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## Novartis to Acquire Protez for Up to \$400 Million (Update4)

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June 4 (Bloomberg) -- Novartis AG, Switzerland's second-largest drugmaker, agreed to buy U.S.-based Protez Pharmaceuticals for as much as \$400 million to gain rights to an antibiotic that may treat medicine-resistant infections.

PZ-601, which is in the second of three stages of human trials usually needed for regulatory approval, may work against potentially fatal infections including those caused by MRSA, the Basel, Switzerland-based company said in a statement today.

Novartis Chief Executive Officer [Daniel Vasella](#) has been cutting jobs, replacing division heads and buying companies such as Chiron Corp. because of setbacks to three products last year and the looming threat of generic competition to its best-selling Diovan hypertension pill. PZ-601 could garner about \$500 million in annual peak sales if it's approved, Sal. Oppenheim analyst [Martin Voegtli](#) said. It would compete with Pfizer Inc.'s Zyvox.

``This could stabilize growth in the pharma unit," [Voegtli](#) said in a telephone interview. ``The market for drugs to treat hospital infections is growing at a rate of 10 percent a year, stronger than the pharma unit's current growth."

Novartis will pay \$100 million upfront, and as much as \$300 million linked to the success of the medication. Novartis sells Cubicin, a drug made by Cubist Pharmaceuticals Inc., in Europe and is developing a number of other drugs including Aurograb and Tifacogin to treat infections.

### Existing Initiatives

``The addition of Protez and its pipeline, including PZ-601, to our existing initiatives will further strengthen our position in the specialty field of hospital infections," [Joe Jimenez](#), who leads Novartis's drug unit, said in the statement.

Novartis fell 1.15 Swiss francs, or 2.1 percent, to close at 54.85 francs in Zurich trading. Closely held Protez Pharmaceuticals is based in Malvern, Pennsylvania.

About 2 million people in the United States develop hospital-acquired infections each year, and about 90,000 die as a result, according to the U.S. [Centers for Disease Control and Prevention](#). MRSA, or methicillin-resistant staphylococcus aureus, caused pneumonia deaths in young, healthy people during last year's flu season, a study published yesterday in the Annals of Emergency Medicine said.

Swiss companies [Basilea Pharmaceutica AG](#) and Arpida Ltd. are also working on experimental medicines that may fight the infection.

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