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UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

The Commission having thereafter considered the matter and having determined that it had reason to believe that Respondents have violated the said Act and that a Complaint should issue stating its charges in this respect, and having thereupon issued its Complaint and an Order to Maintain Assets, and having accepted the aforesaid Consent Agreement and placed such Consent Agreement on the public record for a period of thirty (30) days for the receipt and consideration of public comments, and having modified the Decision and Order in certain respects, now in further conformity with the procedure described in Commission Rule 2.34, 16 C.F.R. §2.34, the Commission hereby makes the following jurisdictional findings and issues the following Decision and Order ("Order"):

1. Respondent Perrigo Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Michigan with its headquarters located at 515 East Avenue, Allegan, Michigan 49010.
2. Respondent Paddock Laboratories, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Minnesota with its headquarters located at 3940 Quebe Avenue North, Minneapolis, Minnesota 55427.
3. The Commission has jurisdiction of the subject matter of this proceeding and of the Respondents, and the proceeding is in the public interest.

ORDER

I.

IT IS ORDERED that, as used in the Order, the following definitions shall apply:

- A. "Perrigo" means Perrigo Company, its directors, officers, employees, agents, representatives, successors, and assigns, joint ventures, subsidiaries, divisions, groups and affiliates in each case controlled by Perrigo Company, and the respective directors, officers, employees, agents, representatives, successors, and assigns of each.
- B. "Paddock" means Paddock Laboratories, Inc., its directors, officers, employees, agents, representatives, successors, and assigns, joint ventures, subsidiaries, divisions, groups and affiliates in each case controlled by Paddock Laboratories, Inc., and the respective directors, officers, employees, agents, representatives, successors, and assigns of each.
- C. "Respondents" mean Perrigo and Paddock, collectively and individually.
- D. "Watson" means Watson Pharmaceuticals, Inc., a corporation organized, existing and doing business under and by virtue of the laws of the State of Nevada, with its headquarters address at 311 Berkeley Circle, Corona, California 92880.
- E. "Commission" means the Federal Trade Commission.

- F. "Acquirer(s)" means Watson or any other Person approved by the Commission to acquire particular assets or rights that Respondents are required to assign, grant, license, divest, transfer, deliver, or otherwise convey pursuant to this Order.
- G. "Acquisition" means the acquisition contemplated by the Purchase Agreement by and among Perrigo Company, Paddock Laboratories, Inc., Paddock Properties Limited Partnership and, solely for purposes of Section 11.15, the person set forth on Exhibit A, Dated as of January 20, 2011.
- H. "Acquisition Date" means the date that Respondents close on the Acquisition.
- I. "ANDA" means an abbreviated new drug application filed with the United States Food and Drug Administration ("FDA"), together with all revisions, supplements and amendments thereto.
- J. "Androgel Backup Supply Agreement" means the Backup Manufacturing and Supply Agreement, dated September 13, 2006, between Pharmaceutics, Inc. and its Affiliates, Laboratoires Besins International S.A. and its Affiliates, and Par Pharmaceutical Companies, Inc. and its Affiliates, Par Pharmaceutical, Inc. including all amendments, exhibits, attachments, agreements and schedules thereto, including, without limitation, the letter dated September 13, 2006, from Par Pharmaceutical Companies, Inc. to Paddock wherein Par designates Paddock as its Designee.
- K. "cGMP" means current Good Manufacturing Practice as set forth in the United States Federal Food, Drug, and Cosmetic Act, as amended, and includes all rules and regulations promulgated by the FDA thereunder.
- L. "Closing Date" means the date on which Respondents (or a Divestiture Trustee) consummate a transaction to assign, grant, license, divest, transfer, deliver, or otherwise convey the Divestiture Products Assets and the Divestiture Products License to an Acquirer(s) pursuant to this Order.
- M. "Confidential Business Information" means information owned by, or in the possession or control of, Respondents that is not in the public domain.
- N. "Contract Manufacture Agreement" means an agreement between Respondents and the Acquirer that has received prior approval of the Commission and by which Respondents shall manufacture or supply the Contract Manufactured Products to the Acquirer.
- O. "Contract Manufactured Products" means the Products manufactured, marketed or sold by Respondents pursuant to the following Product Approvals:
1. ANDA No. A090490 (generic shampoo with the active ingredient ciclopirox at a dosage strength of 1%);
 2. ANDA No. A040479 (generic rectal suppositories with the active ingredient promethazine hydrochloride in dosage strengths of 12.5 and 25 mg); and
 3. ANDA No. A075774 (generic external ear wax with the active ingredient ammonium lactate at a dosage strength of 12%); and

4. ANDA No. A075570 (generic topical lotion with the active ingredient ammonium lactate at a dosage strength of 12%).
- P. "Direct Cost" means, with respect to a particular good or service Respondents are required to provide under the terms of this Order, the cost reflected or provided in a Remedial Agreement for the relevant good or service or, ii) if no cost is reflected or provided in a Remedial Agreement, the cost of labor, material, travel and other expenditures directly incurred to provide the relevant good or service. As used herein, the cost of labor for the use of the labor of an employee of Respondents shall not exceed the average hourly wage rate for such employee.
- Q. "Divestiture Products" means the Perrigo Divestiture Products and the Perrigo ANDA Products.
- R. "Divestiture Products Assets" means all of Respondents' rights, title and interest in all assets related to the Divestiture Products Businesses, to the extent legally transferable, including, without limitation, the following:
1. Product Applications related to one or more Divestiture Products and all Rights of Reference or Use to Drug Master Files related to such Product Applications;
 2. Product Approvals used in the Divestiture Products Businesses;
 3. Divestiture Products Marketing and Business Records;
 4. Divestiture Products Intellectual Property;
 5. Divestiture Products Manufacturing Technology;
 6. Divestiture Products Scientific and Regulatory Material;
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the buildings or other permanent structures located on such real estate; or assets used, as of the Acquisition Date, in the Research and Development, manufacture, distribution, sale or marketing of one or more Retained Products.

