



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

KBC ASSET MANAGEMENT N.V., on
behalf of itself and all others similarly
situated,

Plaintiff,

v.

PAR PHARMACEUTICAL COMPANIES,
INC., PATRICK G. LEPORE, JOSEPH E.
SMITH, PATRICK J. ZENNER, PETER S.
KNIGHT, RONALD M. NORDMANN,
THOMAS P. RICE, MELVIN SHAROKY,
M.D., TPG CAPITAL, L.P., SKY GROWTH
HOLDINGS CORPORATION, AND SKY
GROWTH ACQUISITION CORPORATION,

Defendants.

Civil Action No. _____

VERIFIED CLASS ACTION COMPLAINT

Plaintiff KBC Asset Management N.V. ("Plaintiff"), by and through its undersigned counsel, upon knowledge as to itself and upon information and belief as to all other matters, alleges as follows:

NATURE OF THE ACTION

1. Plaintiff brings this shareholder class action, on behalf of itself and all other public shareholders of Par Pharmaceutical Companies, Inc. ("Par Pharma" or "the Company"), against the Company's board of directors (the "Board" or "Individual Defendants") for breaching their fiduciary duties, and against TPG Capital, L.P. ("TPG"), Sky Growth Holdings Corporation ("Sky Growth Holdings"), and Sky Growth Acquisition Corporation ("Sky Growth Acquisition") (collectively, the "Buyout Group") for aiding and abetting such breaches of fiduciary duty, in connection with the proposed acquisition of Par Pharma by the Buyout Group for \$50.00 per

share (“Merger Consideration”) in a cash transaction valued at approximately \$1.84 billion (the “Proposed Transaction”).

2. On July 16, 2012, Par Pharma announced that it had entered into an Agreement and Plan of Merger (the “Merger Agreement”) governing the Proposed Transaction. The Proposed Transaction is the result of an inadequate sales process, initiated in response to concerns voiced by the Company’s then-largest shareholder, Relational Investors, LLC (“Relational”), which favored the Buyout Group and Par Pharma management over other potential buyers, particularly strategic buyers, who unlike the Buyout Group would be likely to realize cost-saving synergies with Par Pharma. And although TPG will not realize any such cost-saving synergies, TPG has announced that it is looking forward to “partnering” with the current management team.

3. In a press release announcing Par Pharma’s first quarter 2012 earnings, the Company reported stronger-than-expected earnings results, with sales of \$271.5 million, up 16.5% from the first quarter of 2011. Given the Company’s growth prospects and recent performance, the Board possessed substantial leverage to negotiate a significant premium for Par Pharma shareholders. Instead, it accepted the Buyout Group’s relatively lower offer of \$50.00 per share. This offer represented a mere 37% premium based on the trading price of Par Pharma on the last trading day prior to the announcement of the Merger Agreement – a trading price several analysts have characterized as undervaluing the company.

4. In addition to accepting a low price, the Board allowed a conflicted financial advisor, JP Morgan Securities, LLC (“JP Morgan”), which has provided buy-side financing to TPG on several recent buyouts, to advise it on the deal. The Board also granted unfavorable deal protection terms to the Buyout Group that discourage other potential bidders from making a

superior offer for the Company during the limited go-shop period. These terms include a restrictive non-solicitation provision, and a termination fee of up to \$48 million.

5. Absent judicial intervention, the Proposed Transaction will be consummated, resulting in irreparable injury to Plaintiff and the Class (defined below). Accordingly, Plaintiff seeks to enjoin the Proposed Transaction.

PARTIES

6. Plaintiff is, and at all times relevant hereto was, a public holder of Par Pharma common stock.

7. Defendant Par Pharma is a U.S.-based specialty pharmaceutical company. The Company is listed on the New York Stock Exchange (“NYSE”) under the symbol “PRX.” Through its two operating divisions, Par Pharmaceutical Inc. and Strativa Pharmaceuticals, the Company develops, manufactures and markets high-barrier-to-entry generic drugs and niche, innovative proprietary pharmaceuticals. Par Pharma is incorporated in Delaware and maintains its corporate headquarters at 300 Tice Boulevard, Woodcliff Lake, New Jersey 07677.

