

Mega Merger: Pfizer and Allergan to combine

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**MEGA
DEAL**

Pfizer and Allergan has announced that their boards of directors have unanimously approved, and the companies have entered into, a definitive merger agreement under which Pfizer will combine with Allergan in a stock transaction currently valued at \$363.63 per Allergan share, for a total enterprise value of approximately \$160 billion.

"The proposed combination of Pfizer and Allergan will create a leading global pharmaceutical company with the strength to research, discover and deliver more medicines and therapies to more people around the world," stated Mr Ian Read, chairman and CEO, Pfizer. "Allergan's businesses align with and enhance Pfizer's businesses, creating best-in-class, sustainable, innovative and established businesses that are poised for growth. Through this combination, Pfizer will have greater financial flexibility that will facilitate our continued discovery and development of new innovative medicines for patients, direct return of capital to shareholders, and continued investment in the United States, while also enabling our pursuit of business development opportunities on a more competitive footing within our industry."

"The combination of Allergan and Pfizer is a highly strategic, value-enhancing transaction that brings together two biopharma powerhouses to change lives for the better," said Mr Brent Saunders, CEO, Allergan. "This bold action is the next chapter in the successful transformation of Allergan allowing us to operate with greater resources at a much bigger scale. Joining forces with Pfizer matches our leading products in seven high growth therapeutic areas and our robust R&D pipeline with Pfizer's leading innovative and established businesses, vast global footprint and strength in discovery and development research to create a new biopharma leader."

Under the terms of the proposed transaction, the businesses of Pfizer and Allergan will be combined under Allergan plc, which will be renamed "Pfizer plc." The companies expect that shares of the combined company will be listed on the New York Stock Exchange and trade under the "PFE" ticker. Upon the closing of the transaction, the combined company is expected to maintain Allergan's Irish legal domicile. Pfizer will have its global operational headquarters in New York and its principal executive offices in Ireland.

As a result of the combination with Allergan and subsequent integration of the two companies, Pfizer now expects to make a decision about a potential separation of the combined company's innovative and established businesses by no later than the end of 2018.

The completion of the transaction, which is expected in the second half of 2016, is subject to certain conditions, including receipt of regulatory approval in certain jurisdictions, including the United States and European Union, the receipt of necessary approvals from both Pfizer and Allergan shareholders, and the completion of Allergan's pending divestiture of its generics business to Teva Pharmaceuticals, which Allergan expects will close in the first quarter of 2016.

Pfizer plc's board is expected to have 15 directors, consisting of all of Pfizer's 11 current directors and 4 current directors of Allergan. The directors from Allergan will be Mr Paul Bisaro, Allergan's current executive chairman, Mr Brent Saunders, Allergan's current CEO, and two other directors from Allergan to be selected at a later date. Mr Ian Read will serve as chairman and CEO of the combined company. Mr Brent Saunders will serve as president and chief operating officer of the combined company. He will be responsible for the oversight of all Pfizer and Allergan's combined commercial businesses, manufacturing and strategy functions.

Guggenheim Securities, Goldman, Sachs & Co., Centerview Partners and Moelis & Company are serving as Pfizer's financial advisors for the transaction, with Wachtell, Lipton, Rosen & Katz, Skadden, Arps, Slate, Meagher & Flom LLP and A & L Goodbody acting as its legal advisors.

JP Morgan and Morgan Stanley are serving as Allergan's financial advisors for the transaction with Cleary Gottlieb Steen & Hamilton LLP, Latham & Watkins LLP and Arthur Cox acting as its legal advisors.