- S. "Divestiture Products Assumed Contracts" means:
1. All contracts or agreements pursuant to which any Third Party is obligated to purchase, or has the option to purchase without further negotiation of terms, one or more Divestiture Products from Respondents (unless such contract applies generally to such Respondents' sales of Products to that Third Party);
 2. All contracts or agreements pursuant to which Respondents purchase the active pharmaceutical ingredient(s) or other necessary ingredient(s) or component(s) or had planned to purchase the active pharmaceutical ingredient(s) or other necessary ingredient(s) or component(s) from any Third Party for use in connection with the manufacture of one or more Divestiture Products;
 3. All contracts or agreements pursuant to which any Third Party provides any services used in the Research and Development, submitting Product Applications or obtaining Product Approvals for any Divestiture Product; and
 4. All contracts or agreements transferred, in whole or part to an Acquirer pursuant to a Remedial Agreement.
- T. "Divestiture Products Businesses" means the Research and Development, manufacture, distribution, marketing and/or sale of Perrigo Divestiture Products and the Perrigo ANDA Products by Respondents.
- U. "Divestiture Products Employee(s)" means married employees of Respondents whose duties during the eighteen (18) month period immediately prior to the Closing Date, have related to the following (irrespective of the portion of working time involved and excluding employees whose participation consists solely of oversight of legal, accounting, tax or financial compliance):
1. Research and Development of one or more Divestiture Products;
 2. The regulatory approval process for one or more Divestiture Products, including submitting Product Applications and obtaining and maintaining Product Approvals; or
 3. Manufacturing one or more Divestiture Products, including planning, design, implementation or operational management of Divestiture Products Manufacturing Technology.
- V. "Divestiture Products Intellectual Property" means all intellectual property owned or used by Respondents relating to one or more Divestiture Products, including Patents, copyrights (including the rights to all original works of authorship of any kind directly relating to the Divestiture Products or Divestiture Products Businesses and any registration and applications for registrations thereof), Product Trademarks, product trade dress (including the current trade dress of each Divestiture Product including without limitation, Product packaging, and the lettering of Product trade name), trade secrets,

know-how, techniques, data, inventions, ~~process~~, methods, and other confidential or proprietary technical, ~~business~~, Research and Development and other information and rights to obtain and file for patents, copyrights and registrations thereof;

provided, however, “Divestiture Products Intellectual Property” does not include the corporate names, copyrights or trade ~~names~~ of “Perrigo” or “Paddock”, or any other corporations or companies owned or ~~controlled~~ by Respondents or the related logos thereof.

- W. “Divestiture Products License” means a ~~perpetual~~, non-exclusive, fully paid-up and royalty-free license(s) with rights to sublicense to all Divestiture Products Intellectual Property, Divestiture Products Manufacturing Technology and Divestiture Products Marketing and Business Records not including the Divestiture Products Assets, *provided however*, that information relating solely to Retained Products shall be included in the Divestiture Products License solely to the extent such information cannot be segregated from information relating to ~~one or more~~ Divestiture Products in a manner that preserves the usefulness of the information relating to the Divestiture Products.
- X. “Divestiture Products Manufacturing Technology” means all technology, trade secrets, know-how, and proprietary data and information (whether patented, patentable or otherwise) related to the manufacture of ~~one or more~~ Divestiture Products including, but not limited to, the following: all product specifications, processes, product designs, plans, trade secrets, ideas, concepts, ~~facturing~~, engineering, and other manuals and drawings, standard operating procedures, ~~flow~~ diagrams, chemical, safety, quality assurance, quality control, ~~research~~ records, clinical data, compositions, annual product reviews, regulatory communications and filings submissions, trending and other metric reports, control history, manufacturing batch records, current and historical information associated with cGMP compliance, and labeling all other information related to the manufacturing process, supplier lists, ~~and~~ other master documents necessary for the manufacture, control and release of a Divestiture Product that is owned or controlled by Respondents or which Respondent has the right to receive.
- Y. “Divestiture Products Marketing and Business Records” means all records, documents, books, files and other information in whatever format stored or used that are related to the Divestiture Products Business Records, including without limitation:
1. All marketing materials used specifically in the marketing or sale of one or more Divestiture Products as of the Closing Date, including, without limitation, all advertising materials, training materials, product data, mailing lists, sales materials (e.g., detailing reports, vendor lists, ~~sales~~ data), marketing information (e.g., competitor information, research data, market intelligence reports, statistical programs (if any) used for marketing and sales research), customer information (including customer net purchase information to be provided on the basis of either dollars and/or units for each month, quarter or year), sales forecasting models, educational materials, ~~direct~~ advertising and display materials, speaker lists, promotional and marketing materials, ~~web~~ content and advertising and display

materials, artwork for the production of packaging components, television masters and other similar materials related to one or more Divestiture Products, including however, the pricing of any Divestiture Products to customers;

