

Elan holders OK buyback, vote down three deals (Update)

June 17 2013

Shareholders of Irish drugmaker Elan Corp. PLC have potentially ended a takeover bid from Royalty Pharma by voting in favor of an Elan share buyback plan.

The Dublin-based company's shareholders also rejected at a Monday meeting three separate deals that the Elan board has pushed instead of the Royalty takeover bid.

Earlier this month, New York-based Royalty offered to pay \$13 per share for each Elan share plus up to \$2.50 per share in payments based on performance milestones. That totaled about \$7.76 billion not counting the milestone payments.

An Irish Takeover Panel requires Royalty to withdraw its offer if shareholders approved the buyback or the acquisitions. Royalty is challenging that requirement in court.

Royalty Pharma said Monday that Elan shareholders can continue to accept its latest bid while the court challenge is pending. The Irish High Court will hold a hearing Wednesday on the case.

Elan was attempting to diversify its business through the string of acquisitions after it sold its interest in the multiple sclerosis treatment Tysabri to former development partner Biogen Idec Inc. earlier this year. That deal was worth \$3.25 billion in cash and recurring royalty payments.

The acquisitions included purchasing a share of the royalties for four drugs from Theravance Inc., as well as acquiring Austrian drug developer AOP Orphan. Elan said last week it would explore selling the company after it became clear that shareholders would reject the acquisitions.

Elan also said Royalty could participate in its formal sale process, but it urged shareholders to steer clear of Royalty's latest bid.

Royalty is a privately held company that buys drug royalty interests. It has made several bids this year to buy Elan.

U.S.-traded shares of Elan fell 10 cents to \$13.56 Monday in midday trading, while the Standard & Poor's 500 index climbed about 1 percent.

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