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Teva Pharm finalizing asset sales to clear Allergan deal: source

BY CARL O'DONNELL



Teva Pharmaceutical Industries' Jerusalem oral solid dosage plant (OSD) is seen December 21, 2011. REUTERS/RONEN ZVULUN

Teva Pharmaceutical Industries Ltd is finalizing as much as \$2 billion in asset sale agreements to win U.S. antitrust clearance for its \$40.5 billion acquisition of Allergan Plc's generic drug portfolio, according to a source familiar with the matter.

The divestments would boost efforts by Teva, the Israeli pharmaceutical company, to close the deal with Allergan, which is domiciled in Ireland. Teva said in March that a regulatory review of the deal by the U.S. Federal Trade Commission was taking longer than anticipated, and that it expected the transaction to be completed by June.

Teva has found buyers for nearly all of the assets it expects to divest, which could be worth as much as \$2 billion in total, the source said on Thursday. They include around 50 drugs already on the market and 25 in development that treat illnesses ranging from cancer to respiratory disease and central nervous system disorders, the source said.

Teva is still on track to close the deal next month, the source added, asking not to be identified because the latest developments are not public. Teva declined to comment, Allergan did not immediately respond to requests for comment.

Finalizing a divestiture plan does not guarantee approval from the FTC, which can sometimes surprise companies by making demands for additional asset sales or proclaim that a transaction is anti-competitive. Teva's deal with Allergan has been cleared by European antitrust regulators.

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In July, Teva agreed to buy the generics portfolio of Allergan, solidifying Teva's position as the world's largest generic manufacturer. For Allergan, the transaction will help focus its business on brand-name drugs and provide a massive war chest for future acquisitions.

Allergan had subsequently agreed to a \$160 billion takeover by larger player Pfizer Inc, but the deal was derailed last month by the U.S. Treasury which introduced rules that eliminated tax benefits central to the transaction.

Investors and industry analysts expect Allergan will look for new acquisition targets once the sale to Teva is completed.

Teva is still in the process of finding buyers for one set of assets, a bundle of drugs in various stages of development worth about \$500 million, but expects to agree to a deal as soon as next week, the source said. The source would not provide details on the buyers.

(Reporting by Carl O'Donnell; Editing by David Gregorio)