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CONFIDENTIAL

April 13, 2010

James Rhilinger, Esq.
Federal Trade Commission
601 New Jersey Avenue, N.W.
Washington, D.C. 20580

RE: Cephalon, Inc., FTC File No. 061-0182

Dear James:

I write to memorialize the substance of our telephone conversation yesterday afternoon. As I stated on the call, Watson Pharmaceuticals, Inc. ("Watson") has determined not to produce its President and Chief Executive Officer, Mr. Paul Bisaro, for an investigational hearing on April 15, 2010 in connection with the Federal Trade Commission's ("FTC") subpoena *ad testificandum* dated July 22, 2009. We have taken this step in order to preserve our position that the FTC's subpoena should be quashed. Nevertheless, we expect to work cooperatively with the FTC in addressing the next steps to be taken, including a dialogue on whether any resolution is possible, or alternatively, efficiently scheduling any ensuing litigation. I understand that you will let us know whether we should discuss those next steps either with the management of the Health Care Division or with the FTC's Office of the General Counsel.

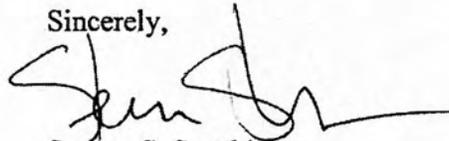
More generally, Watson is aware that the interface between brand-name and generic pharmaceutical manufacturers is currently a topic of great interest at the FTC. Watson has, however, confirmed to the FTC on various occasions that it has not reached any agreements or decisions regarding relinquishment of any marketing exclusivity associated with the '346 Patent, and in particular that there is no agreement that would preclude Watson from relinquishing any exclusivity rights

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it may have. Moreover, as the record in the case clearly indicates, Mr. Bisaro has had *no* contacts with any third party regarding this subject. Indeed, his knowledge is limited to less than a handful of brief updates from Watson's general counsel. Given these facts, we can see no practical purpose in pursuing Mr. Bisaro's testimony.

I look forward to hearing from you regarding next steps.

Sincerely,



Steven C. Sunshine