

Mars to acquire Wrigley for \$23 billion

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Wm. Wrigley Jr. Co., maker of Doublemint gum, could be sold in a deal financed by Warren Buffett. (Frank Polich/Bloomberg News)

Mars, the candy company, announced a deal Monday morning to acquire the Wm. Wrigley Jr. Company, the chewing gum concern, for about \$23 billion. The transaction would create a confectionery behemoth and could pressure rivals into a cascade of other mergers.

The Mars-Wm. Wrigley Jr. deal has an unusually famous financier: Warren Buffett. The company Buffett controls, Berkshire Hathaway, is helping finance the transaction, Mars said Monday in a statement. Buffett has a history with iconic food and beverage businesses. He was an early investor in Coca-Cola and already owns Sees Candies.

Under the agreement, Wrigley will become a separate, stand-alone subsidiary of Mars. With \$5.4 billion in sales, Wrigley is a world leader in gum and confections.

Shareholders of Wrigley will receive \$80 in cash for each share of stock, a premium of 28.1 percent over Friday's closing price of \$62.45. The deal has been approved by the boards of both companies.

Berkshire Hathaway will also make a minority investment in the Wrigley subsidiary when the deal closes, Mars said in announcing the deal.

"The strong cultural heritage of two legendary American companies with a shared commitment to innovation, quality and best-in-class global brands provides a great basis for this combination," said Paul Michaels, global president of Mars. "We are looking forward to continuing on our path of growth by jointly developing those values even further."

The merger could spark a wave of further consolidation: Hershey and Cadbury Schweppes have held talks for years, but have been unwilling to consummate a deal. They may feel pressure given the scale and scope of a Mars-Wm. Wrigley Jr. combination, which would bring together a big stable of brands with worldwide distribution.

Among Wrigley's brands are Extra, Orbit and Eclipse gums as well as LifeSavers and Altoids. Mars has M&M's, Snickers, Starburst, Skittles and Twix. Mars also makes Uncle Ben's rice products and pet food under the Pedigree brand.

Mars is a tightly controlled, privately held company, one of the last in the confectionery business and one of the largest family-controlled firms in the nation. It is controlled by the Mars family of northern Virginia.

Wrigley, similarly has a storied history, though it went public in 1923. The Wrigley family, originally of Philadelphia, became a major presence in Chicago, where the company has its headquarters. The family's name famously adorns the Chicago Cubs baseball stadium.

In addition to Berkshire Hathaway, Goldman Sachs and JPMorgan Chase also provided financing for the deal.

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