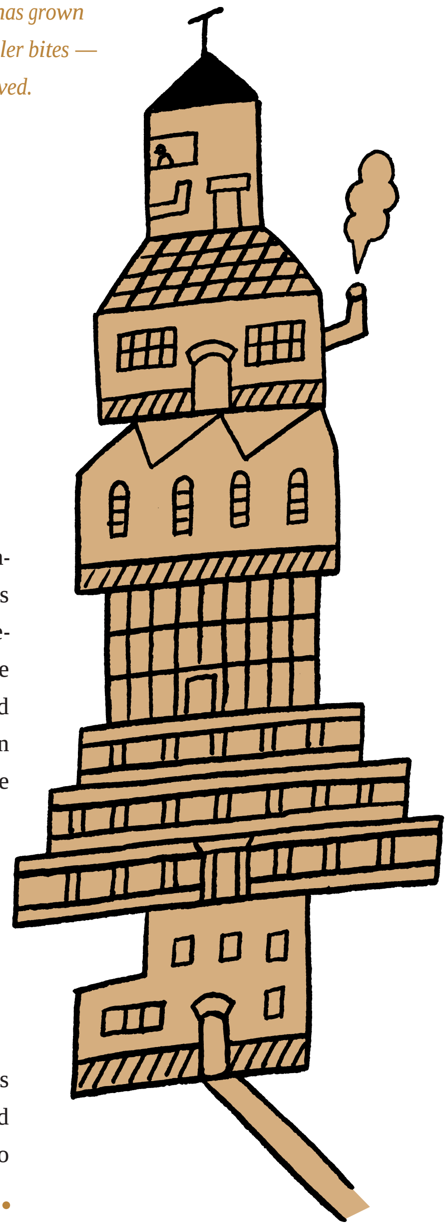
# How Elan Grew By Staying Small

*In an industry of mega-mergers, one company has grown by taking smaller bites — and it has thrived.*

by Lawrence M. Fisher



In the wave of global mergers that has created such pharmaceutical leviathans as Glaxo Wellcome, Novartis and Aventis Research & Technologies, mid-sized drug companies have been caught between the manufacturing and marketing monsters and the nimble, science-driven biotechnology concerns. Yet in the past three turbulent years, Ireland's Elan Corporation not only has stayed afloat but is riding a crest of its own. It has completed a radical corporate transformation, tripled its share price and delivered compounded annual earnings growth of more than 20 percent.

Among publicly traded Irish companies, Elan's market capitalization is now second only to the Bank of Ireland. It is a major contributor to the growth phenomenon that has earned the island (with just under $1 billion in projected revenues this year) the moniker Celtic Tiger. And, through a canny mixture of strategy and tactics, Elan has demonstrated how a mid-sized company can play consolidator on its own terms.

## RISKY AND REWARDING

To some extent the drug industry is unique, with a mixture of outsized risks and returns, high barriers to

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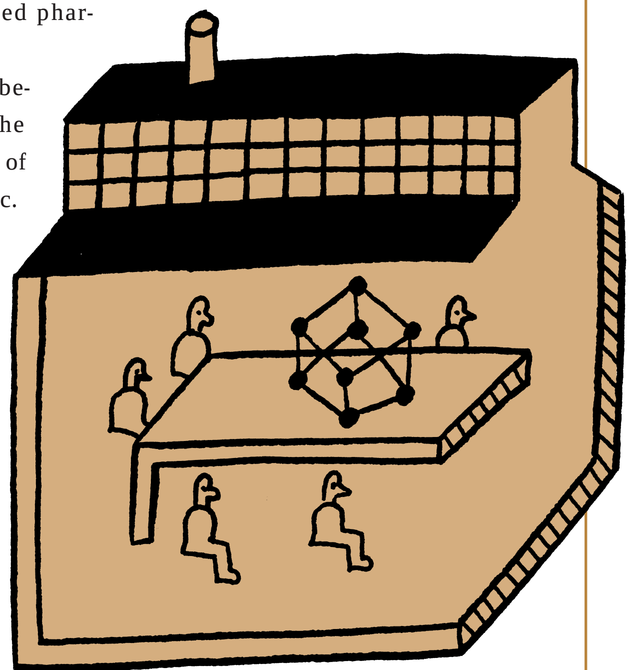
Illustrations by Maris Bishofs

entry and perhaps the greatest reliance on intellectual property rights of any business in the world.

