



DETERMINATION OF MERGER NOTIFICATION M/10/037 -

Pfizer/King Pharmaceuticals

Section 21 of the Competition Act 2002

Proposed acquisition by Pfizer Incorporated of King Pharmaceuticals Incorporated.

Dated 24 November 2010

Introduction

1. On 29 October 2010, in accordance with section 18 of the Competition Act 2002 (the "Act"), the Competition Authority (the "Authority") received a notification of a proposed transaction whereby Pfizer Incorporated ("Pfizer") would acquire sole control of King Pharmaceuticals Incorporated ("King").

The Undertakings Involved

The Acquirer

2. Pfizer is incorporated in the United States of America ("U.S.A.") and is listed on the New York, London and Swiss stock exchanges. Pfizer is a global pharmaceutical company active in research and development, manufacturing, marketing and sale of human and animal health products¹. A separate division of Pfizer, Pfizer Animal Health, is dedicated to animal health products.
3. In the State, Pfizer is active in the manufacture and sale of human health products and the sale of animal health products.
4. For the financial year ending 31 December 2009, Pfizer generated a world wide turnover of €35,854 million and a turnover in the State of approximately €[...].²

The Target

5. King is incorporated in the U.S.A. and is listed on the New York Stock Exchange. King is a pharmaceutical company active, mainly in the U.S.A. and Canada, in research and development, manufacturing, marketing and sale of human health products³. King, through its wholly owned subsidiary, Alpha LLC, is also active internationally in the development, manufacture, marketing and registration of animal health products.
6. In the State, King is only active in the sale of animal health products.

¹ Human health products include pharmaceuticals and other medicines for human use and animal health products include pharmaceutical and nutritional products for animals.

² The parties have used the ECB reference rate of €1=US\$1.3948 for the year 2009.

³ Included in King's human health products are therapies and technologies for specialty-driven markets including neuroscience, hospital and acute care medicine. For example, King develops and manufactures the "EpiPen", an auto-injector for emergency drug delivery.

7. For the financial year ending 31 December 2009, King generated a world wide turnover of €1,273 million and a turnover in the State of approximately €[...].⁴

Third Party Submissions

8. No submissions were received.

Analysis

9. The European Commission (the "Commission") has previously divided animal health products into three main categories⁵:
- (i) biologicals (vaccines);
 - (ii) pharmaceuticals; and
 - (iii) medicinal feed additives⁶.
10. The Commission has taken various factors into account when defining the relevant product markets in relation to the above three categories of animal health products⁷. Amongst these factors are the type of animal species the product is targeted at, the active substance in the product and its mode of administration.
11. The Authority considers that it does not have to reach a conclusion on the relevant market since the proposed transaction does not raise any competition concerns in the State.
12. In the State, both Pfizer and King are active in the sale of animal health products. The animal health products sold by Pfizer and King can be categorised as medicinal feed additives or pharmaceuticals. In the State, Pfizer and King are both active in the sale of medicinal feed additives.
13. King, through its wholly owned subsidiary Alpharma LLC, is [...] active in the sale of "Deccox", a medicinal feed additive for the prevention of coccidiosis⁸ in animals. Pfizer does not sell any anti-coccidial medicinal feed additives in the State.
14. Until February 2010, King held the right to sell two pharmaceuticals, namely: "Octacillin", a penicillin water soluble⁹ and "Solacyl", an analgesic and anti-pyretic¹⁰. King sold these two products pursuant to distribution agreements with the manufacturer, Eurovet Animal Health Limited. However, King stopped selling these products in the State in late 2009.
15. In the State, Pfizer is active in the sale of pharmaceuticals whose active ingredient is penicillin. However, Pfizer is not active in the sale

⁴ *Ibid.*

⁵ Case No. COMP/M.5476, *Pfizer/Wyeth*, decision dated 17.07.2009.

⁶ Medicinal feed additives are pharmaceuticals or nutritional substances that are added to the feeds of animals in order to promote growth and/or to control infectious diseases.

⁷ *Ibid.*

⁸ Coccidiosis is a parasitic disease of the intestinal tract of animals.

⁹ Alpharma LLC sold Octacillin WS 250G, Octacillin WS 100G-PK and Octacillin WS Box (12x500G Sachet). Octacillin is a Eurovet product.

¹⁰ An anti-pyretic is a medicinal product that reduces fever. Alpharma LLC sold Solacyl, a Eurovet product.

of penicillin water solubles. Also, Pfizer is not active in the State in the sale of any pharmaceuticals that are based on the same active ingredient as "Solacyl".

16. The Authority considers that the proposed merger does not raise any competition concerns in the State for the following reasons:

- (i) Pfizer does not sell any anti-coccidial medicinal feed additives in the State;
- (ii) Pfizer is active in the sale of pharmaceuticals whose active ingredient is penicillin, whereas King is not active in the sale of such products in the State; and,
- (iii) There are a number of suppliers/manufacturers of medicinal feed additives in the State, including: Bimeda, Eco Animal Health, Elanco, Huvepharma, Intervet/Shering-Plough Animal Health, KRKA, Norbrook, Novartis, Univet and Vetoquinol in the State.

DETERMINATION

The Competition Authority, in accordance with section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition whereby Pfizer Incorporated would acquire sole control of King Pharmaceuticals Incorporated will not be to substantially lessen competition in markets for goods or services in the State, and accordingly, that the acquisition may be put into effect.

For the Competition Authority

Dr. Stanley Wong

Member of the Competition Authority