

Pharmaceutical Buyout

Bonny Ghosh:

One makes consumer products, like Advil, Chapstick; the other, prescription medicines, like Lipitor. Now, these two drug giants are coming together to form a powerhouse drug company like no other. Pfizer will pay sixty-eight billion dollars for rival Wyeth.

Jeffrey Kindler:

The two companies together will be able to advance our scientific mission much more powerfully than I believe either one of us could do apart.

Bonny Ghosh:

In a press conference Monday, heads of both Pfizer and Wyeth were on hand to answer questions. Pfizer chairman and CEO, Jeffrey Kindler, says the deal is a win-win for both companies.

Jeffrey Kindler:

This is a unique opportunity to create the world's premiere biopharmaceutical business. Uh-the-the assets, the people, the science, the businesses that these two companies are in are really complementary. They-they're a perfect fit.

Bonny Ghosh:

For Pfizer, the deal will not only help diversify the strictly pharmaceutical company, but it's also estimated to increase their revenue by fifty percent: welcome news for a company that's suffered some brutal blows recently, between a ninety percent fourth-quarter drop, a 2.3-billion-dollar legal settlement for allegedly marketing products counter to their approved use; and to top it all off, its stock has been on a downward spiral ever since news broke that the patent for Lipitor will expire in two years. When it comes down to it, this deal is all about staying afloat.

Herman Saftlas:

I think the deal is a good deal. I think it's a deal they really had to do. They had to do a deal this size because for a company li-the size of Pfizer with forty-eight billion dollars in sales, there's not gonna be a-a whole lot of deals that could move the needle.

Bonny Ghosh:

Of the sixty-eight billion, Pfizer will put up about two-thirds of that between cash and stocks, while the other third will come from five different banks. For investors, the fact that banks are agreeing to finance this massive deal is a promising sign that maybe those tight credit markets are starting to loosen up.

Bonny Ghosh:

Bonny Ghosh, The Associated Press, New York.

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