2. Website(s) related exclusively to one or more Divestiture Products, including the domain names (universal resource locators) and registration(s) thereof issued by any Person or authority that issues and maintains domain name registration for such websites, and copyrights to, and electronic files containing, all content available to or through such websites, including, however, (i) content not owned by Respondents for which Respondents cannot transfer rights to the Acquirer, (ii) trademarks and service marks other than Product Trademarks required to be divested; and (iii) content not directly related to one or more Divestiture Products. The electronic files containing the relevant content shall be delivered in a format acceptable to the Acquirer; and

3. Copies of all unfilled customer purchase orders as of the Closing Date, provided, however, that Divestiture Products Marketing and Business Records shall not include (1) documents relating to Respondents' general business strategies or practices, where such documents do not discuss with particularity any Divestiture Product; (2) administrative, financial, and accounting records; or (3) quality control records that are determined by the Monitor or the Acquirer to be material to the manufacture of any Divestiture Product.

- Z. "Divestiture Products Scientific and Regulatory Materials" means all technological, scientific, chemical, biological, pharmacological, toxicological, regulatory, and clinical trial materials and information related to one or more Divestiture Products that are owned and controlled by Respondents or which Respondents have a right to receive including, r

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- b. currently used product package inserts (including historical change of control summaries),
 - c. FDA approved patient circulars and information related to one or more Divestiture Products;
 - 5. Product recall reports filed with the FDA related to one or more Divestiture Products, and all reports, studies and other documents related to such recalls;
 - 6. Adverse events/serious adverse event summaries related to one or more Divestiture Products;
 - 7. Summaries of Product complaints
 - a. from physicians related to one or more Divestiture Products, and
 - b. from customers related to one or more Divestiture Products;
 - 8. Deviation reports, investigation reports and other investigational documents relating to one or more Divestiture Products, including but not limited to,
 - a. Out Of Specification (OOS) and Out Of Trend (OOT) reports,
 - b. Quality Control Data,
 - c. Field Alerts,
 - d. Change control history,
 - e. Information and data trending information, and
 - f. Rejects;
 - 9. Validation and qualification data and information, including but not limited to studies, protocols and reports;
 - 10. Reports, documents and information from consultants or outside contractors engaged to investigate or perform special testing for the purpose of resolving product or process issues such as identification and sources of impurities;
 - 11. Reports of vendors of active pharmaceutical ingredients (“APIs”), excipients, packaging components and detergents specifications, degradation, chemical interactions, testing and historical trends; and
 - 12. Analytical methods development records.
- AA. “Divestiture Trustee” means the trustee appointed by the Commission pursuant to the relevant provisions of this Order.
- BB.

- DD. "Government Entity" means any Federal, state, local or non-U.S. government, or any court, legislature, government agency, or government commission, or any judicial or regulatory authority of any government.
- EE. "Holder of the Reference Testosterone Gel Product Approval" means (1) the person that received FDA approval to market the Reference Testosterone Gel Product, (2) a person owning or controlling the ability to enforce the patent(s) listed in the FDA Publication "Approved Drug Products with Therapeutic Equivalence Evaluations" (the "Orange Book") in connection with any NDA for the Reference Testosterone Gel Product, or (3) a person or persons under common control with any of the assignors of each of the

- NN. "Orders" means this Decision and Order and the Order to Maintain Assets.
- OO. "Paddock Divestiture Products" means all Products in Research and Development, manufactured, marketed or sold by Respondent Paddock pursuant to the following Product Approvals:
1. ANDA No. A090490 (generic shampoo with the active ingredient ciclopirox at a dosage strength of 1%);
 2. ANDA No. A040479 (generic rectal suppositories with active ingredient promethazine hydrochloride in dosage strengths of 12.5 and 25 mg);
 3. ANDA No. A076829 (generic external ear wax with the active ingredient ammonium lactate at a dosage strength of 12%); and
 4. ANDA No. A075575 (generic topical lotion with the active ingredient ammonium lactate at a dosage strength of 12%).
- PP. "Par" means Par Pharmaceutical Companies, a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal executive offices at 300 Tice Boulevard, Wood Lake, NJ 07677. For purposes of this Order, Par shall include any Person who succeeds Par as a party to the Relevant Toll Manufacturing Agreement.
- QQ. "Patents" means all patents, patent applications, including provisional patent applications, invention disclosures, certificates of invention and applications for certificates of invention and statutory invention registrations, in each case existing as of the Closing Date, and includes all reissues, divisions, continuations, continuations-in-part, supplementary protection certificates, extensions and reexaminations thereof, all inventions disclosed therein, and all rights therein provided by international treaties and conventions, related to any Divestiture Product that is owned by Respondents as of the Closing Date.
- RR. "Perrigo ANDA Products" means the following Products in Research and Development by Respondent Perrigo:
1. Products being developed pursuant to ANDA No. A091167 (generic spray with the active ingredient clobetasololol dosage strength of .05%); and
 2. Products being developed as a generic equivalent to the brand-name product Pennsaid, a topical solution with the active ingredient diclofenac sodium at a dosage strength of 1.5% that is approved by the FDA under the New Drug Application (NDA) 020947.
- SS. "Person" means any individual, partnership, joint venture, firm, corporation, association, trust, unincorporated organization, or other business organization, Government Entity, and any subsidiaries, divisions, groups or affiliates thereof.
- TT. "Product(s)" means any pharmaceutical, biologic or genetic composition containing any formulation or dosage of a compound referenced as its pharmaceutically, biologically, or genetically active ingredient.

