

## Pfizer to acquire Anacor for \$5.2 billion

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Pfizer and Anacor Pharmaceuticals, has announced that they have entered into a definitive merger agreement under which Pfizer will acquire Anacor for \$99.25 per Anacor share, in cash, for a total transaction value, net of cash, of approximately \$5.2 billion, which assumes the conversion of Anacor's outstanding convertible notes.

The Boards of Directors of both companies have unanimously approved the transaction. Anacor's flagship asset, crisaborole, a differentiated non-steroidal topical PDE4 inhibitor with anti-inflammatory properties, is currently under review by the US FDA for the treatment of mild-to-moderate atopic dermatitis, commonly referred to as eczema.

"We believe the acquisition of Anacor represents an attractive opportunity to address a significant unmet medical need for a large patient population with mild-to-moderate atopic dermatitis, which currently has few safe topical treatments available," said Mr Albert Bourla, Group President of Pfizer's Global Innovative Pharma and Global Vaccines, Oncology and Consumer Healthcare Businesses. "Crisaborole is a differentiated asset with compelling clinical data that, if approved, has the potential to be an important first-line treatment option for these patients and the physicians who treat them."

In both of its Phase 3 pivotal studies, crisaborole achieved statistically significant results on all primary and secondary endpoints and in March 2016, the FDA accepted for review Anacor's New Drug Application seeking approval of crisaborole for the potential treatment of mild-to-moderate atopic dermatitis in children and adults. The Prescription Drug User Fee Act (PDUFA) goal date for the completion of the FDA's review is January 7, 2017. If approved, Pfizer believes peak year sales for crisaborole have the potential to reach or exceed \$2.0 billion.

"Today marks the beginning of an exciting new chapter for Anacor, which we believe will deliver significant value to our shareholders," said Mr Paul L. Berns, Anacor's chairman and CEO. "We have a deep respect for Pfizer, and it is clear that they share our commitment to addressing the significant unmet medical needs in inflammatory disease. We are proud of the innovative company that our team has built and are confident that Pfizer will help accelerate Anacor's important mission given

the strength of its global platform and resources."

Atopic dermatitis is a common, relapsing, chronic, inflammatory skin disorder, with patients displaying a chronic rash characterized by inflammation and itching, often occurring in folds of the skin with symptoms lasting up to 14 days or more. Approximately 18 to 25 million people in the United States suffer from this condition, including between 8 and 18% of infants and children. Atopic dermatitis has been considerably underdiagnosed due to the lack of approved effective systemic agents, and limitations of current topical agents. There have been no new molecular entities for atopic dermatitis in the last 15 years.

Anacor also holds the rights to Kerydin, a topical treatment for onychomycosis (toenail fungus) that is distributed and commercialized by Sandoz Inc. in the U.S.

Pfizer anticipates financing the transaction through existing cash. Pfizer does not expect the transaction to impact its current 2016 financial guidance. Pfizer expects the transaction to be slightly dilutive to Adjusted Diluted Earnings Per Share (EPS)(1) in 2017 with accretion to Adjusted Diluted EPS(1) beginning in 2018 and increasing thereafter.

Under the terms of the merger agreement, a subsidiary of Pfizer will commence a cash tender offer to purchase all of the outstanding shares of Anacor common stock for \$99.25 per share in cash. The closing of the tender offer is subject to customary closing conditions, including U.S. antitrust clearance and the tender of a majority of the outstanding shares of Anacor common stock.

The merger agreement contemplates that Pfizer will acquire any shares of Anacor that are not tendered into the offer through a second-step merger, which will be completed promptly following the closing of the tender offer. Pfizer expects to complete the acquisition in the third-quarter 2016.

Pfizer's financial advisors for the transaction were Centerview Partners and Guggenheim Securities, and Wachtell, Lipton, Rosen & Katz acted as its legal advisor. Citi served as Anacor's financial advisor, and Davis Polk & Wardwell, LLP served as its legal advisor.