

## **Icahn's chances for winning Biogen battle slim**

By MARK JEWELL

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BOSTON (AP) - Billionaire investor Carl Icahn isn't expected to succeed in winning shareholder backing at Thursday's annual meeting of Biogen Idec Inc. for his slate of dissident board candidates at one of the world's biggest and oldest biotechnology firms.

And even though the company says it intends to remain independent for now, some analysts say Icahn may eventually achieve the goal he set when he began buying up Biogen Idec shares last summer: spurring an eventual buyout of Biogen Idec by a large pharmaceutical company willing to pay a hefty premium.

Traditional pharma firms with few promising new drugs in their pipelines are eager to acquire biotech firms like Cambridge, Mass.-based Biogen Idec, which boasts a healthy lineup of experimental medications to supplement treatments it already markets for multiple sclerosis, rheumatoid arthritis and cancer.

And foreign firms in particular see a unique opportunity now because the U.S. dollar's weakness against foreign currencies makes such deals more affordable. Two such deals involving Boston area biotech firms and foreign buyers have closed since mid-May: an \$8.8 billion bid by Japan's Takeda Pharmaceuticals for Millennium Pharmaceuticals, and \$720 million purchase of Sirtris Pharmaceuticals Inc. by Britain's GlaxoSmithKline PLC.

"We're at a pretty interesting time for pharmaceutical companies out there looking for assets to buy," said Oppenheimer & Co. analyst Bret Holley. "I could see a strategic rationale for several companies being interested in Biogen Idec."

On Thursday, Biogen Idec shareholders meeting in Cambridge will choose between the company's four nominees for its 12-member board, and three dissident candidates backed by Icahn who want the 30-year-old company to seek a buyout.

Icahn, who owns about 4 percent of Biogen's shares, has failed to win backing from three firms that advise shareholders on proxy matters: RiskMetrics Group, Glass Lewis & Co., and Proxy Governance Inc.

Earlier this month, the firms recommended voting in favor of Biogen's slate, and said the company's failed search to find a buyer late last year appeared to have been rigorous, despite Icahn's accusations that Biogen Idec rigged it to fail.

Consequently, chances of Icahn getting any of his nominees on the board are slim, Holley said.

"I think there will be some shareholders who will vote counter to those recommendations, but I haven't seen any good evidence presented to show the process Biogen ran was flawed," he said.

Under pressure from Icahn as he increased his investments in Biogen Idec, the company conducted a two-month search for potential buyers.

But Biogen Idec said in December that it intended to remain independent after the process yielded no definitive offers. In pressing his proxy campaign with Biogen Idec shareholders, Icahn has claimed company executives sabotaged the process by denying potential buyers access to information about Biogen's drug partnerships with other firms, and by shutting Biogen's board out of the process -- allegations the company denies.

Biogen's chairman and chief executive wrote in a letter to shareholders earlier this month that Icahn's board nominees have not laid out a plan to improve shareholder value. They said they believe hanging a "perpetual sale" sign over the company would only harm Biogen.

But Holley said the company's prospects are sufficiently bright that potential buyers might eventually come forward with an offer of more than \$20 billion for a company whose market value now stands at about \$17 billion.

Icahn -- also currently in a proxy battle with Yahoo Inc., which recently turned down a \$47.5 billion takeover offer from Microsoft Corp. -- has argued his board nominees could create shareholder value at Biogen faster than the company's candidates could. Last year, the company's total revenue grew 18 percent to almost \$3.2 billion.

Biogen's stock rose sharply last fall and briefly rose above \$80 per share as the company searched for a buyer. But the shares dropped nearly 24 percent when Biogen said it had failed to find a buyer. On Wednesday, the shares rose 15 cents, or less than 1 percent, to \$58.50.