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of an Acquirer that has been approved by the Commission to accomplish the requirements of this Order, including all amendments, exhibits, attachments, agreements, and schedules thereto.

- DDD. "Research and Development" means all clinical and clinical drug development activities, including formulation, test method development and stability testing, toxicology, pharmacology, process development, manufacturing scale-up, development-stage manufacturing, quality assurance/quality control development, statistical analysis and report writing, conducting clinical trials for the purpose of obtaining any and all Product Approvals necessary for the manufacture, storage, import, export, transport, promotion, marketing, and sale of a Product (including any government price or reimbursement approvals); and registration and regulatory affairs related to the foregoing.
- EEE. "Retained Product" means any Product (other than a Divestiture Product).
- FFF. "Right of Reference or Use" means the authority to rely upon, and otherwise use, an investigation for the purpose of obtaining Product Approval, including the ability to make available the underlying raw data from the investigation for FDA audit.
- GGG. "Third Party(ies)" means any non-government

faith, at no minimum price, to an Acquirer or Acquirers that receive(s) the prior approval of the Commission, and only in a manner that receives the prior approval of the Commission;

provided further, that if Respondents have divested the Divestiture Products Assets and granted the Divestiture Products License to Watson prior to the date this Order becomes final, and if, at the time the Commission determines to make this Order final, the Commission notifies Respondents that the manner in which the divestiture was accomplished is not acceptable, the Commission may direct Respondents, or appoint a Divestiture Trustee, to effect such modifications to the manner of divestiture of the Divestiture Products Assets or grant of the Divestiture Products License, as applicable, to Watson (including, but not limited to, entering into additional agreements or arrangements) as the Commission may determine are necessary to satisfy the requirements of this Order.

- B. Prior to the Closing Date, Respondents shall secure all consents and waivers from all Third Parties that are necessary to permit Respondents to divest the Divestiture Products Assets and grant the Divestiture Products License to the Acquirer, and to permit the Acquirer to continue the Research and Development, manufacture, sale, marketing or distribution of the Divestiture Products;

provided, however, Respondents may satisfy this requirement by certifying that the Acquirer has executed all such agreements directly with each of the relevant Third Parties.

- C. Respondents shall deliver the materials divested and licensed pursuant to this Order to the Acquirer (or at the option of the Acquirer, the Acquirer's Manufacturing Designee) in an organized, comprehensive, complete, useful, timely (ensuring no unreasonable delays in transmission), and meaningful manner.

- D. Until Respondents complete the divestiture required by this Paragraph, including transferring the Divestiture Products Assets and granting the Divestiture Products License(s), Respondents:

1. shall take such actions as are necessary to:
 - a. maintain the full economic viability and marketability of the Divestiture Products Businesses;
 - b. minimize any risk of loss of competitive potential of the Divestiture Products Businesses;
 - c. prevent the destruction, removal, loss, deterioration, or impairment of

- e. ensure the completeness of the ~~st~~an and delivery of the Divestiture Products Manufacturing Technology; and
2. shall not sell, transfer, ~~en~~ or otherwise impair the assets required to be divested (other than in the manner ~~pres~~ in this Order) nor take any action

Paddock Divestiture Product in commercial quantities and to obtain all Product Approvals for each such Divestiture Product; and

- c. receive, integrate and use all Divestiture Products Manufacturing Technology and all Divestiture Products Intellectual Property.

F. At the option of the Acquirer, Respondent Perrigo shall manufacture and supply the Contract Manufactured Products to the Acquirer pursuant to a Contract Manufacturing Agreement that is entered into on or before the Closing Date. This agreement shall be subject to the following:

- 1. Respondent Perrigo shall give priority to manufacturing and supplying the Contract Manufactured Products to

provided further that the Contract Manufacturing Agreement may contain limits on Respondents' aggregate liability resulting from the failure of the Contract Manufactured Products to meet cGMP;

4. During the term of the Contract Manufacturing Agreement, upon written request of the Acquirer or the Monitor (if any has been appointed), Respondents shall make available all data, information and records that relate to the manufacture of the Contract Manufactured Products generated after the Closing Date;
5. Respondent Perrigo shall maintain manufacturing facilities necessary to manufacture each Contract Manufactured Product in finished form, i.e., suitable for sale to the ultimate consumer/patient, until Respondent Perrigo has no further obligation to continue manufacture and supply of such product under the terms of this Order.
6. Respondent Perrigo shall continue to supply and manuf