8. Defendant Patrick G. LePore (“LePore”) has been Par Pharma’s President and Chief Executive Officer (“CEO”) since September 2006 and a Director of the Company since May 2006. He was named Chairman of the Board in August 2007 and is a member of the Corporate Development Review Committee.

9. Defendant Joseph E. Smith (“Smith”) has been Par Pharma’s Lead Director since August 2007. Smith is Chair of the Corporate Development Review Committee and a member of the Compensation and Management Development Committee.

10. Defendant Patrick J. Zenner (“Zenner”) has been a director of Par Pharma since 2010. Zenner is a member of the Company’s Compensation and Management Development and Corporate Development Review Committees.

11. Defendant Peter S. Knight (“Knight”) has been a director of Par Pharma since 2001. Knight is a member of the Company’s Audit and Nominating-Corporate Governance Committees.

12. Defendant Ronald M. Nordmann (“Nordmann”) has been a director of Par Pharma since 2001. Nordmann is a member of the Company’s Audit Committee and Chair of the Company’s Nominating-Corporate Governance Committee.

13. Defendant Thomas P. Rice (“Rice”) has been a director of Par Pharma since 2009. Rice is Chair of the Company’s Audit Committee and a member of the Company’s Nominating-Corporate Governance Committee.

14. Defendant Melvin Sharoky, M.D. (“Sharoky”) has been a director of Par Pharma since 2007. Sharoky is Chair of the Company’s Compensation and Management Development Committee and a member of the Company’s Corporate Development Review Committee.

15. Defendant TPG is a global private investment firm founded in 1992 with over \$50 billion of assets under management. TPG is based in Fort Worth, Texas. TPG beneficially owns Sky Growth Holdings, which at the close of the transaction will become the parent of Par Pharma.

16. Defendant Sky Growth Holdings is a Delaware corporation and is the parent company of Sky Growth Acquisition.

17. Defendant Sky Growth Acquisition is a Delaware corporation, a vehicle through which Defendants seek to effectuate the Proposed Transaction, and a wholly-owned subsidiary of Sky Growth Holdings. Like Sky Growth Holdings, Sky Growth Acquisition is beneficially owned by Defendant TPG.

18. The Defendants named in paragraphs 8 through 14 above are sometimes collectively referred to herein as the “Individual Defendants.”

SUBSTANTIVE ALLEGATIONS

Background on the Company

19. Par Pharma operates primarily in two distinct business segments: generic and proprietary pharmaceutical products. Since Par Pharma’s inception in 1978, the Company has manufactured, licensed, and distributed generic pharmaceutical products through subsidiary Par Pharmaceutical, Inc. The Company markets its generic products principally to wholesalers, drug store chains, supermarket chains, mass merchandisers, distributors, mail order accounts, and government, principally through its internal staff. In 2005, the Company shipped its first branded, propriety products through a new division, later named Strativa Pharmaceuticals (“Strativa”). Strativa’s products are marketed by its sales force, which communicates the therapeutic, health, and economic benefits of the Company’s branded products to healthcare providers and managed care organizations.

20. Through its two wholly-owned operating divisions, Par Pharma develops, manufactures and markets difficult to formulate, high-barrier-to-entry generic drugs (such as controlled release and combination products) and niche, innovative proprietary pharmaceuticals. The Company’s product lines consist mainly of prescription and over-the-counter products in dosage forms such as tablets, caplets, two-piece hard-shell capsules, suspensions, injectables, and semi-solid topical creams.

21. Par Pharma ranked 5th in U.S. sales among all generic drug companies in 2011. The Company employs more than 800 people and has manufacturing, research and development, distribution, and corporate facilities in New York and New Jersey. The Company has manufacturing plant capacity of more than 2 billion tablets per year. As of December 31, 2011,

the Par Pharma manufactured, marketed or licensed generic prescription drugs consisting of approximately 55 product names or molecules, each with an associated Abbreviated New Drug Application (“ANDA”) approved by the FDA, and approximately 200 SKUs (packaging sizes).

