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UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: **Edith Ramirez, Chairwoman**
Julie Brill
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MPLAINT

arrangement with Spear Pharmaceuticals ("Spear"). Precision markets the branded single-agent topical tretinoin Tretin-X. In addition, Precision markets generic Retin-A through a profit sharing arrangement with Rouses Point Pharmaceuticals, LLC ("Rouses Point"). The only other suppliers of single-agent topical tretinoins are Mylan with a branded product, Avita, and Actavis, with one strength of generic Retin-A. Currently, Valeant's branded and generic single-agent topical tretinoin market share is 70%, and Precision's market share is 12%. Absent a remedy, the merged entity would have a market share in excess of 80% and the transaction will result in a substantial increase in concentration in the already highly concentrated market for branded and generic single-agent topical tretinoins. Specifically, the transaction would increase the Herfindahl-Hirschman Index ("HHI") by 1680, from 5368 to a post-merger total of 7048.

8. Generic Retin-A is the generic version of Valeant's branded tretinoin product, Retin-A. The market for generic Retin-A is highly concentrated with only three current suppliers: (1) Precision, which holds an Abbreviated New Drug Application ("ANDA") for five strengths of generic Retin-A and distributes its products through Rouses Point; (2) Valeant, which holds the New Drug Application ("NDA") for Retin-A and distributes five strengths of an "authorized" generic through Spear; and (3) Actavis, which markets only one strength of generic Retin-A cream. Absent a remedy, the transaction would result in a monopoly in all but the one strength of generic Retin-A cream for which the number of suppliers would be reduced from three to two.

V. ENTRY CONDITIONS

9. Entry into the relevant markets described in Paragraphs 5 and 6 would not be timely, likely, or sufficient in magnitude, character, and scope to deter or counteract the anticompetitive effects of the Acquisition. De novo entry would not take place in a timely manner because the combination of drug development times and FDA approval requirements would be lengthy. In addition, no other entry is likely to occur such that it would be timely and sufficient to deter or counteract the competitive harm likely to result from the Acquisition.

VI. EFFECTS OF THE ACQUISITION

10. The effects of the Acquisition, if consummated, may be to substantially lessen competition and to tend to create a monopoly in the relevant markets in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, in the following ways, among others:

a. by eliminating actual, direct, and substantial competition between Valeant and Precision and reducing the number of significant competitors in the market for branded and generic single-agent topical tretinoins for the treatment of acne, including the only two meaningful providers of branded products, thereby increasing the likelihood that: (1) Valeant would be able to unilaterally exercise market power in this market; and (2) customers would be forced to pay higher prices; and

b. by eliminating actual, direct, and substantial competition between Valeant and Precision