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UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: **Edith Ramirez, Chairwoman**
Julie Brill
Maureen K. Ohlhausen
Joshua D. Wright
Terrell McSweeny

In the Matter of	)	
PFIZER INC.,	)	
a corporation;	)	
and	)	**Docket C-4537**
HOSPIRA, INC.,	)	
a corporation.	)	

COMPLAINT

Pursuant to the Clayton Act and the Federal Trade Commission Act ("FTC Act"), and its authority thereunder, the Federal Trade Commission ("Commission"), having reason to believe that Respondent Pfizer Inc. ("Pfizer"), a corporation subject to the jurisdiction of the Commission, has agreed to acquire Respondent Hospira, Inc. ("Hospira"), a corporation subject to the jurisdiction of the Commission, in violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, that such acquisition, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

I. RESPONDENTS

1. Respondent Pfizer is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its executive offices and principal place of business located at 235 East 42nd Street, New York, New York 10017.

2. Respondent Hospira is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its executive offices and principal place of business located at 275 North Field Drive, Lake Forest, Illinois 60045.

3. Each Respondent is, and at all times relevant herein has been, engaged in commerce, as "commerce" is defined in Section 1 of the Clayton Act as amended, 15 U.S.C. § 12, and is a company whose business is in or affects commerce, as "commerce" is defined in Section 4 of the FTC Act, as amended, 15 U.S.C. § 44.

II. THE PROPOSED ACQUISITION

4. Pursuant to an Agreement and Plan of Merger executed February 5, 2015, Pfizer proposes to acquire 100% of the outstanding voting securities of Hospira in a transaction valued at approximately $16 billion (the "Acquisition"). The Acquisition is subject to Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

III. THE RELEVANT MARKETS

5. For the purposes of this Complaint, the relevant lines of commerce in which to analyze the effects of the Acquisition are the development, license, manufacture, marketing, distribution, and sale of the following pharmaceutical products:

    a. generic acetylcysteine inhalation solution;

    b. clindamycin phosphate injection;

    c. voriconazole injection; and

    d. melphalan hydrochloride injection.

6. For the purposes of this Complaint, the United States is the relevant geographic area in which to assess the competitive effects of the Acquisition in the relevant lines of commerce.

IV. THE STRUCTURE OF THE MARKETS

7. Acetylcysteine inhalation solution is a mucolytic therapy used to treat certain respiratory disorders. In the United States, three companies supply generic acetylcysteine inhalation solution: Fresenius Kabi, which is partnered with Gland Pharma Ltd. and Pfizer; Hospira; and American Regent, Inc. Among the competitors, Fresenius/Gland/Pfizer is the market leader with an approximately 69% market share and Hospira has an approximately 22% share. The Acquisition would reduce the number of suppliers from three to two and increase the Herfindahl-Hirschman Index ("HHI") by 3,036 points, resulting in a post-acquisition HHI of 8,362 points.

8. Clindamycin phosphate injection is an antibiotic used to treat lung, skin, blood, bone, joint, and gynecological infections. Pfizer, Hospira, Sagent Pharmaceuticals, and Fresenius Kabi currently supply clindamycin phosphate injection in the United States. Pfizer has an approximately 45% market share, while Hospira has a 39% share. The Acquisition would reduce the number of suppliers from four to three and increase the HHI by 3,562 points, resulting in a post-acquisition HHI of 7,276 points.

9. Voriconazole injection is an antifungal medication used to treat significant fungal infections. Pfizer and Sandoz currently sell voriconazole injection in the United States. Hospira is one of a limited number of suppliers capable of entering the voriconazole injection market in the near future.

10. Melphalan hydrochloride injection is a chemotherapy agent used to treat multiple myeloma and ovarian cancer. Mylan N.V. and ApoPharma USA currently sell melphalan hydrochloride injection in the United States. Pfizer and Hospira are developing melphalan hydrochloride injection products. They are two of a limited number of suppliers capable of entering the market in the near future.

V. ENTRY CONDITIONS

11. Entry into the relevant markets described in Paragraphs 5 and 6 would not be timely, likely, or sufficient in magnitude, character, and scope to deter or counteract the anticompetitive effects of the Acquisition. De novo entry would not take place in a timely manner because the combination of drug development times and FDA approval requirements would be lengthy. In addition, no other entry is likely to occur such that it would be timely and sufficient to deter or counteract the competitive harm likely to result from the Acquisition.

VI. EFFECTS OF THE ACQUISITION

12. The effects of the Acquisition, if consummated, may be to substantially lessen competition in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, in the following ways, among others:

    a. by eliminating actual, direct, and substantial competition between Pfizer and Hospira and reducing the number of independent significant competitors in the markets for generic acetylcysteine inhalation solution and clindamycin phosphate injection, thereby increasing the likelihood that: (1) Pfizer would be able to unilaterally exercise market power in these markets; (2) the remaining competitors would engage in coordinated interaction between or among each other; and (3) customers would be forced to pay higher prices; and

    b. by eliminating future competition between Pfizer and Hospira in the markets for voriconazole injection and melphalan hydrochloride injection, thereby: (1) increasing the likelihood that the combined entity would forego or delay the launch of Hospira's voriconazole injection product or either Pfizer or Hospira's melphalan hydrochloride injection product; and (2) increasing the likelihood that the combined entity would delay, reduce, or eliminate the substantial additional price competition that would have resulted from an additional supplier of these products.

VII. VIOLATIONS CHARGED

13. The Acquisition described in Paragraph 4 constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

14. The Acquisition described in Paragraph 4, if consummated, would constitute a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this twenty-first day of August, 2015, issues its Complaint against said Respondents.

By the Commission.

Donald S. Clark
Secretary

SEAL: