

# Cadwalader Advises Elan Corporation, plc in US\$8.6 billion sale to Perrigo Company plc: Transaction Overview

- In February 2013, Royalty Pharma launched an unsolicited, \$11 per share (\$6.6 billion) bid to acquire Elan.
  - Elan's board of directors unanimously rejected Royalty Pharma's initial bid and rejected three subsequent increased bids, up to \$13 per share in cash (plus a CVR), over the next three months.
  - Represented by Cadwalader, Elan engaged in a series of strategic and capital markets transactions, four of which were subject to shareholder approval, including a \$200 million share repurchase.
  - Royalty Pharma countered by making its bid contingent on shareholder rejection of all four transactions.
  - Cadwalader filed for and won a temporary restraining order (TRO) against Royalty Pharma, forcing Royalty Pharma to delay the closing of its partial tender offer until after the shareholder vote on the strategic transactions, and forcing Royalty Pharma to amend its tender offer documents to correct material deficiencies in its disclosures.
  - At a special shareholders' meeting, Elan's shareholders approved Elan's \$200 million share repurchase, requiring that Royalty Pharma withdraw its takeover bid.
- Elan's board of directors authorized a formal process to sell the Company.
  - Following that process, on July 29, 2013, Elan announced that it had agreed to sell the Company to Perrigo Company in a cash and stock transaction valued at \$8.6 billion (based on the closing price of Perrigo's shares on the trading day immediately preceding the announcement). The transaction resulted in Perrigo and Elan becoming subsidiaries of a new Irish holding company that was renamed Perrigo.
  - The successful defense of Royalty Pharma's hostile offer enabled Elan to deliver to its shareholders significantly greater value (\$3.6 billion more, based on the closing price of Perrigo's shares on December 17, 2013, the trading day immediately preceding the closing), than they would have received under Royalty Pharma's initial hostile offer.

## Business Overview



Perrigo Company is a leading global provider of quality, affordable healthcare products. Perrigo develops, manufactures and distributes over-the-counter and generic prescription pharmaceuticals, infant formulas, nutritional products, animal health, dietary supplements and active pharmaceutical ingredients.



Elan is a biotechnology company, headquartered in Dublin, Ireland, committed to making a difference in the lives of patients and their families by dedicating itself to bringing innovations in science to fill significant unmet medical needs that continue to exist around the world.

# Transaction Rationale

## Benefits to Elan Shareholders

- Significantly superior alternative to inadequate Royalty Pharma hostile offer
- Upfront value unlocked via the cash consideration, while Elan shareholders have the opportunity to participate in the benefits of Perrigo
- Perrigo management team with strong track record of successfully acquiring and integrating diverse businesses

## Tax Inversion for Perrigo Allowing Significant Savings

- Transaction structured as an “inversion” of Perrigo – Perrigo (and Elan) became subsidiaries of a new Irish holding company
- Perrigo is projected to realize \$150 million of annual after-tax operating expense and tax savings

## Strong Business and Financial Profile

- Highly diversified revenue stream
- Strong pro forma cash flows to continue to support an investment grade credit profile
- Robust and sustainable growth outlook

## Financially Compelling

- Enhances revenue, adjusted EBITDA and earnings growth rates and expands margins
- Immediately accretive to Perrigo adjusted earnings per share in 2014
- Meaningful synergy opportunities

## Platform for International Expansion

- Operating base in Ireland to serve as a business hub and gateway for expansion into international markets
- Scale, resources and corporate structure to drive strategic initiatives and investments
- Differentiated business model well-positioned to continue growth in core markets and to expand to other international markets

*“Through this transaction, Perrigo establishes a diversified platform for further international expansion. We believe this transaction is compelling for Elan shareholders and fully takes into account the value of Elan’s assets, including a large cash balance and a double-digit royalty claim on Tysabri®, a blockbuster product that generated revenues of US\$1.6 billion last year and has been growing at a compound annual growth rate of 19%. We believe the combination of Perrigo and Elan will create an industry-leading global healthcare company with the balance sheet liquidity and operational structure to accelerate our growth and capitalize on international market opportunities.”*

**Perrigo Chairman and CEO, Joseph C. Papa**