

Ref: 29209

Word Count = 545

## **MEDPOINTE CAPITAL TO BUY WALLACE LABS**

After nearly two years on the auction block, Carter-Wallace has agreed to sell itself as two businesses, splitting consumer brands from its healthcare business. MedPointe Capital Partners, formed last summer to build a speciality healthcare business and headed by former Warner-Lambert Pharmaceuticals president Dr Anthony Wild, will buy the drug and diagnostic units for \$408 million.

The consumer goods maker, Church & Dwight, backed by the private equity firm of Kelso & Co, will buy the consumer brands for \$739 million, including debt.

The two separate transactions value the company at \$1.1 billion, or \$20.30 a share. There is an estimated \$160 million tax charge stemming from the sale of the company in two pieces. Both transactions need to be approved by shareholders and various regulatory agencies.

In the deal, MedPointe, backed by the private equity firms Cypress Group and The Carlyle Group, will acquire Carter-Wallace's pharmaceutical arm, Wallace Laboratories, and Wampole Laboratories, its diagnostics unit, as well as the rights to the Carter-Wallace name. MedPointe, Carlyle and Cypress, which will collectively invest about \$275 million in the transaction, were advised by Bear Stearns, which has provided a commitment for up to \$225 million of bank debt.

MedPointe had expressed an interest in the Wallace healthcare business even before the company agreed to split itself into two, MedPointe chairman and CEO Dr Wild told *Scrip*. A full auction eventually took place and MedPointe placed the highest bid. The deal was complicated by the fact that potential bidders had to negotiate with each other to split up shared services and facilities during the initial period.

The other three MedPointe executives will serve as executive vice-presidents in the new company. They are: James Burns, group president at Becton

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Dickinson and vice-chairman of HealthCare Ventures; John Hawkins, former head of the global healthcare sector at the executive search firm Russell Reynolds Associates; and Paul Herendeen, former executive vice-president and CFO of Warner Chilcott, a women's healthcare company acquired by Galen Holdings. He successfully orchestrated this sale last year but subsequently resigned.

Dr Wild says that MedPointe was set up last summer with the intention of acquiring speciality products or small companies with products. The group began to outline potential opportunities, and the healthcare business of Wallace topped the list. "Wallace presents a very nice platform for us, since they have a sales force of about 200," Dr Wild says.

MedPointe will be taking over about 600 employees in the drug and diagnostics businesses. After the closing of the sale, MedPointe will be headquartered in the Carter-Wallace facility in Cranbury, New Jersey. However, as these facilities are to be sold to the consumer buyer, MedPointe will be searching for a new site in central New Jersey.

The most important product for Wallace is the antihistamine nasal spray, Astelin (azelastine HCl, licensed from Degussa), for seasonal allergic rhinitis in patients aged five years and older. The product recently received FDA approval for non-allergic vasomotor rhinitis in patients aged 12 years and older, a new indication. Astelin is the only second-generation antihistamine indicated for both conditions. Wallace also has several prescription-only cough/cold products. Pharmaceutical sales are around \$160 million. The diagnostics unit has sales of around \$50 million.

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