Charles River pulls plug on $1.6B buy of WuXi

Mass High Tech: The Journal of New England Technology

Charles River Laboratories International Inc. has called off its planned $1.6 billion purchase of Chinese research firm WuXi PharmaTech (Cayman) Inc. The board of Wilmington-based Charles River Labs has instead authorized the company to buy back up to $500 million of its own stock.

Ending the deal, first announced in April [1], means the Charles River Labs (NYSE: CRL) has to pay WuXi a $30 million breakup fee under the terms of the original agreement.

According to James C. Foster, chairman, president and CEO of Charles River Labs, while the company thought the purchase of WuXi would have worked to the benefit of the company, he realized that lack of stockholder support for the deal would have been a problem.

Charles River Labs, a provider of outsourced laboratory and research services, had previously repurchased approximately 11 million shares under a prior $600 million stock repurchase authorization, and as of July 15, had approximately 66.3 million shares of common stock outstanding.

In January, Charles River Labs announced plans to close a facility in Shrewsbury [2] and lay off 300 people. The company made several strategic acquisitions in 2009 and also opened a 60,000 square-foot facility in Shanghai.

SOURCE [3]

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