22. Par Pharma’s generic pipeline includes approximately 72 products awaiting FDA approval, which include 19 confirmed first-to-file and four potential first-to-market products. Generic drugs, which must meet the same governmental standards as brand name drugs, but are sold at prices below those of the corresponding brand name drugs, provide a cost-effective alternative for consumers, while maintaining the safety and effectiveness of the brand name drug. In recent years, the Company introduced generic versions of several major brand name pharmaceutical products, including Provigil, Toprol-XL, Entocort, Imitrex, Rythmol, Ultracet ER, and Lotrel. Strativa currently has two branded products: lead product Megace ES, for treatment of anorexia, and Nascobal, a vitamin B12 treatment.

23. Par Pharma recently announced first-quarter 2012 earnings that beat analysts’ expectations. During a May 8, 2012 conference call discussing these earnings, Defendant LePore reported that fiscal 2012 was off to “a very good start.” Company Chief Financial Officer Mike Tropiano discussed the details of “solid top-line results,” as well as “outstanding” revenue and gross margin growth, which he attributed to the “underlying strength of [the Company’s] existing product portfolio.” In that regard, the Company’s prospects have been steadily tracking upwards over the last several quarters, with sales of \$271.5 million during 1Q 2012, up from \$253.6 million during 4Q 2011 and \$215.4M during 3Q 2011. Additionally, the Company reported improving gross margins of \$111.0 million during 1Q 2012, increasing from \$103.8 million during 4Q 2011 and \$87.2M during 3Q 2011. In this regard, the Company is positioned for continued strong growth as hospitals and insurers turn to cheaper generic

treatments as a way to cut costs in the face of ever-growing demand from an aging American population.

Par Pharma's Largest Stockholder Agitates for a Sale

24. On May 7, 2012, Relational Investors, LLC (“Relational”), an activist investor, filed a Form SC 13D/A with the SEC, in which it disclosed that it owned approximately 9.9% of the Company’s stock and expressed its concerns regarding the Company’s “undervaluation” in the market. Relational noted in its filing that it had discussed its undervaluation concerns with the Company’s management on November 9, 2011, and again on April 4, 2012. Specifically, Relational stated as follows:

[Relational] continue[s] to gain confidence that actions taken by the Company’s management will continue to improve the value of the [Company’s shares] and that the Company is positioned to generate sustainable earnings growth beyond 2012. Despite these facts, however, [Relational] believe[s] that over time the [Company’s shares] will continue to sell for a substantial discount to the value available in a strategic sale to a larger company with similar products. This conclusion flows primarily from [Relational’s] view of industry challenges and the Company’s sub-optimal size and product scope. As the Company’s largest shareholder, [Relational] has shared this view with management and provided detailed supporting information regarding this structural issue.

[Relational] believe[s] that improved value may very well be achieved in the near term if management continues its work to improve the Company’s operations, but [Relational] also believe[s] that the potential premium available from a strategic buyer should form the backdrop of strategic planning and related decisions made by the Company’s board of directors. Specifically, [Relational] [is] confident that substantial cost savings could be achieved in a transaction with a strategic buyer. These synergies would flow from the scale benefits inherent in leveraging a single low-cost manufacturing, sales, and distribution network over the resulting larger asset base. [Relational] believe[s] these potential synergies would allow a strategic buyer to justify a significant premium price over recent trading values. [Relational] believe[s] that this opportunity presents a high hurdle against which stand-alone strategies must be measured.

[Relational] intend[s] to closely monitor management’s progress toward improving the Company’s operations and share valuation. Depending on such progress (or lack thereof) [Relational] may modify [its] plans.

[Relational] and [its] representatives and advisers intend to continue from time to time to discuss the Company and its performance with members of the Company's board and management. In addition, [Relational] and [its] representatives and advisers may communicate with other shareholders, industry participants, and other interested parties concerning the Company. Although [Relational] do[es] not have any current plans other than the monitoring and communication program outlined above, ***[Relational] may in the future exercise any and all of [its] rights as shareholders of the Company in a manner consistent with their equity interests, including seeking representation on the Company's board of directors at a special or annual meeting of the Company's shareholders.***

The Proposed Transaction

25. On July 16, 2012, Par Pharma and the Buyout Group announced the Proposed Transaction, and Defendants' intent to take the Company private at the very time when the Company's public shareholders were just starting to enjoy Par Pharma's increasing success. The press release announced the Proposed Transaction as follows:

PAR PHARMACEUTICAL COMPANIES ENTERS INTO DEFINITIVE AGREEMENT TO BE ACQUIRED BY TPG

Par Shareholders to Receive \$50.00 per Share in Cash; Fully Diluted Equity Value of \$1.9 Billion

Woodcliff Lake, N.J., July 16, 2012 – Par Pharmaceutical Companies, Inc. (NYSE:PRX) announced today that it has entered into a definitive merger agreement to be acquired by an affiliate of TPG in a transaction with an equity value of \$1.9 billion.

Under the terms of the agreement, Par shareholders will receive \$50.00 in cash for each share of Par common stock, representing a premium of approximately 37% over the closing share price on July 13, 2012, the last full trading day before today's announcement. The agreement was unanimously approved by Par's Board of Directors.

Patrick G. LePore, Par's Chairman and CEO, stated, "We are excited about this transaction as it delivers compelling value to our shareholders." Mr. LePore continued, "While my focus and that of the Par Board of Directors was on shareholder value, we are very pleased that Par will be acquired by TPG, a leading global private investment firm whose substantial resources and healthcare experience will enable Par to continue to invest in its future long-term growth."

“We are excited for the opportunity to invest in Par, a leading generic pharmaceutical company that has a long track record of success via its focus on complex products and its strong, diversified product pipeline,” said Todd B. Sisitsky, partner at TPG. “The company is positioned to benefit from the strong macro trends of a greater focus on cost effective healthcare solutions and the increasing demands from an aging population. We look forward to partnering with this talented management team to continue developing an attractive platform for expansion.”

The closing of the transaction is conditioned upon, among other things, the affirmative vote of the holders of a majority of Par’s outstanding shares, clearance under the Hart-Scott-Rodino (HSR) Antitrust Improvements Act of 1976, and other customary closing conditions. The transaction is not subject to a financing condition.

Under the terms of the merger agreement, Par may solicit superior proposals from third parties through August 24, 2012. The Par Board of Directors, with the assistance of its advisors, will actively solicit acquisition proposals during this period. There are no guarantees that this process will result in a superior proposal. If there is no superior proposal, the transaction is expected to close in 2012, subject to customary approvals and closing conditions. Par and the Board of Directors do not intend to disclose developments with respect to the solicitation process unless and until the Board of Directors has made a decision.

J.P.Morgan Securities LLC acted as exclusive financial advisor to Par, and Orrick, Herrington & Sutcliffe LLP acted as Par’s legal advisor. Cravath, Swaine & Moore LLP acted as independent legal counsel to Par’s Board of Directors. Bank of America Merrill Lynch, Deutsche Bank Securities Inc. and Goldman, Sachs & Co. and affiliates acted as financial advisors and provided fully committed financing to TPG. Ropes & Gray LLP acted as legal advisor to TPG.

Subsequent to the announcement of the Proposed Transaction, on July 18, 2012, Relational filed an amendment to its May 7, 2012 Form SC 13D/A, in which it announced the sale of substantially all of its shares in the Company.

The Merger Consideration is Inadequate

26. By agreeing to the Proposed Transaction, the Board failed to maximize value for Par Pharma shareholders. The Merger Consideration is inadequate and will not fairly compensate Par Pharma shareholders, who will be deprived of taking part in any future financial success of the Company. Par Pharma has recently made substantial investments acquiring privately owned generic pharmaceuticals companies and the rights to lucrative pharmaceutical

compounds. The Company has only recently begun to realize the returns of these lucrative investments, which are part of a more general turnaround over the last two years. Analysts have dubbed this turnaround “extremely positive.” As discussed below, the Company is successfully executing a strategy to continue to provide long-term sustainable growth.

Par Pharma’s Recent Acquisitions Position the Company for Growth

27. In 2011 alone, Par Pharma announced three significant deals designed to help position the Company for growth and increase its competitive prospects: (1) in May, the Company announced its acquisition of India-based generic company Edict Pharmaceuticals (“Edict”), thereby giving Par Pharma, for the first time, an international footprint; (2) in October, Par Pharma acquired the rights to three potentially lucrative products from Teva Pharmaceutical Industries Ltd., following the latter’s acquisition of Cephalon; and (3) in November, the Company announced its acquisition of Anchen Incorporated and its subsidiary Anchen Pharmaceuticals, Inc. (collectively referred to as “Anchen”), in a move that almost doubled the Company’s portfolio of generic new drug applications.

