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ISS splits support in Actelion battle

By Haig Simonian in Zurich

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Both sides in the battle for **Actelion** claimed support on Tuesday as shareholder advisory services set out their views ahead of a showdown meeting next month.

In a highly unusual move, Institutional Shareholder Services, the US proxy group, split its backing between Actelion's board and Elliott Advisors, the US hedge fund lobbying to unseat many existing members and elect a new majority at the Swiss biotech group.

ISS recommended the retention of Jean-Paul Clozel, Actelion's chief executive and co-founder, on the board.

Elliott has proposed to have him removed from the board, albeit retained as chief executive.

The proxy group also rejected Elliott's call for a special audit on whether Actelion had received bid overtures from suitors and how its board and management had reacted.

But in a blow to management, ISS backed three of six new directors proposed by Elliott.

ISS also supported the US group's call for the removal of Robert Cawthorn as chairman.

Elliott had argued that the new directors were required to create greater independence from management and to better represent shareholders' interests.

On balance, we conclude that the presence of three dissidents on a nine-member board would likely prove beneficial to long-term shareholders' value, ISS said.

The proxy group endorsed Elliott's call for board members to be elected annually, not every three years, and for the chairman to be elected directly by shareholders.

Carl Feldbaum, an Actelion director and chairman of its nominating committee, said he strongly disagreed with the endorsement of the three dissidents.

We have carefully evaluated the core competences of each of our board members and nominees, and believe they have demonstrably greater experience and expertise, he said.

Elliott focused on ISS's conditional support.

The fact that ISS has recommended three of our nominees for election to the board while strongly voting against five current board members, including the chairman, is unprecedented, it said.

Actelion, which was this week backed by BB Biotech, one of its biggest shareholders, publicised endorsements from Ethos, a Swiss activist, and Ivovox, a German proxy voting service.

The [Elliott] proposals should be viewed critically by Actelion shareholders as Elliott's interests are extremely questionable, Ivovox said.

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