

## Mega Merger: Pfizer buys Medivation for \$14 billion

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Pfizer Inc. and Medivation, Inc. have announced that they have entered into a definitive merger agreement under which Pfizer will acquire Medivation, a biopharmaceutical company focused on developing and commercializing small molecules for oncology, for \$81.50 a share in cash for a total enterprise value of approximately \$14 billion. Pfizer does not expect the transaction to impact its current 2016 financial guidance.

"The proposed acquisition of Medivation is expected to immediately accelerate revenue growth and drive overall earnings growth potential for Pfizer," said Ian Read, chairman and chief executive officer, Pfizer. "The addition of Medivation will strengthen Pfizer's Innovative Health business and accelerate its pathway to a leadership position in oncology, one of our key focus areas, which we believe will drive greater growth and scale of that business over the long-term. This transaction is another example of how we are effectively deploying our capital to generate attractive returns and create shareholder value."

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Medivation's portfolio includes XTANDI® (enzalutamide), an androgen receptor inhibitor that blocks multiple steps in the androgen receptor signaling pathway within the tumor cell. XTANDI is the leading novel hormone therapy in the United States today and generated approximately \$2.2 billion in worldwide net sales over the past four quarters, as recorded by Astellas Pharma Inc., with whom Medivation entered an agreement in 2009 to develop XTANDI globally and commercialize jointly in the U.S. Since its approval for advanced metastatic prostate cancer by the U.S. Food and Drug Administration in 2012, XTANDI has treated 64,000 men to date in the U.S. alone. Medivation and Astellas have built a robust development program for XTANDI, including two Phase 3 studies in non-metastatic prostate cancer and another Phase 3 study in hormone-sensitive prostate cancer. It is also being further developed in Phase 2 studies for the potential treatment of advanced breast cancer and hepatocellular carcinoma.

In addition, Medivation has a promising, wholly-owned, late-stage oncology pipeline, which includes two development-stage

oncology assets, talazoparib and pidilizumab. Talazoparib, currently in a Phase 3 study for the treatment of BRCA-mutated breast cancer, has the potential to be a highly potent PARP inhibitor and could be efficacious across several additional tumors. Pidilizumab is an immuno-oncology (IO) asset being developed for diffuse large B-cell lymphoma and other hematologic malignancies and has the potential to be combined with IO therapies in Pfizer's portfolio.

"We believe the combination with Pfizer is the right next step in our growth trajectory and is a testament to the passion and dedication by which the Medivation team has delivered on our mission to profoundly transform patients' lives through medically innovative therapies," said David Hung, M.D., founder, president and CEO of Medivation. "This compelling transaction will deliver significant and immediate value to our stockholders and provides new opportunities for our employees as part of a larger company. We believe that Pfizer is the ideal partner to extend the reach of our blockbuster XTANDI franchise and take our promising, late-stage assets - talazoparib and pidilizumab - to their next stages of development so that they can be made available to patients as quickly as possible."

Pfizer expects to finance the transaction with existing cash.

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 Medivation common stock for \$81.50 per share, net to the seller in cash, without interest, subject to any required withholding of taxes. 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 Medivation common stock. The merger agreement contemplates that Pfizer will acquire any shares of Medivation 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- or Fourth-Quarter 2016.

Pfizer's financial advisors for the transaction were Guggenheim Securities and Centerview Partners, with Ropes & Gray LLP acting as its legal advisor. J.P. Morgan Securities and Evercore served as Medivation's financial advisors, while Cooley LLP and Wachtell, Lipton, Rosen & Katz served as its legal advisors.