

AstraZeneca rejects Pfizer's final \$117 billion takeover bid

New York-based drug maker made a final offer of £55 a share

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BRITISH pharma major AstraZeneca on Monday rejected a higher final proposal of \$117 billion takeover by US firm Pfizer, stating that it undervalues the company.

Pfizer, the New York-based maker of blockbuster drugs such as Lipitor and Viagra, had made a final offer of £55 a share to AstraZeneca on Friday, which was 15 per cent higher than its last bid, made on May 2.

Reacting to the final proposal, AstraZeneca said it undervalued the company and its attractive prospects and has been rejected by the board of AstraZeneca.

"We have rejected Pfizer's final proposal because it is inadequate and would present significant risks for shareholders, while also having serious consequences for the company, our employees and the life-sciences sector in the UK, Sweden and the US," AstraZeneca chairman Leif Johansson said in a statement.

"Pfizer's approach throughout its pursuit of AstraZeneca appears to have been fundamentally driven by the corporate financial benefits to its shareholders of cost savings and tax minimisation," he added.

From our first meeting in January to our latest discussion yesterday, and in the numerous phone calls in between, Pfizer has failed to make a compelling strategic, business or value case, Johansson said.

He added that the price at which the Board of AstraZeneca would be pre-



STRATEGICAL MOVE: Drug British pharma major's products include drugs to treat cancer, and cardiovascular diseases

pared to provide a recommendation would have to be more than 10 per cent above the level contained in Pfizer's Friday Proposal.

On Sunday Pfizer had issued a statement making a final proposal under which AstraZeneca shareholders would receive, for each AstraZeneca share, 1,747 shares in the combined entity and 2,476 pence in cash, representing an indicative value of £55.00 (\$92.53) per share.

The US firm had urged supportive AstraZeneca shareholders to urge the AstraZeneca board to begin substantive engagement with Pfizer and extend the period for such talks prior to the May 26 deadline for making an offer.

Pfizer Chairman and

CEO Ian Read had said: "We believe our proposal is compelling for AstraZeneca's shareholders and that a Pfizer-AstraZeneca combination is in the best interests of all stakeholders."

Reiterating the company's stand not to make a hostile offer, he added: "We have said from the beginning that we will remain disciplined in the price we are willing to pay and we will not depart from that guiding principle. We believe that our proposal represents compelling and full value for AstraZeneca and that other issues that have been raised by AstraZeneca do not represent material difficulties. Read insisted that Pfizer tried repeatedly to engage in a constructive process with

Deal gone sour

■ Pfizer had approached AstraZeneca on January 5 and April 26 with a proposal

■ On May 2, the company had raised earlier offer of \$100 billion to \$106 billion

■ Pfizer had offered AstraZeneca shareholders 1,747 shares in combined entity

■ Reacting to the final proposal, AstraZeneca said it undervalued the company

■ Pfizer has failed to make a compelling strategic, business or value case

AstraZeneca to explore a combination of the two companies."

"Following a conversation with AstraZeneca earlier today, we do not believe that the AstraZeneca board is currently prepared to recommend a deal at a reasonable price. We remain ready to engage in a meaningful dialogue but time for constructive engagement is running out," he added.

Pfizer had earlier approached AstraZeneca on January 5 and April 26 with a proposal to acquire the firm for \$100 billion. On May 2, the company had raised the offer to \$106 billion.

AstraZeneca's products include drugs to treat cancer, gastrointestinal and cardiovascular and metabolic diseases.

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