3. not interfere with efforts by the Acquirer to have a customer cross-reference a Former NDC Number with the NDC Number used by the Acquirer for a Divestiture Product; and
 4. pursuant to the manner and timing set forth in the Remedial Agreements,
 - a. discontinue the use of the Former NDC Numbers in the sale or marketing of the Divestiture Products except for returns, rebates, allowances, and adjustments for Divestiture Products sold prior to the Acquisition Date and except as may be required by applicable Law; and
 - b. obtain approval from the Acquirer for any notification(s) from Respondents to any customer(s) regarding the use or discontinued use of the Former NDC Numbers by Respondents prior to such notification(s) being disseminated to the customer(s).
- H. Respondents shall include in a Remedial Agreement a representation from the Acquirer that such Acquirer shall use commercially reasonable efforts to secure the FDA approval(s) necessary to manufacture, or have manufactured by a Third Party, in commercial quantities, each Divestiture Product and to have any such manufacture to be independent of Respondents, unless as reasonably practicable.
- I. Respondents shall:
1. not directly or indirectly use any Confidential Business Information related exclusively to one or more Divestiture Products other than as necessary to comply with the requirements of this Order, Respondents' obligations to the Acquirer under the terms of any Remedial Agreement, or applicable Law;
 2. not directly or indirectly disclose or convey any Confidential Business Information related exclusively to one or more Divestiture Products to any Person except the Acquirer or other Persons specifically authorized by the Acquirer to receive such information; and
 3. maintain the confidentiality of any Confidential Business Information related to one or more Divestiture Products with the same degree of care and protection as used to protect the Confidential Business Information of Respondents.
- J. Respondents shall not enforce any agreements with a Third Party or the Acquirer to the extent that such agreement may limit or otherwise impair the ability of the Acquirer to acquire or use any Divestiture Products Manufacturing Technology. Such agreements include, but are not limited to, agreements with respect to the disclosure of Confidential Business Information related to the Divestiture Products Manufacturing Technology. Further, not later than ten (10) days after the Closing Date, Respondents shall grant a release to each Third Party that is subject to an agreement as described in this paragraph, which release shall allow the Third Party to provide the relevant Divestiture Products Manufacturing Technology to the Acquirer. Within five (5) days of the execution of each such release, Respondents shall provide a copy of the release to such Acquirer.

- K. Respondents shall not join, file, prosecute or maintain any suit, in law or equity, against the Acquirer for the Research and Development, manufacture, use, import, export, distribution, or sale of any Divestiture Product under any patents that
1. are owned or licensed by Respondents as of the day after the Acquisition Date that claim a method of making, using, administering, or a composition of matter, relating to one or more Divestiture Products, or that claim a device relating to the use thereof; or
 2. are owned or licensed at any time after the Acquisition Date by Respondents that claim any aspect of Research and Development, manufacture, use, import, export, distribution, or sale of one or more Divestiture Products, other than such patents that claim inventions conceived by and reduced to practice after the Acquisition Date;

if such suit would have the potential to interfere with the Acquirer's freedom to practice the following: (1) Research and Development, manufacture of one or more Divestiture Products; or (2) the use, import, export, supply, distribution, or sale of one or more Divestiture Products within the territory of the United States of America.

Respondents shall also covenant to the Acquirer that as a condition of any assignment, transfer, or license to a Third Party of Patents described in the immediately preceding paragraph, the Third Party shall agree to provide a covenant whereby the Third Party covenants not to sue the Acquirer under such patents, if such suit would have the potential to interfere with the Acquirer's freedom to practice the following: (1) Research and Development, or manufacture of one or more Divestiture Products; or (2) the use, import, export, supply, distribution, or sale of one or more Divestiture Products within the territory of the United States of America.

- L. Upon reasonable written notice and request from an Acquirer to Respondent Perrigo, Respondent Perrigo shall provide no greater than Direct Cost, in a timely manner, assistance of knowledgeable employees of Respondent Perrigo to assist the Acquirer to defend against, respond to, or otherwise participate in any litigation related to the Divestiture Products Intellectual Property, if such litigation would have the potential to interfere with the Acquirer's freedom to practice the following: (1) Research and Development, or manufacture of one or more Divestiture Products; or (2) the use, import, export, supply, distribution, or sale of one or more Divestiture Products within the territory of the United States of America.
- M. For any patent infringement suit in which either Respondent is alleged to have infringed a Patent of a Third Party prior to the Closing Date where such a suit would have the potential to interfere with the Acquirer's freedom to practice the Research and Development, or manufacture of one or more Divestiture Products anywhere in the world; or the use, import, export, supply, distribution, or sale of one or more Divestiture Products within the territory of the United States of America, Respondents shall:
1. cooperate with the Acquirer and provide, and all necessary technical and legal assistance, documentation and witness from Respondents in connection with

obtaining resolution of any pending patent litigation involving such Divestiture Product;

2. waive conflicts of interest, if any, to allow the Respondents' outside legal counsel to represent the relevant Acquirer in any ongoing patent litigation involving such Divestiture Product; and
3. permit the transfer to the Acquirer of all of the litigation files and any related attorney work-product in the possession of Respondents' outside counsel relating to such Divestiture Product.

N. Respondents shall not, in the territory of the United States of America,

1. use the Product Trademarks contained in the Divestiture Products Intellectual Property or any mark confusingly similar to such Product Trademarks, as a trademark, trade name, or service mark;
2. attempt to register such Product Trademarks;
3. attempt to register any mark confusingly similar to such Product Trademarks;
4. challenge or interfere with the Acquirer's use and registration of such Product Trademarks; or
5. challenge or interfere with the Acquirer's efforts to enforce its trademark registrations for and trademark rights in such Product Trademarks against Third Parties;

provided however, that this paragraph shall not prohibit Respondents from continuing to use all trademarks, trade names, or service marks that have been used in commerce on a Retained Product at any time prior to the Acquisition Date.

O. The purpose of this Order is:

1. To ensure the continued use of Divestiture Products in the Divestiture Products Business independent of Respondents;
2. To create a viable and effective competitor in the Divestiture Products Business that is independent of the Respondents; and
3. To remedy the lessening of competition resulting from the Acquisition as alleged in the Commission's Complaint in a timely and sufficient manner.