28. On May 23, 2011, Par Pharma announced that it had entered into a definitive agreement to acquire privately-held Edict, a developer and manufacturer of generic pharmaceuticals. Edict is a Chennai, India-based developer and manufacturer of solid oral dosage generic pharmaceuticals with a highly-skilled research and development team and strong product pipeline focused on niche first-to-file, first-to-market formulations. Edict currently has seven ANDAs filed with the U.S. FDA and one ANDA filed in the name of a development partner, with an additional 14 products in development.

29. Commenting on the Edict acquisition, Paul V. Campanelli, Par Pharma’s Chief Operating Officer, said, “This transaction enhances Par’s already successful research and development infrastructure and demonstrates Par’s intention to continue to build out our product

development platform. Also, Edict's facility adds significant operational capacity and provides business continuity protection for our Spring Valley, NY facility." The acquisition of Edict was completed on February 17, 2012, and on July 13, 2012, Edict announced that it had received FDA approval for Labetalol HCl Tablets, the generic version of the Trandate hypertension drug. Par Pharma expects the product to be available in August 2012.

30. On October 17, 2011, Par Pharma announced that it had acquired the rights to three products from Teva Pharmaceuticals in connection with Teva's acquisition of Cephalon. Under the terms of the agreement, the Company will own the ANDAs of fentanyl citrate lozenges, a generic version of Actiq; cyclobenzaprine ER capsules, the generic version of Amrix; as well as the U.S. rights to market modafinil tablets, the generic version of Provigil. According to IMS Health data, annual sales in the U.S. for Actiq and the equivalent generic products are \$173 million. Annual sales in the U.S. for Provigil and Amrix are approximately \$1.1 billion and \$125 million, respectively.

31. Finally, on November 17, 2011, Par Pharma completed its acquisition of Anchen, a privately held generic pharmaceutical company, for \$413 million. Defendant LePore said, "This transaction accelerates the expansion of Par's research and development infrastructure and reinforces our strategy to provide long-term sustainable growth. Anchen has an excellent development track record and robust product pipeline, which, when combined with Par's existing capabilities and pipeline, *more than doubles our product opportunities.*" LePore continued, "Anchen also shares Par's highly entrepreneurial culture and cost-efficient approach to product development, which should allow for a seamless integration." The Anchen assets acquired include six currently marketed generic products, numerous in-process research and development products, which included a pipeline of 29 filed ANDAs, a workforce of approximately 200

employees, and leased facilities with manufacturing and research and development capabilities. According to the Company, the transaction was expected to be immediately accretive to earnings.

32. On May 30, 2012, The Buckingham Research Group (“Buckingham”), an equity research firm which caters to portfolio managers and research analysts at institutional investors, maintained its positive outlook for Par Pharma based on improving revenues and EPS growth. In his research report, Buckingham analyst David G. Buck (“Buck”) predicted “strong growth” for the Company, driven by “the Anchen and Edict acquisitions as well as operating leverage.”

33. The foregoing efforts to boost Par Pharma’s competitiveness, bolster its pipeline and geographical footprint, and accelerate revenues are positive steps that are paying off. As evidenced by the Company’s stronger than expected earnings results for the 2012 first quarter, with sales up nearly 17 percent to \$271.5 million and adjusted earnings of \$0.80 per share beating analysts’ estimates by nearly 11 percent. These acquisitions also brought innovation and other incremental improvements that enhance the Company’s overall future growth prospects.

Analysts Agree: the Merger Consideration Undervalues the Company

34. The Merger Consideration is only a 37% premium to Par Pharma’s stock price the day prior to the announcement – a premium which fails to adequately compensate Par Pharma’s public shareholders for its recent success and future potential. The Buyout Group offered an inadequate Merger Consideration at a time when the Company was poised for growth and success, with analysts agreeing that it was undervalued in the months immediately leading up to the announcement of the Proposed acquisition, thereby allowing TPG to take Par Pharma private at a misleadingly attractive premium.

