generic ursodiol tablets, likely depriving customers of the significant cost savings that result when an additional generic supplier enters a concentrated market.

II. Entry

Entry into the markets for generic pilocarpine and generic ursodiol tablets would not be timely, likely, or sufficient in magnitude, character, and scope to deter or counteract the anticompetitive effects of the Proposed Acquisition. The combination of drug development times and regulatory requirements, including approval by the FDA, is costly and lengthy.

III. Effects

The Proposed Acquisition likely would cause significant anticompetitive harm to consumers by eliminating future competition that would otherwise have occurred if Impax and CorePharma remained independent. Market participants characterize generic pilocarpine and generic ursodiol tablets as commodities, and each market as one in which the number of generic suppliers has a direct impact on pricing. Customers and competitors have observed—and pricing data confirms—that the price of these generic pharmaceutical products decreases with new entry even after several other suppliers have entered the market. Further, customers generally believe that having at least four suppliers in each generic pharmaceutical market produces more competitive prices than if fewer suppliers are available to them.

The Proposed Acquisition would eliminate significant future competition between CorePharma and Impax. The evidence shows that anticompetitive effects are likely to result from the Proposed Acquisition due to the elimination of an additional independent competitor in the markets for generic pilocarpine and generic ursodiol tablets, which would have enabled customers to negotiate lower prices. Thus, absent a remedy, the Proposed Acquisition will likely cause U.S. consumers to pay significantly higher prices for pilocarpine and ursodiol tablets.

IV. The Consent Agreement

The proposed Consent Agreement effectively remedies the Proposed Acquisition's anticompetitive effects in the relevant markets. Pursuant to the Consent Agreement and the Order, the parties are required to divest all of CorePharma's rights and assets related to pilocarpine and ursodiol tablets to Perrigo. Perrigo is a large and established generic pharmaceutical manufacturer with significant experience acquiring, integrating, manufacturing, and marketing generic products. The parties must accomplish these divestitures and relinquish their rights no later than ten days after the Proposed Acquisition is consummated.

The Commission's goal in evaluating possible purchasers of divested assets is to maintain the competitive environment that existed prior to the Proposed Acquisition. If the Commission determines that Perrigo is not an acceptable acquirer, or that the manner of the divestitures is not acceptable, the proposed Order requires the parties to unwind the sale of rights to Perrigo and then divest the products to a Commission-approved acquirer within six months of the date the Order

The proposed Consent Agreement and Order contain several provisions to help ensure that the divestitures are successful. The Order requires that CorePharma transfer to Perrigo all confidential business information and requires that CorePharma and Impax take all actions that are necessary for Perrigo to obtain FDA approval to manufacture and market pilocarpine and ursodiol tablets.

The purpose of this analysis is to facilitate public comment on the proposed Consent Agreement, and it is not intended to constitute an official interpretation of the proposed Order or to modify its terms in any way.