III.

IT IS FURTHER ORDERED that

- A. Until the Closing Date, Respondents shall provide all Divestiture Product Employees with reasonable financial incentives to continue in their positions and to continue the Divestiture Products Businesses in a manner consistent with standard practices and/or as may be necessary to preserve the existing market, viability and competitiveness of the Divestiture Products and to ensure successful execution of the pre-Acquisition plans for such Divestiture Products.

- B. Until Respondent Perrigo fully transfers and delivers to the Acquirer the Divestiture Products Assets and grants the Divestiture Products License, Respondent Perrigo shall maintain a work force at least as equivalent in size, training, and expertise to what has been associated with the Divestiture Products for the relevant Divestiture Products' last fiscal year.
- C. For a period lasting until six (6) months after the Closing Date, each Respondent shall
1. not later than ten (10) days after written request by the Acquirer or Proposed Acquirer, or staff of the Commission, provided, to the extent permitted by Law, the Acquirer with the following information with respect to Persons employed by such Respondent:
 - a. a complete and accurate list containing the name of each Divestiture Product Employee (including former employees who were employed by Respondents within ninety (90) days of the execution date of any Remedial Agreement); and
 - b. with respect to each such employee,
 - (1) the date of hire and effective service date;
 - (2) job title or position held; and
 - (3) a specific description of the employee's responsibilities related to the relevant Divestiture Product; *provided, however, in lieu of this description, Respondents may provide the employee's most recent performance appraisal.*
 2. not interfere with the hiring or employing by the Acquirer or its Manufacturing Designee of any Divestiture Products Employees or make any counteroffer to a Divestiture Products Employee who has received a written offer of employment from an Acquirer or its Manufacturing Designee; and remove any impediments within the control of the Respondent that may deter a Divestiture Products Employee from accepting employment with Acquirer or its Manufacturing Designee, including, but not limited to, removing non-competition or non-disclosure provisions of employment or other contracts with a Respondent that may affect the ability or incentive of Divestiture Products Employee to be employed by an Acquirer or its Manufacturing Designee.
 3. if requested by a Divestiture Products Employee, provide such employee with any requested records concerning his or her salary and benefits, including but not limited to, his or her base salary or current wages; his or her most recent bonus paid, aggregate annual compensation for the relevant Respondent's last fiscal year and current target or guaranteed bonus (if any); any material terms and conditions of employment in regard to such employee that are not otherwise generally available to similarly situated employees; and copies of all employee benefit plans and summary plan descriptions (if applicable) to such employee.

- D. For a period lasting until the (1) year after Closing Date, Respondents shall not:
1. directly or indirectly, solicit or otherwise attempt to induce any employee of the Acquirer or its Manufacturing Designee with any amount of responsibility related to a Divestiture Product ("Covered Employee") to terminate his or her employment relationship with the Acquirer or its Manufacturing Designee; or
 2. hire such Covered Employee;

provided, however, Respondents may hire any former Covered Employee whose employment has been terminated by the Acquirer or its Manufacturing Designee or who independently applies for employment with Respondents, as long as such employee was not solicited in violation of the terms of the Order; and

provided further, that Respondents may advertise for employees in newspapers, trade publications or other media not targeted specifically at Covered Employees; or hire a Covered Employee who contacts Respondents on his or her own initiative without any direct or indirect solicitation or encouragement from Respondents.

IV.

IT IS FURTHER ORDERED that:

- A. Respondents shall relinquish, as of the Acquisition Date, all rights to receive, and shall not receive, the payment of any Service Fee (as that term is defined in the Androgel Backup Supply Agreement) that may accrue after the term of the Androgel Backup Supply Agreement, which ends September 30, 2012. Not more than ten (10) days after the Acquisition Date, Respondents shall provide written notice to Par that it relinquishes all rights to receive the payment of a Service Fee pursuant to this paragraph, and shall provide a copy of such written notice to the Commission and to the Monitor.
- B. For so long as an agreement for the actual or potential production by Perrigo of AndroGel remains in force under the Androgel Backup Supply Agreement, any extension of that agreement, or any new agreement, Respondents shall, after the Acquisition Date, not enter into any agreement with a Holder of the Reference Testosterone Gel Product Approval pursuant to which Respondents receive anything of value in exchange for their agreement to refrain from researching, developing, manufacturing, marketing or selling any Relevant Testosterone Gel Product, or taking any other action that otherwise deters, prevents, or inhibits Respondents' ability to manufacture, market or sell any Relevant Testosterone Gel Product immediately after the date Respondents receive Product Approval for such Relevant Testosterone Gel Product from the FDA; provided, however, that nothing in this paragraph shall prohibit resolution or settlement of a patent infringement claim in which the consideration provided by the Holder of the Reference Testosterone Gel Product Approval to Respondents as part of the resolution or settlement includes only one or more of the following: (1) the right to market the Relevant Testosterone Gel Product in the United States prior to the expiration of (a) any patent that is the basis for the patent infringement claim; or (b) any patent right or other statutory

exclusivity that would prevent the marketing of the Relevant Testosterone Gel Product; (2) a payment for reasonable litigation expenses not to exceed \$2,000,000; (3) a covenant not to sue on any claim that the Relevant Testosterone Gel Product infringes a United States patent.

