
**PROPOSED ACQUISITION BY GLAXOSMITHKLINE CONSUMER HEALTHCARE HOLDINGS,
LTD. OF PFIZER INC.'S CONSUMER HEALTHCARE BUSINESS**

M-2019-005

Statement on the Opening of a Phase II Review

06 May 2019

On 22 April 2019¹, the Mergers and Acquisitions Office (“**MAO**”) decided to move to a Phase II Review of the PROPOSED ACQUISITION BY GLAXOSMITHKLINE CONSUMER HEALTHCARE HOLDINGS, LTD. OF PFIZER INC.’S CONSUMER HEALTHCARE BUSINESS (the “**Transaction**”), pursuant to Section 17 of Republic Act No. 10667 (“**R.A. No. 10667**”).

The initial market investigation conducted by MAO indicates that the Transaction may affect the consumer healthcare industry, particularly the markets for antitussive and expectorants, analgesics and nutritive health products. In accordance with R.A. No. 10667 and its Implementing Rules, MAO has a period of sixty (60) days from 22 April 2019 within which to conduct the Phase II Review of the Transaction.

The commencement of Phase II Review of the Transaction does not mean that MAO has made a definitive finding of a substantial lessening of competition or has prejudged the result of the review. This only signifies that a more detailed analysis of the Transaction is required using additional information from the Notifying Parties, other market participants, and third parties.

Abstract of the Transaction

The Transaction involves the acquisition by GlaxoSmithKline Consumer Healthcare Holdings, Ltd. (“**GSK Consumer Healthcare**”) of Pfizer Inc.’s (“**Pfizer**”) global consumer healthcare business. The transfer of said business shall be made through a series of (i) sales of shares of Pfizer subsidiaries engaged solely in consumer healthcare and (ii) sales of assets in respect of residual assets of Pfizer entities which carry out the said business. As consideration for the Transaction, GlaxoSmithKline Plc. (“**GSK**”), the acquiring ultimate parent entity, will issue to Pfizer non-controlling shares that will represent 32% ownership interest in GSK Consumer Healthcare.

Through various subsidiaries and affiliates, GSK is engaged in developing, manufacturing, and marketing of broad range of (i) prescription, (ii) vaccine, and (iii) consumer healthcare products. In the Philippines, GSK is present through Duncan Pharmaceuticals Philippines, Inc.

¹ 30th day of Phase I review expired on 22 April 2019 due to multiple requests of extension and waivers of the periods from the Notifying Parties in accordance to Section 17 of Republic Act No. 10667 and Rule 4, Section 5 of its Implementing Rules and Regulations.

and GlaxoSmithKline Philippines, Inc., which are both responsible for its prescription and vaccine products, and Duncan Consumer Healthcare Philippines, Inc., and GlaxoSmithKline Consumer Healthcare Philippines, Inc. which conduct its consumer healthcare business. SmithKline Beecham Research Limited is dedicated to both prescription and consumer healthcare activities.

Pfizer is engaged in pharmaceutical business and produces medicines for ailments in different fields, including cardiovascular health, metabolism, oncology, inflammation and immunology. In the Philippines, it conducts its consumer healthcare business through Pfizer, Inc. (Philippines).

Notification of the Transaction

The Parties' respective Notification Forms were considered filed on 18 January 2019 and the Phase I Review of the Transaction commenced on 20 February 2019.

Review of the Transaction

After a preliminary review within a period of thirty (30) calendar days, the MAO decided to continue the review, within a period of sixty (60) calendar days, in order to conduct a more detailed inquiry to determine whether the Transaction is likely to lead to a substantial lessening of competition in the following markets: (i) pediatric and (ii) adult antitussives and expectorants; (iii) pediatric analgesics; and (iv) nutritive health.

Particularly, the MAO seeks to investigate whether, post-Transaction, there will be increased likelihood that competitors in such markets will coordinate their behavior or strengthen existing coordination in a manner that harms competition.

The MAO likewise seeks to assess whether the Transaction enhances the ability and incentive of the parties to engage in activities that may result in substantial lessening of competition in the identified markets.