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BUSINESS

AstraZeneca in Talks to Buy Cancer Drug Developer Acerta Pharma

Could pay more than \$5 billion for Acerta



A man walks past a sign at an AstraZeneca site in Macclesfield, central England, in May 2014. The company is in advanced talks to pay more than \$5 billion for Acerta Pharma BV, according to people familiar with the matter. PHOTO: PHIL NOBLE /REUTERS

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AstraZeneca PLC is in advanced talks to pay more than \$5 billion for little-known biotech company Acerta Pharma BV and its promising cancer compound, according to people familiar with the matter, in the U.K. drugmaker's latest effort to rebuild its pipeline.

The companies aim to announce a deal this month, some of the people said, but there is no guarantee an agreement will be reached.

Acerta doesn't currently have any drugs on the market. But the closely held company's lead compound, similar to a blood-cancer drug from AbbVie Inc. and Johnson & Johnson that analysts expect to be a

multibillion-dollar seller, has shown promise in early clinical trials.

In deals for drug companies that generate little or no revenue, the buyer sometimes makes an upfront payment of a portion of the purchase price and pays the rest in installments over time when certain milestones are reached.

A deal for Acerta would mark AstraZeneca's latest move to refresh its pipeline to contend with sales lost as generic alternatives to top-sellers like cholesterol fighter Crestor hit the market in the coming years.

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After spurning a \$120 billion takeover bid from Pfizer Inc. last year, AstraZeneca Chief Executive Pascal Soriot said he would consider small and midsize deals to boost its drug pipeline. The company last month agreed to pay \$2.7 billion for California biotech ZS Pharma Inc. and its cardiovascular compound, and Mr. Soriot has said cancer treatments are a key focus of the company's rebuilding efforts.

Acerta, based in California and the Netherlands, is developing drugs to treat different types of cancer and autoimmune diseases, two of the drug industry's biggest markets.

Cancer drugs notched \$79.2 billion in world-wide sales last year, No. 1 among all disease areas by sales, while autoimmune therapies ranked third with \$48.8 billion in sales, according to EvaluatePharma.

Acerta is often compared with Pharmacyclics, which sells leukemia drug Imbruvica with partner Johnson & Johnson. AbbVie bought Pharmacyclics earlier this year for \$21 billion. Analysts expect Imbruvica will become one of the world's top-selling cancer drugs, exceeding \$5.5 billion in yearly sales in 2020.

Acerta is developing a drug that works in a similar way as Imbruvica and is testing it in various leukemias, lymphomas and other cancers, as well as in combination with Merck & Co. cancer immunotherapy Keytruda, according to Clinicaltrials.gov.

The drug, acalabrutinib, is also in testing to treat the autoimmune disease rheumatoid arthritis, Acerta said earlier this month.

In one early stage study of 61 patients with the blood cancer known as chronic lymphocytic leukemia, the drug showed a 95% response rate, which the news release said was higher than the 35% to 40% response rate typically seen in patients taking standard therapies.

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