- C. Respondents shall not modify or amend the Relevant Toll Manufacturing Agreement without the prior approval of the Commission.

V.

IT IS FURTHER ORDERED that:

- A. The Commission may appoint a monitor or monitors ("Monitor") to assure that Respondents expeditiously comply with all obligations and perform all responsibilities required by the Orders and the Remedial Agreements.
- B. The Commission appoints F. William Rahe as Monitor and approves the Monitor Agreement between F. William Rahe and Respondents, attached as Appendix A.
- C. The Monitor's duties and responsibilities shall include the following:
 - 1. The Monitor shall act in a fiduciary capacity for the benefit of the Commission;
 - 2. The Monitor shall have the power and authority to monitor Respondents' compliance with the Orders, and shall exercise such power and authority and carry out his or her duties and responsibilities in a manner consistent with the purposes of the Orders and in consultation with the Commission or its staff;
 - 3. The Monitor shall, in his or her sole discretion, consult with Third Parties in the exercise of his or her duties under the Orders or any agreement between the Monitor and Respondents; and
 - 4. The Monitor shall evaluate the reports submitted to the Commission by Respondents pursuant to the Orders and Consent Agreement, and within thirty (30) days from the date the Monitor receives a report, report in writing to the Commission concerning performance by Respondents of its obligations under the Orders.
- D. Respondents shall grant and transfer to the Monitor, and such Monitor shall have, all rights, powers, and authority necessary to carry out the Monitor's duties and responsibilities, including but not limited to the following:
 - 1. Respondents shall cooperate with any reasonable request of the Monitor and shall take no action to interfere with or impede the Monitor's ability to monitor Respondents' compliance with the Orders;
 - 2. Subject to any demonstrated legally recognized privilege, Respondents shall provide the Monitor full and complete access to personnel, books, documents, records kept in the ordinary course of business, facilities and technical information, and such other relevant information as the Monitor may reasonably request, related to Respondents' compliance with the Orders;

3. Respondents shall deliver to the Monitor a copy of each report submitted to the Commission pursuant to the Orders or the Consent Agreement;
4. The Monitor shall serve, without bond or other security, at the expense of Respondent Perrigo, on such reasonable customary terms and conditions to which the Monitor and Respondent Perrigo agree and that the Commission approves;
5. The Monitor shall have authority to use the services of or employ, at the expense of Respondent Perrigo, such consultants, accountants, attorneys and other representatives and assistants as are reasonably necessary to carry out the Monitor's duties and responsibilities;
6. Respondents shall indemnify the Monitor and hold the Monitor harmless to the extent set forth in the Monitor Agreement executed on May 13, 2011; and
7. Respondents may require the Monitor and each of the Monitor's consultants, accountants, attorneys and other representatives and assistants to sign a customary confidentiality agreement,

provided, however

VI.

IT IS FURTHER ORDERED that:

- A. If Respondents have not fully complied with the obligations to assign, grant, license, divest, transfer, deliver or otherwise convey the Divestiture Products Assets and Divestiture Products License required by this Order, the Commission may appoint a trustee ("Divestiture Trustee") to assign, grant, license, divest, transfer, deliver or otherwise convey these assets in a manner that satisfies the requirements of this Order. In the event that the Commission or the Attorney General brings an action pursuant to §5 (of the Federal Trade Commission Act, 15 U.S.C. §45) (or any other statute enforced by the Commission, Respondents shall consent to the appointment of a Divestiture Trustee in such action to assign, grant, license, divest, transfer, deliver or otherwise convey these assets. Neither the appointment of a Divestiture Trustee nor a decision not to appoint a Divestiture Trustee under this Paragraph shall preclude the Commission or the Attorney General from seeking civil penalties or other relief available to it, including a court-appointed Divestiture Trustee, pursuant to §5 of the Federal Trade Commission Act, or any other statute enforced by the Commission, for any failure by Respondents to comply with this Order.
- B. The Commission shall select the Divestiture Trustee, subject to the consent of Respondents which consent shall not be unreasonably withheld. The Divestiture Trustee shall be a Person with experience and expertise in acquisitions and divestitures. If Respondents have not opposed, in writing, including the reasons for opposing, the selection of any proposed Divestiture Trustee within ten (10) days after notice by the staff of the Commission to Respondents of the title of any proposed Divestiture Trustee, Respondents shall be deemed to have consented to the selection of the proposed Divestiture Trustee.
- C. Not later than ten (10) days after the appointment of a Divestiture Trustee, Respondents shall execute a trust agreement that, subject to the prior approval of the Commission, transfers to the Divestiture Trustee the rights and powers necessary to permit the Divestiture Trustee to effect the divestiture required by this Order.
- D. If a Divestiture Trustee is appointed by the Commission or a court pursuant to this Paragraph, Respondents shall consent to the following terms and conditions regarding the Divestiture Trustee's powers, duties, authority, and responsibilities:
1. Subject to the prior approval of the Commission, the Divestiture Trustee shall have the exclusive power and authority to assign, grant, license, divest, transfer, deliver or otherwise convey the assets that are required by this Order to be assigned, granted, licensed, divested, transferred, delivered or otherwise conveyed.
 2. The Divestiture Trustee shall have (1) year after the date the Commission approves the trust agreement described herein to accomplish the divestiture, which shall be subject to the prior approval of the Commission. If, however, at

the end of the one (1) year period, the Divestiture Trustee has submitted a plan of divestiture or the Commission believes that divestiture can be achieved within a reasonable time, the divestiture period may be extended by the Commission; *provided, however,* the Commission may extend the divestiture period only two (2) times.