But in Elan's mixture of growth by merger and acquisition, timely in-licensing of products (i.e., buying the marketing rights for another company's drug) and creative use of strategic alliances, there are lessons for any managers who seek to maximize shareholder value amid swiftly shifting competitive landscapes.

Elan prospered in the 1970's and 1980's as a contract provider of drug delivery technology. Working for a broad array of pharmaceutical companies, Elan developed timed-release capsules and other formulations that improved the efficacy or prolonged the product life of existing drugs. It was a royalty-based business that required little capital, because development costs were borne by the client companies. It mitigated risk, because most of the drugs had already been approved in previous formulations by regulatory agencies such as the United States Food and Drug Administration (F.D.A.).

By the late 1980's, the limitations of the model had become apparent. Lacking a drug discovery team, Elan could only work with other companies' "molecules"; lacking a sales and marketing staff, it depended on its clients to take drugs to market. By adding drug development and manufacturing to its services, in a strategy called "mind to market," Elan had achieved greater control of its future, but by the mid-1990's, management was convinced that a more radical step was needed. The goal was to turn Elan into a fully integrated pharmaceutical company.



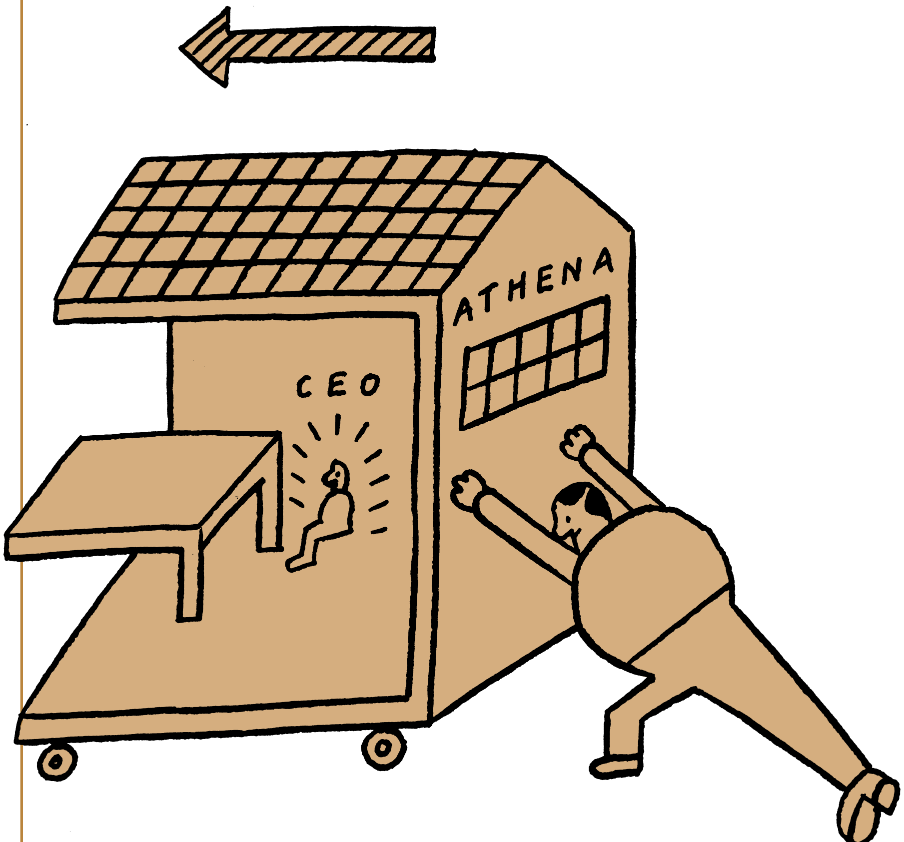
The transformation began in earnest with the March 1996 acquisition of Athena Neurosciences Inc. in a stock swap valued at about $638 million. Founded a decade earlier by Dennis J. Selkoe, M.D., a Harvard University professor of neurology, and venture capitalist Kevin J. Kinsella, Athena was unusual for a biotechnology company.

