

Merck and AstraZeneca Agree to Amend Partnership

Merck

WHITEHOUSE STATION, N.J., June 27, 2012 – Merck (NYSE: MRK), known as MSD outside the United States and Canada, announced today that Merck and AstraZeneca have amended the option agreement related to their partnership known as AstraZeneca LP (AZLP).

The updated agreement provides that AstraZeneca will not exercise its option to acquire Merck's remaining interest in AZLP in 2012 and provides AstraZeneca a new option to acquire Merck's partnership interest in June 2014. This amended agreement benefits both companies and provides clarity around the valuation process at the conclusion of the partnership.

As a result of the amended agreement, Merck will continue to record supply sales and equity income from the partnership for the remainder of 2012 and 2013. In 2014, AstraZeneca now will have the option to purchase Merck's remaining interest in AZLP based in part on an agreed-upon calculation of the value of Merck's interest in Prilosec and Nexium. AstraZeneca's option is exercisable between March 1, 2014 and April 30, 2014. If AstraZeneca chooses to exercise this option, the closing date is expected to be June 30, 2014.

Under the amended agreement, the agreed-upon valuation for Merck's interest in Nexium and Prilosec for the 2014 exercise is a fixed sum of \$327 million, subject to a true-up in 2018 based on actual sales from closing in 2014 to June 2018. Also, the exercise price will include an additional amount equal to a multiple of ten times Merck's average one percent annual profit allocation in the partnership for the three-years prior to exercise. The exercise price calculation also could include the net present value of up to five percent of future U.S. sales of Vimovo, subject to a sales threshold that has not yet been achieved plus certain additional amounts. Merck previously assumed it would record sales and earnings contributions from AZLP only through Sept. 2012. The continuation of the partnership is expected to contribute approximately \$200 million to Merck's revenues and approximately \$0.03-0.05 in earnings per share to Merck in 2012 and does not change Merck's prior full-year guidance for 2012.

As a result of declining sales of Nexium and supply of bulk Nexium by third-party suppliers, the quarterly contribution to earnings in 2013 is expected to be lower than the fourth-quarter 2012 contribution. Merck expects to provide full-year 2013 guidance during its fourth-quarter 2012 earnings call.

"This amendment provides clarity about the valuation of this long and successful partnership and enhances our ability to drive Merck's performance through the impact of U.S. SINGULAIR patent expiration later this year," said Peter N. Kellogg,

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executive vice president and chief financial officer of Merck. "We are confident that we can achieve our 2012 targets, and this agreement will help partially offset the macroeconomic and market austerity pressures anticipated in 2013."

About Merck

Today's Merck is a global healthcare leader working to help the world be well. Merck is known as MSD outside the United States and Canada. Through our prescription medicines, vaccines, biologic therapies, and consumer care and animal health products, we work with customers and operate in more than 140 countries to deliver innovative health solutions. We also demonstrate our commitment to increasing access to healthcare through far-reaching policies, programs and partnerships. For more information, visit www.merck.com [1] and connect with us on Twitter, Facebook and YouTube.

Forward-Looking Statement

This news release includes "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such statements may include, but are not limited to, statements about the benefits of the merger between Merck and Schering-Plough, including future financial and operating results, the combined company's plans, objectives, expectations and intentions and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of Merck's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements.

The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the possibility that the expected synergies from the merger of Merck and Schering-Plough will not be realized, or will not be realized within the expected time period; the impact of pharmaceutical industry regulation and health care legislation; the risk that the businesses will not be integrated successfully; disruption from the merger making it more difficult to maintain business and operational relationships; Merck's ability to accurately predict future market conditions; dependence on the effectiveness of Merck's patents and other protections for innovative products; the risk of new and changing regulation and health policies in the U.S. and internationally and the exposure to litigation and/or regulatory actions.

Merck undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in Merck's 2011 Annual Report on Form 10-K and the company's other filings with the Securities and Exchange Commission (SEC) available at the SEC's Internet site (www.sec.gov [2]).

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