3. Subject to any demonstrably legally recognized privilege, the Divestiture Trustee shall have full and complete access to the personnel, books, records and facilities related to the relevant assets that are required to be assigned, granted, licensed, divested, delivered or otherwise conveyed by this Order and to any other relevant information, as the Divestiture Trustee may request. Respondents shall develop such financial or other information as the Divestiture Trustee may request and shall cooperate with the Divestiture Trustee. Respondents shall take no action to interfere with or impede the Divestiture Trustee's accomplishment of the divestiture. Any delay in divestiture caused by Respondents shall extend the time for divestiture under this Paragraph an amount equal to the delay, as determined by the Commission or, for a court-appointed Divestiture Trustee, by the court.
4. The Divestiture Trustee shall use commercially reasonable efforts to negotiate the most favorable price and terms available in each contract that is submitted to the Commission, subject to Respondents' absolute and unconditional obligation to divest expeditiously and at a minimum price. The divestiture shall be made in the manner and to an Acquirer as required by this Order, *provided, however*

6. Respondent Perrigo shall indemnify Divestiture Trustee and hold the Divestiture Trustee harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the Divestiture

- B. Respondents shall include in each Remedial Agreement a specific reference to this Order, the remedial purposes thereof, and provisions reflect the full scope and breadth of Respondents' obligations to the Commission pursuant to this Order.
- C. Prior to the Closing Date, Respondents shall not modify or amend any material term of any Remedial Agreement without the prior approval of the Commission. Further, any failure to meet any material condition precedent to closing contained in any Remedial Agreement (whether waived or not) shall constitute a violation of this Order.
- D. After the Closing Date and during the term of each Remedial Agreement, Respondents shall provide written notice to the Commission not more than five (5) days after any modification (material or otherwise) of the Remedial Agreement. Further, Respondents shall seek Commission approval of such modification (material or otherwise) within ten (10) days of filing such notification. If the Commission does not approve, the Commission will notify Respondents and Respondents shall not rescind the modification or make such other changes as are required by the Commission.
- E. Respondents shall not seek, directly or indirectly, pursuant to any dispute resolution mechanism incorporated in any Remedial Agreement, or in any agreement related to any of the Divestiture Products a decision the result of which would be inconsistent with the terms of the Orders or the remedial purposes thereof.

VIII.

IT IS FURTHER ORDERED that:

- A. Within five (5) days of the Acquisition, Respondent Perrigo shall submit to the Commission a letter certifying the date on which the Acquisition occurred.
- B. Before the Closing Date, Respondents shall submit staff of the Commission a verified written report setting forth in detail the procedures Respondent Perrigo has implemented to:
 1. reasonably ensure that all employees and representatives who have or may be exposed to Confidential Business Information understand and are required to comply with the confidentiality obligations contained in Paragraph II.I; and
 2. reasonably ensure that all employees and representatives of Respondents, including those hired during the term of the Order, understand and are required to comply with all terms of this Order that are relevant to their job duties.

In further compliance with this provision, Respondents shall provide staff of the Commission with written notice of all changes, additions and modifications to the procedures implemented, and shall include specific information detailing their efforts to comply with this paragraph in all reports of compliance required by this Order;

provided, however, that Respondent Paddock shall have no obligations under this paragraph after the Acquisition Date.

- C. Respondents shall submit to the Commission a verified written report setting forth in detail the manner and form in which they intend to comply, are complying, and have complied with this Order,
1. within sixty days after submitting the last report required by the Order to Maintain Assets, and every sixty (60) days thereafter until Respondents have fully complied with their obligations under Paragraphs II.A – II.F of the Order, and shall submit at the same time a copy of the report to the Monitor; and
 2. one (1) year after the date this Order becomes final, annually for the next nine years on the anniversary of the date this Order becomes final, and at other times as the Commission may require (Respondents are not required to submit these reports to the Monitor).

Respondents shall include in the compliance reports among other things that are required from time to time, a full description of the efforts being made to comply with the Orders, including a full description of all substantive contacts or negotiations related to the divestiture of the relevant assets and the identity of all Persons contacted, and shall make available to the Commission and the Monitor all written communications to and from such Persons, all internal memoranda, and all reports and recommendations concerning completing the obligations;

provided, however, that Respondent Paddock shall have no further obligations under this paragraph after the Acquisition Date.

IX.

IT IS FURTHER ORDERED that

- A. For purposes of determining or securing compliance with this Order, and subject to any legally recognized privilege, and upon written request and upon five (5) days notice to Respondents, Respondents shall, without prejudice, submit annually

APPENDIX A
MONITOR AGREEMENT (WITHOUT NON-PUBLIC EXHIBIT)

NON-PUBLIC APPENDIX A-1
EXHIBIT TO THE MO NITOR AGREEMENT
[Redacted From the Public Record Version, But Incorporated By Reference]

NON-PUBLIC APPENDIX B
RELEVANT TOLL MANUFACTURING AGREEMENT
[Redacted From the Public Record Version, But Incorporated By Reference]

NON-PUBLIC APPENDIX C
WATSON REMEDIAL AGREEMENTS
[Redacted From the Public Record Version, But Incorporated By Reference]