Although its primary charter was to discover a breakthrough therapy for Alzheimer's disease using Dr. Selkoe's research, it had licensed a number of existing drugs for other neurological disorders, primarily Parkinson's disease, and already had a sales force and product revenues.

Zanaflex, a drug for the treatment of spasticity, had just received an "approvable" letter from the F.D.A. "Athena had discovery and marketing," said Donal J. Geaney, Elan's chairman and chief executive. "It wasn't strong in the middle; it didn't have any manufacturing, and it wasn't strong in development, but we had those pieces," he said. Acquiring Athena gave Elan the complete spectrum and Athena's specialty, neurosciences, "was a niche area that wasn't likely to offend any of our major drug delivery clients," he said. Indeed, Elan has since added "six or seven major pharmaceuticals clients who we weren't doing business with on the day we acquired Athena," he said.

Athena also had in the person of John Groom an unusual president and chief executive officer who had been lured out of early retirement after 25 years with SmithKline & French Laboratories (the predecessor to SmithKline Beecham P.L.C.). Mr. Groom had the kind of major pharmaceutical experience lacking at Elan; he had also shown the kind of entrepreneurial zeal needed to take Athena from a raw startup company to a commercial enterprise. One of the terms of the acquisition was that Mr. Groom agree to join Elan as president and chief operating officer.

"Despite 38 years in the industry he was working twice as hard as a man half his age," said Thomas G. Lynch, Elan's executive vice president and chief financial officer. "We knew that




while John would not be around forever, he would commit to a substantial time. I felt he was one of the principal assets we were acquiring," he said.

Prior to joining Elan, Mr. Lynch, who is 41, and Mr. Geaney, 47, had both been partners in the accounting firm K.P.M.G. Their backgrounds were not lost upon Mr. Groom, who is 60. "This strategy of moving from drug delivery into specialty pharmaceuticals had been agreed upon as a smart thing to do by Elan management, but in reality they had no experience or expertise in pharmaceuticals," he said. "They had a lot of expertise in doing deals. But none of them were pharmaceuticals guys. None of them had the years before the mast I had, the years on the road as a rep in India and Pakistan."

Athena was not entirely a shot in the dark for Elan; the two companies had done a joint venture a year earlier and the respective managers had found each other compatible. But Mr. Groom knew that Athena was a risky deal for Elan, with the quantity of shares used in the purchase equal to about 20 percent of the merged company. "If this didn't work, management would look really stupid because the risk of dilution in acquiring an unprofitable biotech was so high," he said. And Elan's growth-oriented shareholders had little tolerance for any deal that diluted earnings.

Knowing he had to grow earnings per share and had little time to do it, Mr. Groom's first thought was to apply Athena's strategy of in-licensing neglected or unfinished drugs from other companies. For instance, by the simple application of focus and a dedicated sales force, Athena had tripled sales of Permax, a Parkinson's disease drug acquired from Eli Lilly & Company in 1993. With Elan's cash reserves and contacts among the major pharmaceutical companies, the combined company should have been in a much stronger position to do deals than Athena had been.

Elan did find a few neurology drugs to acquire. It paid Wyeth-Ayerst Laboratories (the pharmaceutical division of the American Home Products Corporation) $45 million for North American rights to Mysoline, for the treatment of epilepsy. It acquired North American rights to zonisamide, another anti-epileptic, from the Dainippon Pharmaceutical Company. Currently awaiting F.D.A. approval, zonisamide will be marketed by Elan as Zonegran. Together with Diastat, a rectal gel formulation of diazepam, better known as Valium, these drugs form the core of a new epilepsy business for Elan, with 54 specialized sales representatives.

But in-licensing proved a more limited strategic option than Mr. Groom had hoped. Major pharmaceutical companies had realized the value of their neurology products, and the development efforts of Athena's competitors in the biotech world — companies such as Cephalon Inc. and Regeneron Pharmaceuticals Inc. — had yielded no new drugs for diseases of the central nervous system.

"I had always assumed that if I had all the cash in the world, it would not be a problem to buy products," Mr. Groom said. "Suddenly I had all

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### TRIALS AND TRIBULATIONS

Drugs typically go through three phases of human clinical trials before they are submitted to the F.D.A. or equivalent foreign agencies for marketing approval. The first, often on healthy volunteers, is to determine safety; the second, on a small number of patients, to show efficacy; the third, on a large group of patients at multiple sites, to confirm that the drug is safe and effective. If the third phase data are good, a New Drug Application, or N.D.A., is usually filed with the F.D.A. within a year.

