

Merck dives into 'superbug' chase with Cubist

December 8 2014, by Tom Murphy



In this Thursday, Feb. 28, 2013, file photo, Merck scientist Meizhen Feng conducts research to discover new HIV drugs in West Point, Pa. According to reports, Monday, Dec. 8, 2014, Merck will buy fellow drugmaker Cubist Pharmaceuticals for \$8.4 billion, illustrating a new emphasis on combating so-called "superbugs" that have drawn dire warnings from global health organizations. (AP Photo/Matt Rourke, File)

Merck will spend \$8.4 billion to buy Cubist Pharmaceuticals and move deeper into treating so-called "superbugs" that have drawn dire warnings

from global health organizations.

The company said Monday that the deal will give it stronger footing in hospital acute care and help it address antibiotic resistance, which the Whitehouse Station, New Jersey, drugmaker called a critical area of unmet medical need.

Antibiotic-resistant infections are linked to 23,000 deaths and 2 million illnesses in the United States annually, according to the Centers for Disease Control and Prevention.

The CDC has called the problem a threat to both health and economic stability, and President Obama in September ordered the government to create a national plan to fight them by early 2015.

In April, the World Health Organization warned that without a coordinated effort, "the world is headed for a post-antibiotic era, in which common infections and minor injuries which have been treatable for decades can once again kill."

Antibiotics are used to kill or suppress the bacteria behind illnesses ranging from strep throat to urinary-tract infections. The drugs are considered one of the greatest advances in the history of medicine and have saved countless lives.

But in recent decades some common bacteria have grown resistant to antibiotics that were once highly effective. Experts say overuse and misuse of the drugs by physicians has contributed to the rise of these so-called superbugs.

Cubist draws most of its revenue from the antibiotic Cubicin, and it also has developed another treatment, Zerbaxa, that targets complicated urinary tract and intra-abdominal infections. The Food and Drug

Administration is expected to make a decision on that drug later this month, and European regulators also are reviewing it.

Cubist also paid more than \$1 billion last year to buy two rival antibiotic developers: Trius Therapeutics and Optimer Pharmaceuticals Inc.

Merck also is developing its own treatment for complicated infections, a drug labeled relebactam that is in midstage clinical testing.

Merck is the world's fifth-largest drugmaker based on revenue, according to IMS Health.

The company expects the Cubist deal to add more than \$1 billion of revenue to its 2015 base and contribute significantly to its profit in 2016 and beyond.

Merck will pay \$102 per share of Cubist, a 37 percent premium to its closing price on Friday.

Shares of Cubist, based in Lexington, Massachusetts, soared more than 35 percent, or \$26.34, to \$100.70 in midday trading Monday, while Merck and broader trading indexes slipped.

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