35. In this respect, numerous securities analysts have recently expressed the opinion that Par Pharma’s shares were undervalued and trading at a discount to the improving intrinsic

value and future outlook of the Company, especially when taking into account the Company's positive turnaround over the preceding couple of years. In this light, the 37% premium which Defendant LePore touted as offering "compelling value" seems far less enticing. In relation to other recent comparable transactions in the generics sector, the Proposed Transaction – which represents a value of approximately 7x EBITDA – is below average.

36. For example, on May 09, 2012, equity research analyst James Molloy with ThinkEquity LLC suggested that Par Pharma could be worth "around \$80/share":

The recent acquisition of Actavis (private) by Watson (WPI) for ~2.4x revenues has increased take-out speculation in the generics space. While [Par Pharma] is (naturally) running their business assuming they remain stand-alone, ***we note that a similar 2.4x revenues multiple on PRX would value the company around \$80/share. We think PRX remains the tightest ship in the (generic) shipping business***, with their Spring Valley NY facility passing FDA inspection within the last 2-3 weeks with no issued 483 letters, which is no mean feat given the difficulty some of PRX's competitors have had in this area.

37. Moreover, on May 11, 2012, Gabelli & Company, Inc. ("Gabelli"), an equity research firm specializing in small and mid-cap companies, raised its estimates for Par Pharma's financial outlook based the Company's May 8, 2012 1Q earnings announcement, which, as noted above, featured stronger than expected results. In the report, Gabelli analyst Kevin Kedra observed that, "We continue to recommend purchase of PRX as ***one of the cheapest stocks in the generic drug sector***, currently trading at 5.8x 2013 EBITDA and at a 44% discount to our 2013 PMV of \$72 per share."

38. Similarly, in a May 30, 2012, research report, Buckingham analyst Buck maintained his positive outlook for Par Pharma based on improving revenues and EPS growth. In his report, Buck stated as follows:

Par should generate attractive cash flows and ***shares are discounted***. While Par shares appear cheap at ~5.7x our 2012 EBITDA estimate ***which is well-below the takeover value for generic companies*** which is variable but ***is as high as 12-13x EBITDA***. Recently the purchase of Fougera (private) was agreed to at 9x

EBITDA. Par shares also appear attractive on the free cash flow metric. For 2012, we expect Par to generate free cash flow of \$133.9 million or \$3.60 per share versus \$53 million or \$1.46 per share in 2011. *Par shares appear cheap* on free cash flow with a free cash flow yield of ~9.5%. For 2013, we model further improvement in free cash flow to \$199 million or \$5.25 per share and PRX shares trade at just 7.2x this estimate for a free cash flow yield on 2013E at 13.9x.

39. Further, several securities analysts have expressed their belief that, based on this undervaluation of the Company's stock in relation to its recent performance, as well as the potential for a strategic buyer to emerge, the Merger Consideration is inadequate. A July 17, 2012, *Deal Pipeline* article, entitled "All eyes on go-shop for Par Pharma" remarked on how the Merger Consideration is "on the cheap side for specialty pharmaceutical deals," based on comments from analysts who track the Company.

40. Similarly, UBS analyst Ami Fadia ("Fadia") wrote in a July 16, 2012 note that potential takeover bids from another company could reach as high as *\$60 a share*. She also raised her 12-month price target on the stock to \$58 a share – well above TPG's offering price. "We believe that this business can easily generate cash flows of about \$200 million to \$250 million a year, *which we value at closer to \$60 a share* in the hands of a strategic buyer who would be able to drive synergies." Fadia says any rival bidders would likely be foreign generic drug companies that are looking to expand into the United States – companies which, unlike TPG, would be able to offer a better premium to Par Pharma's shareholders.

41. Gabelli analyst Kevin Kedra pegged the Company's value even higher, *at \$67 a share*, also adding that rival suitors would likely be foreign firms. According to Kedra, "likely buyers would probably be a specialty pharmaceutical company or an international company – maybe a European company that's looking to make a big move into the U.S."

42. Indeed, the Company, which is among the top five in U.S. sales among all generic drug companies in 2011, would give any strategic acquirer a powerful and immediate foothold

into the U.S. pharmaceuticals market – which remains by far the world’s largest, according to recent IMS Health data. Furthermore, as noted above, such an acquirer could offer Par Pharma’s shareholders a greater premium based on economies of scale and synergies simply not accessible by a private equity firm such as TPG.