Drugs can fail at any stage of this process, and historically, about 90 percent do. As drugs advance through clinical trials, however, their risk of failure is reduced, and their value increased. Elan, concerned with dilution, did not want to risk acquiring first- or second-phase drugs. “The most practical best return is the phase three product,” before the trials are complete or an N.D.A. has been filed, Mr. Groom said. “Once that is done, the value of that asset increases dramatically,” he said.

With no good neurology prospects available, Elan broadened its focus to other medical needs, and to the possibility of acquiring another company as well as other drugs. Wall Street has turned cool to unprofitable biotechnology companies since 1996, so there are many with promising drugs in phase two or three, but without adequate funds to finish clinical trials and take their products to market.

For its second major acquisition, Elan chose the Neurex Corporation of Menlo Park, Calif., which focused on drugs for intractable pain and acute care. This took Elan into another niche, but a related one because neurologists are often called upon to treat pain.

In April 1998, Elan exchanged shares worth about $709 million for Neurex, which had two drugs — one approved, one in the late stage of clinical trials. These were Corlopam, an intravenous drug originally developed by SmithKline Beecham, which is given to patients in emergency rooms and other acute-care sites for extreme high blood pressure, and Ziconotide, which was being tested in patients who had failed morphine therapy for pain. Corlopam was introduced in the United States in January 1998; Elan plans to file an N.D.A. for Ziconotide by the end of this year.

“What came out of the board discussions at Neurex at the time was that the closer we got to market with either product, the more we saw the resources needed to develop them fully,” said Paul Goddard, former chief executive of Neurex, now president of Elan Pharmaceuticals. Neurex had $68 million in cash, but needed much more to adequately launch Corlopam and Ziconotide. Neurex’s inadequate funds had also scuttled several attempts to in-license other drugs from larger companies that were exiting the acute-care market.

With the poor climate for biotech deals on Wall Street, Mr. Goddard was considering a private placement when Elan came calling. With that call, “my problem was solved. If I am acquired by Elan, these two products can be optimally developed,” he said. “And as part of a portfolio, it’s such a dynamic company that we can insure we get earnings growth through appropriate revenue mix,” he added. “From a shareholder perspective, we capped the downside, and although the upside was somewhat moderated, there was still substantial upside if they swapped their Neurex shares for Elan shares,” he said.

The Elan acquisition of Neurex was no doubt helped by the fact that Mr. Goddard knew Mr. Groom well, having worked for him at SmithKline in the 1980’s, and having once discussed merging with Athena. But he said he thinks the deal might have happened even without their long

*continued on page 70*

# Number Crunching

Sometimes strategy can run headlong into policy. Elan's strategy of growth by acquisition may have to be modified in the face of policy changes being discussed by the United States Financial Accounting Standards Board. These changes could have broad ramifications for many growth-oriented companies.

The board, commonly known as F.A.S.B., is considering replacing "pooling of interests" with "purchase" accounting. Purchase accounting requires an acquiring company to write off against earnings the goodwill, or premium over book value, it paid for an acquired company's assets.

Fast-growing technology companies prefer pooling (under which the entire acquisition is simply written off in a one-time charge that investors and securities analysts can conveniently ignore) to purchase accounting (where the goodwill is amortized over time, diluting earnings per share for years). Elan has expensed more than $1 billion in acquisitions, and had these instead been capitalized its earnings growth would be far less stellar.

Concerns about these changes, and the unfounded rumor that they might be applied retroactively, have made Elan's shares volatile this year. After a steady climb from about $10 at the time of the Athena deal to $30 at the end of 1998, Elan shares rose to $35 and then soared to $44 in early 1999, only to drop back as low as $25. The shares have since recovered some of their lost ground, but as of late spring were still trading around the $30 mark.

The drop came even as Elan reported a 38 percent increase in first-quarter earnings, to $75.1 million, or 26 cents per diluted share, compared with $54.5 million, or 23 cents per share in the first quarter of 1998. Revenues rose 73 percent to $233.1 million in the first quarter of 1999, from $134.7 million in the comparable period a year earlier, reflecting an increase of 104 percent in product sales and also strong growth in research revenue and royalties and fees.

