

**STATEMENT OF THE FEDERAL TRADE COMMISSION
CONCERNING PFIZER/WYETH
FTC File No. 091-0053**

The Federal Trade Commission has voted to accept a Consent Order in its investigation of Pfizer Inc.'s proposed acquisition of Wyeth. The Consent Order remedies the anticompetitive effects that the Commission believes are likely to result from the transaction in numerous markets for animal health products. After a thorough investigation, the Commission has concluded that the transaction does not raise anticompetitive concerns in any human health product markets. We write here to explain our decision, provide greater visibility into this important investigation, and, in the event that there are future such transactions, describe the framework that we used in our analysis.

The Commission allocated extensive resources to the investigation.¹ The price, quality, and availability of prescription pharmaceutical products has a tremendous impact on health care costs, and a significant part of the investigation focused on ascertaining whether the proposed transaction would adversely affect competition in human pharmaceutical markets. The Commission is dedicated to promoting competition in health care markets to ensure that costs are contained and to protect incentives for pha

¹ During the course of its comprehensive investigation, Bureau of Competition staff conducted nearly 200 interviews, and reviewed hundreds of thousands of documents produced by the parties and third parties. The investigation also involved close cooperation with foreign competition authorities, including those from Australia, Canada, the European Union, Mexico, New Zealand, and South Africa.

Although both Pfizer and Wyeth are substantial suppliers of human pharmaceutical products, their respective product portfolios are highly complementary. Staff's investigation evaluated numerous potential overlaps where the companies may compete against each other, either now or in the future. In particular, the investigation included significant analysis of four markets – treatments for renal cell carcinoma, *Methicillin-resistant Staphylococcus aureus* (or “MRSA” infections), osteoporosis, and Alzheimer's disease – to determine whether the transaction would undermine competition in those markets. Beyond these specific overlaps, the staff thoroughly investigated whether the transaction could have an impact on competition in human pharmaceutical markets more broadly, whether on innovation, the intellectual property landscape, clinical development, or marketing. The evidence demonstrates that it will not.

II. Competitive Effects Analysis

Beyond the areas addressed by the Consent Order, the Commission analyzed three principle theories of potential competitive harm.

First, we assessed whether the merger might substantially reduce competition in any relevant human health market in which Pfizer and Wyeth currently compete. We conclude that it does not.

With respect to a small number of diseases or conditions, including renal cell carcinoma and MRSA infections, Pfizer and Wyeth both market treatments. Evidence gathered in the investigat

We also extensively investigated Alzheimer's disease treatments. Alzheimer's disease is a progressive and terminal neurodegenerative disorder of the brain that is the sixth-leading cause of death in the United States, affecting approximately five million people. The number of Americans suffering from Alzheimer's disease is expected to grow exponentially

merged entity's ability to engage in anticompetitive bundling, especially because the combined portfolio would contain few blockbuster drugs.

Staff also investigated whether the acquisition would create a patent thicket by virtue of the breadth of the combined company's patent portfolio. A merger-created patent thicket could reduce or eliminate competition in human pharmaceutical products by enabling the combined firm to prevent other pharmaceutical companies from developing products through the enforcement of intellectual property rights. After evaluating the parties' respective patent portfolios in a number of areas where both firms are active, including, most notably, Alzheimer's disease, the evidence showed that the combination of the intellectual property of Pfizer with that of Wyeth would not pose any greater barrier to entry to third-party companies than the intellectual property held by the companies individually.

Finally, staff evaluated whether the transaction would decrease basic research or the pace of innovation in pharmaceutical markets by eliminating a leader in pharmaceutical research and development; changing the incentives of companies performing pharmaceutical research and development; or reducing the number of potential research, marketing, or funding partners. Pharmaceutical research and development is a dynamic field with multiple participants including both large and small traditional pharmaceutical companies, specialty pharmaceutical companies, biotechnology companies, and contract research organizations. The evidence does not indicate that the combination raises antitrust concerns in these respects.

Even within the discrete product areas where both Pfizer and Wyeth

ensuring that pharmaceutical markets are competitive. We will closely monitor these markets and continue to evaluate future transactions under the framework explained here to determine their effect on competition in the health care market, and, where appropriate, take action to ensure that any merger or acquisition does not undermine the pharmaceutical industry's competitiveness.