43. While the Proposed Transaction cuts off Par Pharma’s shareholders from the Company’s continued growth and future performance, Par Pharma’s management will continue to benefit by being allowed to stay on board after the proposed acquisition. In this regard, the press release announcing the Proposed Transaction states that the Buyout Group was looking forward to “partnering with [the Company’s] talented management team.”

The Board Allowed a Conflicted Banker to Advise Them on the Deal

44. In addition to agreeing to an inadequate price, the Board allowed JP Morgan to act as its exclusive financial advisor on the deal. JP Morgan, however, has had several recent engagements not only advising TPG on other private-equity takeouts, but also providing committed financing to TPG in connection with those transactions. Due to its relationship and lucrative past dealings with TPG, JP Morgan was conflicted, and could therefore not render objective negotiation advice to the Board.

45. In this regard, on July 5, 2011, TPG announced its acquisition of Immucor, a maker of systems used in blood transfusions in a \$1.97 billion deal. JP Morgan advised TPG and also committed financing to the Immucor deal. On February 2, 2012, TPG announced its acquisition proposal for GlobeOp Financial Services SA (“GlobeOp”) for approximately 508 million British pounds, or \$800 million. Although TPG later lost out in a bidding war for GlobeOp, JPMorgan advised TPG in its efforts.

The Board Agreed To Unreasonable Deal Protections

46. The Board reportedly negotiated the sale of Par Pharma pursuant to a private auction which may have excluded some of the Company's most promising strategic acquirers, rather than undertake a full and fair auction designed to maximize shareholder value, and took steps to secure the Proposed Transaction for the Buyout Group through unreasonable deal protection terms. For example, although the Proposed Transaction includes a limited "go-shop" provision (Section 7.6 of the Merger Agreement) which provides that the Company may "initiate, solicit and encourage" any alternative acquisition proposals from third parties through August 24, 2012, the accompanying deal protection devices render this go-shop illusory. While Par is allowed to openly shop itself for only 40 days from the date of the announcement of the Merger Agreement, the deal protection devices will preclude a fair sales process for the Company and lock-out competing bidders, and include: (i) a "no-shop" clause that will preclude Par Pharma from soliciting potential superior offers after the 40-day go-shop period expires; (ii) a provision that would require the Company to disclose confidential information about competing bids to the Buyout Group, thereby giving the Buyout Group the ability to top any competing proposal; and (iii) a termination and expense fee provisions that would require the company to pay \$24 million if the Proposed Transaction is terminated in favor of a superior proposal from an undisclosed group of pre-existing bidders, or \$48 million if the superior proposal comes from elsewhere.

47. The deal protections erect barriers to competing offers and substantially increase the likelihood that the Proposed Transaction will be consummated, leaving Par Pharma shareholders with limited opportunity to consider a superior offer. When viewed collectively, and in light of the lackluster premium currently being offered to Par Pharma shareholders, these provisions cannot be justified as reasonable or proportionate.

CLASS ACTION ALLEGATIONS

48. Plaintiff brings this action as a class action pursuant to Delaware Court of Chancery Rule 23 on behalf of itself and all public stockholders of Par Pharma (the “Class”). Excluded from the Class are Defendants, members of the immediate families of the Defendants, and any other persons or entities related to or affiliated with any of the Defendants.

49. This action is properly maintainable as a class action.

50. The Class is so numerous that joinder of all members is impracticable. As of March 23, 2012, there were approximately 36,654,976 shares of Par Pharma common stock outstanding. Moreover, it is reasonable to assume that holders of Par Pharma common stock are geographically dispersed throughout the United States.

51. Plaintiff’s claims are typical of the claims of the Class. Plaintiff and the other members of the Class have and will sustain damages arising out of Defendants’ breaches of their fiduciary duties. Plaintiff does not have any interests that are adverse or antagonistic to those of the Class. Plaintiff will fairly and adequately protect the interests of the Class. Plaintiff is committed to the vigorous prosecution of this action and has retained counsel competent and experienced in this type of litigation.