Donal J. Geaney, Elan's chairman and chief executive, said these results "confirm that the transition from a licensing and contract development company to a fully integrated specialty pharmaceutical company is on track." Although the proposed changes in accounting standards will have an impact on Elan's future plans, they will have a similar effect on competitors, he said. If development-stage acquisitions must be amortized against earnings, fewer deals will get done, he said.

"It's going to make it less attractive not only to us, but to everybody," Mr. Geaney said. "And it's going to lower prices. I think it will change how everybody does business."

Thomas Lynch, Elan's chief financial officer, puts the threat in stronger terms. "If they eliminate pooling, the hurdles to acquisitions, particularly in the life sciences, become almost insurmountable," he said.

The issue is complicated further in biotech acquisitions because United States accounting standards require that so-called in-process research be treated consistently with research that a company has conducted internally, meaning that it must be expensed on acquisition rather than capitalized. In the pharmaceutical industry, it has generally been accepted that products in development should be expensed on acquisition whether acquired as a product or through a corporate acquisition. The cutoff for expense treatment has typically been the completion of the third phase of clinical trials, the last stage of testing typically required before a drug is submitted for regulatory approval.

Elan has used pooling where the greater part of an acquisition's valuation was derived from a drug still undergoing clinical trials (as in the case of Neurex's ziconitide), and purchase accounting where the value primarily reflected products already on the market and profitable (as in the case of Carnrick's portfolio of pain drugs). In some cases, a percentage of the deal was expensed and a percentage capitalized, to reflect the mixture of development stage and completed products. These calculations were appraised by independent accountants, including Ernst & Young and K.P.M.G.

Viren Mehta, a biopharmaceutical analyst with Mehta Partners in New York, said that although the changes in accounting standards will affect how Elan does business, their threat to the company's future earnings growth has been exaggerated by short sellers looking to profit by pushing its share price down. "They are consolidators and they have done a good job," he said. "They have a lot of cash to do more deals, although they probably can't use equity as aggressively as they have in the past," he said.

The drop in Elan share value should also be put in perspective. After hitting an unsupportable high, "this is a classic case of the pendulum swinging too far," Mr. Mehta said. "From early 1994 to early 1996, Elan's share price was in the $5 to $10 range," adjusted for splits, he said. "Then they bought Athena and brought in John Groom. Even though the share price is down from the time John Groom joined the company, it is still up threefold in three years," he said.

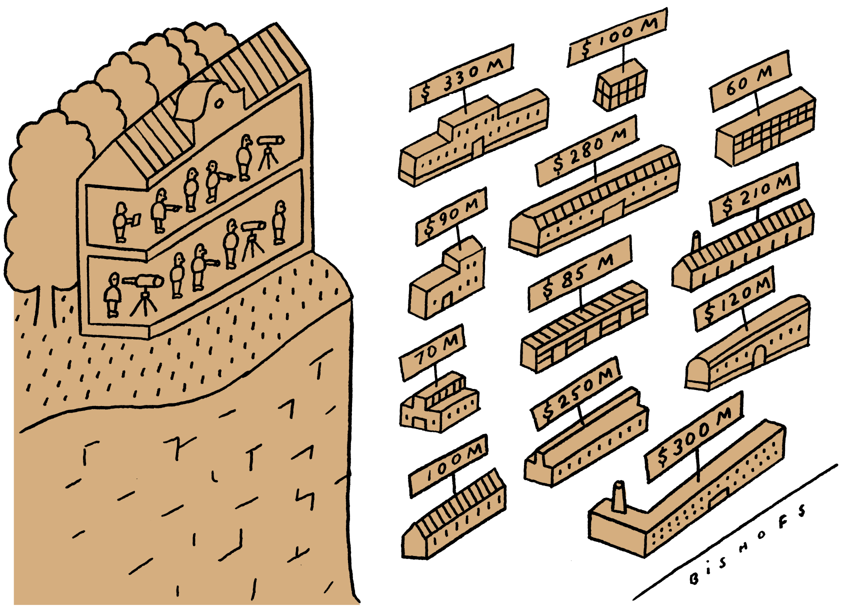
The F.A.S.B. has said it will review the standards regarding accounting for acquisitions, and may propose changes to take effect at the end of the year. "There's a lot of things to be done before we see a final solution," said Mr. Geaney. "Any way it comes out, as long as it's applied evenly, I don't mind. We will continue developing new products, better treatments for patients. If you do those things, how you account for things is irrelevant."

