

Bill Pentz
Oncology Sales Operations
Cephalon, Inc.
Phone: 610-738-6775
Fax: 610-738-6371
wpentz@cephalon.com

From: Schurr, Kent
Sent: Thursday, October 05, 2006 7:20 PM
To: Meyer, Chris; Martin, Gregory S.
Subject: Fentora Q4 Bonus Plan
Attachments: PCS Q4 2006b.doc

Chris,
Here is the plan for you to review.

Greg,
This plan has all the changes if you also want to look at it while Chris is.

Thanks,
Kent

Kent Schurr
Manager, Sales Operations
Cephalon, Inc.
Phone: 610.738.6226
Fax: 610.738.6371
Email: kschurr@cephalon.com

Pain Care Specialist 4th Quarter 2006 Incentive Compensation Plan

FENTORA 4TH QUARTER BONUS

The Fentora 4th Quarter Bonus plan is comprised of two components. The first component is based on Fentora sales in your territory measured by retail prescription (physician-aligned) dollars plus DDD dollars for non-retail and mail-order, while the second component is based on Fentora sales in your territory measured by DDD retail (pharmacy-aligned) dollars plus DDD dollars for non-retail and mail-order. The addition of this second component using DDD retail pharmacy dollars is being added to help ensure a more robust data capture during the early part of Fentora's life cycle and to encourage the appropriate stocking of retail pharmacies to keep pace with demand. This approach was also used successfully during the early part of Actiq's life cycle.

Target Bonus for Fentora Launch:

- | | |
|--|-------------------|
| 1. Fentora retail prescription dollars plus non-retail and mail-order DDD dollars Target Bonus | = \$ 6,000 |
| 2. Fentora DDD retail pharmacy dollars plus non-retail and mail-order DDD dollars Target Bonus | = \$ |
| <u>6,000</u> | |
| Total Fentora 4th Quarter Target Bonus | = \$12,000 |

Component 1: Retail Prescription Dollars plus DDD Non-Retail and DDD Mail-Order Dollars

*For each dollar of Fentora sold in your territory in 4th Quarter 2006 you will receive **\$0.07***
AND

*For each % of your 2nd Quarter 2006 Actiq dollars that you convert to Fentora you will receive **\$240***

The % used for the \$240 % commission component will be based on the simple equation:

% = Total 4th Quarter Fentora Dollar Sales divided by Total 2nd Quarter Actiq Dollar Sales multiplied by 100.

Note: For the average size territory, approximately 75% of the bonus earned will come from the straight \$0.07 commission while 25% will come from the Actiq conversion commission of \$240. The actual %'s will vary by territory.

Component 1 Payout Example:

Retail Prescription Dollars plus DDD Non-Retail and DDD Mail-Order Dollars Bonus Calculation

4th Quarter 2006 Fentora sales =	\$ 69,200
2nd Quarter 2006 Actiq Base sales =	<u>\$ 1,052,454</u>
% Actiq Base Conversion (\$ 69,200 / \$ 1,052,454 x 100) =	6.58%
\$ 69,200 x \$ 0.07 =	\$ 4,844
6.58 x \$240 =	<u>\$ 1,579</u>
Fentora 4th Quarter 2006 Component 1 Bonus =	\$ 6,423

Pain Care Specialist

4th Quarter 2006 Incentive Compensation Plan

Component 2: DDD Retail Pharmacy Dollars plus DDD Non-Retail and DDD Mail-Order Dollars

This second component of the bonus plan will capture some quantity of retail pharmacy stocking of Fentora that will exceed the initial 4th Quarter demand (Rxs). Because the extent of the additional pharmacy stocking in the 4th Quarter is unknown, the commissions for Component 2 of the plan are in a tiered commission schedule that ties payouts to the true national demand sales performance. As long as the demand sales keep pace with stocking, your potential is unlimited.

*For each dollar of Fentora sold in your territory in 4th Quarter 2006 you will receive a **Dollar Commission***

AND

*For each % of your 2nd Quarter 2006 Actiq dollars that you convert to Fentora you will receive a **% Commission***

The dollar commission and % commission for this part of the plan will come from the chart below based on the National Stocking % of Fentora above the national demand (Rx) sales. The National Stocking % will be calculated as follows:

Stocking = National Component 2 (DDD Total) Q4 Dollars minus National Component 1 (Rx + Non-Retail & Mail) Q4 Dollars

National Stocking % = Stocking divided by National Component 1 (Rx + Non-Retail & Mail) Q4 Dollars

Tier Number	National Stocking % (Fentora)	Dollar Commission	% Commission (Actiq Base Conversion)
1	< 5%	\$ 0.070	\$ 240.00
2	6 – 15 %	\$ 0.065	\$ 220.00
3	16 – 25 %	\$ 0.060	\$ 197.00
4	26 – 35 %	\$ 0.055	\$ 185.00
5	36 – 45 %	\$ 0.051	\$ 175.00
6	46 – 55 %	\$ 0.048	\$ 158.00
7	56 – 65 %	\$ 0.045	\$ 148.00
8	> 66 %	\$ 0.040	\$ 130.00

For Example: If the National Stocking % for Fentora is 31%, the resulting plan will be from Tier 4:

*For each dollar of Fentora sold in your territory in 4th Quarter 2006 you will receive **\$0.055***

AND

*For each % of 2nd Quarter 2006 Actiq dollars that you convert to Fentora you will receive **\$185***

Component 2 Payout Example (if stocking % is 31%):

DDD Total Dollars (retail, non-retail, and mail-order) Bonus Calculation

4th Quarter 2006 Fentora sales =	\$ 90,000
2nd Quarter 2006 Actiq Base sales =	<u>\$ 1,062,700</u>
% Actiq Base Conversion ($\$ 90,000 / \$ 1,062,700 \times 100$) =	8.47%

$\$ 90,000 \times \$ 0.055 =$	\$ 4,950
$8.47 \times \$ 185 =$	<u>\$ 1,567</u>
Fentora 4th Quarter 2006 Component 2 Bonus =	\$ 6,517

The Incentive Compensation Plan contained herein is not meant to, nor does it, create an Employee Handbook and/or an Employment Contract between the Company and you. The Plan contained herein does not guarantee payment of any bonus, nor does it guarantee employment for any period of time, nor does it guarantee any particular terms and/or conditions of employment. The employment relationship between the Company and you is "at will," which means that either the Company or you may terminate the employment relationship at any time. The Company, at its sole

Pain Care Specialist 4th Quarter 2006 Incentive Compensation Plan

discretion, may change or terminate the Plan contained herein at any time with or without notice, or choose not to apply it in particular cases. Eligibility requirements for receipt of any bonus, of whatever nature, are contained in the Incentive Compensation Payment Plan Policies.

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