52. There are numerous questions of law and fact that are common to the members of the Class and that predominate over questions affecting any individual Class member including, inter alia, (i) whether the Individual Defendants have and are breaching their fiduciary duties of loyalty and care with respect to Plaintiff and the Class in connection with the Proposed Transaction by failing to secure and obtain the best price reasonably available under the circumstances for Par Pharma’s public shareholders, and (ii) whether Plaintiff and the Class will be irreparably harmed if the transactions contemplated herein are consummated.

53. The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications with respect to individual members of the Class that would establish incompatible standards of conduct for Defendants or adjudications with respect to individual members of the Class may, as a practical matter, be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.

54. A class action is superior to other available methods for the fair and efficient adjudication of the claims for relief set forth herein. It would be impracticable and undesirable for each member of the Class who has suffered or may suffer harm to bring a separate action for these claims. In addition, the commencement of separate actions would put a substantial and unnecessary burden on this and other courts throughout the United States, while a single class action can determine the rights of all Class members with judicial economy.

55. Defendants have acted, or refused to act, on grounds generally applicable to, and causing injury to, the Class and, therefore, preliminary and final injunctive relief on behalf of the Class as a whole is appropriate.

COUNT I

BREACH OF FIDUCIARY DUTY AGAINST THE INDIVIDUAL DEFENDANTS

56. Plaintiff repeats all previous allegations as if set forth in full herein.

57. The Individual Defendants have violated their fiduciary duties of care and loyalty owed to the public shareholders of Par Pharma.

58. The Proposed Transaction is structured to favor the interests of the Buyout Group and the Company's insiders to the detriment of Plaintiff and others similarly situated and is the

product of a flawed process. Therefore, Defendants have breached their fiduciary duties and/or aided and abetted those breaches of fiduciary duties.

59. The Individual Defendants have breached their fiduciary duties in connection with a proposed sale of the Company because, among other reasons:

- (a) they failed to properly value the Company;
- (b) they failed to take steps to maximize the value of Par Pharma for its public shareholders;
- (c) they agreed to terms in the Merger Agreement and other terms that favor Buyout Group and deter competing bids; and
- (d) they submitted to the interests of the Buyout Group and Par Pharma's insiders rather than the interests of Par Pharma's public shareholders.

60. Unless enjoined by this Court, the Individual Defendants will continue to breach their fiduciary duties owed to Plaintiff and the other members of the Class, and may consummate the Proposed Transaction, which will deprive the Class of its fair proportionate share of Par Pharma's valuable assets and business, to the irreparable harm of the Class.

61. Plaintiff and the other members of the Class have no adequate remedy at law. Only through the exercise of this Court's equitable powers can Plaintiff and the Class be fully protected from the immediate and irreparable injury that the Individual Defendants' actions threaten to inflict.

COUNT II

AIDING AND ABETTING AGAINST THE BUYOUT GROUP

62. Plaintiff repeats all previous allegations as if set forth in full herein.

63. The Buyout Group, by reason of its status as a party to the Merger Agreement and/or associated agreements, and its possession of non-public information, has aided and abetted the Individual Defendants in the aforesaid breaches of their fiduciary duties by knowingly providing substantial assistance to the Individual Defendants' breaches of fiduciary duties.

64. Such breaches of fiduciary duties could not and would not have occurred but for the conduct of the Buyout Group in connection with the proposed sale of Par Pharma in the Proposed Transaction.

65. As a result of this conduct by the Buyout Group, Plaintiff and the Class have been and will be damaged in that they have and will be prevented from obtaining a fair price for their shares.

66. Plaintiff and the Class have no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against Defendants, jointly and severally as follows:

- a. Declaring that this action is properly maintainable as a class action and certifying Plaintiff as the Class representative;
- b. Enjoining Defendants from proceeding with the Proposed Transaction;
- c. Directing the Individual Defendants to exercise their fiduciary duties to maximize shareholder value in any proposed sale of the Company;
- d. Declaring the deal protections invalid and unenforceable, or in the alternative, amending the deal protections as necessary to ensure a full and fair sale process for the benefit of the Class;

e. Awarding Plaintiff the costs and disbursements of this action, including reasonable attorneys' fees and experts' fees; and

f. Granting such other and further relief as this Court may deem just and proper.

Respectfully submitted,

ROSENTHAL, MONHAIT & GODDESS, P.A.

/s/ P. Bradford deLeeuw

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