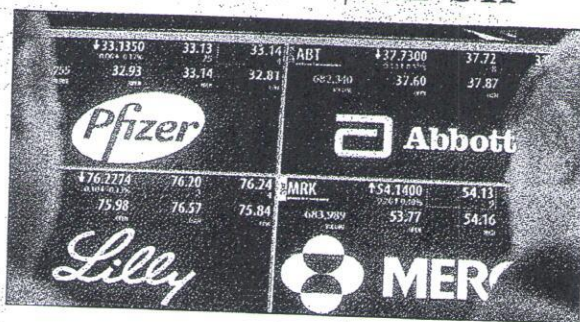


Pfizer to buy Anacor Pharma for \$5.2 bn



A screen displays trading information for stocks of Pfizer, Abbott Laboratories, Merck and Company and Eli Lilly and Company on the floor of the New York Stock Exchange. Reuters

REUTERS
BENGALURU, MAY 16

PFIZER INC is buying Anacor Pharmaceuticals Inc in a \$5.2 billion deal to add an eczema gel to its portfolio, just a month after the US drug major scrapped plans to acquire Allergan Plc.

Anacor shares surged as much as 56 percent to \$99.94 on Monday, above the offer price of \$99.25 per share in cash. The net-of-cash deal value assumes conversion of Anacor's outstanding convertible notes, the companies said in a statement.

The deal hints at a shift in Pfizer's M&A strategy from lowering taxes — the rationale behind its \$160 billion bid for

Dublin-based Allergan — to strengthening its drugs portfolio ahead of a decision on selling or spinning off its generic medicines business by late 2016.

The recent pullback in valuations of biotech firms could stimulate Pfizer's appetite for deals, analysts said. The company is also reported to be in talks to buy cancer drug maker Medivation Inc.

The equity value of the Anacor deal is \$4.45 billion, based on the company's outstanding fully diluted shares as of March 31. Anacor stock had fallen 43 per cent this year to Friday's close.

The acquisition will give Pfizer access to a non-steroidal topical gel, crisaborole.

M&A