*continued from page 68*

acquaintance. "You have to say, in a pure strategic sense, there was a high probability it would have occurred anyway. They had clearly adopted pain management as a specialty for the pharmaceuticals division," he said. "But it made it a darn sight easier because there was a lot of general understanding about how companies are structured."

Although it is only a handshake agreement, Mr. Goddard committed to staying with Elan post-merger, and that is consistent with all of the acquisitions the company has made. Unlike a traditional consolidator that looks for infrastructure redundancies and a quick earnings boost from cost-cutting, Elan acquires in order to grow. Because the parent company runs lean, and because the acquisition targets are chosen to fill strategic gaps, there should be little or no overlap. Elan retains the management of the companies it acquires because it needs them to grow the business.

"We don't want to build an excessive executive staff here," said Mr. Groom, referring to Elan's spartan headquarters in Dublin. "We would like to avoid cultivating an empire of suits here. It's not relevant," he said. "One of the processes of integration that has helped us is we have yet to acquire any company for synergy, to substitute our infrastructure for theirs. In most cases, we've acquired to take advantage of the management




coming in as much as to take control of the assets that stay in the building overnight," he said. "That means my people will have, as I did, greater opportunities. That gets harder to do as you get larger, or in mergers with equals."

Indeed, Elan once considered a merger with its primary long-term rival in drug delivery, the Alza Corporation of Palo Alto, Calif., only to pass on the deal when due diligence showed the degree of redundancy between the two companies. "At the end of the day, you would really only make that work by quite significant reductions either here or in Palo Alto," said Mr. Groom. "Okay, so you get the benefit of reduced operating costs for whatever obfuscation period the merger grants you — maybe two years — but you really didn't grow anything," he said. "It's much better to grow the business and the people."

Elan's April 1998 acquisition of Carnrick Laboratories Inc. was primarily a people deal. Although Carnrick, a 100-year-old privately held company based in New Jersey, had some valuable drugs in its portfolio, like the muscle relaxant Skelaxin, its strategic value lay more in its 130-person sales force calling on pain management specialists. Elan paid $150 million in cash for Carnrick, which had about $55 million in sales, but doubled its field sales force for existing and forthcoming pain drugs. As with Athena and Neurex, Carnrick management has joined Elan.

Through acquisitions and in-licensing, Elan has grown sales of its proprietary drugs from the $40 million that Athena had in 1995, to more than $250 million in 1998. Elan now has seven interesting molecules in the late stage of clinical development, four of which are approaching N.D.A.'s, a huge number for a mid-sized pharmaceutical company. So Elan is positioned for further growth in the next few years.

## THE MOST IMPORTANT BIOTECH BUYER

Elan's track record with its acquisitions — retaining management, growing sales — has also positioned it well for the role of biotech consolidator. The typical biotech acquisition would be lost within the Roche Group or Novartis, but can still be strategic to Elan. "Elan is by far the most important biotech buyer, without exception," said Roger Longman, editor of In Vivo, the leading biotech trade magazine. He thinks biotech executives wrestling with corporate and personal burnout are particularly amenable to Elan's approach.

But all these deals have left the company with a complex structure. Because companies such as Athena, Neurex and Carnrick already had established relationships with prescribing physicians, Elan has chosen to retain their separate identities, at least at the sales and marketing level. It now has five organizations: Athena Neurosciences, calling on neurologists and providing direct drug sales to patients with Parkinson's disease; Elan Pharma, serving epilepsy specialists; Neurex, calling on anesthesiologists; Carnrick, serving pain management centers, with an emphasis on migraine treatment, and Athena Diagnostics, providing Alzheimer's disease diagnosis.

"What we've tried to do is to keep decision-making at as low a level in each organization as we can, to give division heads P&L responsibilities," "We have to grant the divisional groups a fair degree of authority and autonomy because we can't second-guess what's happening in San Francisco."

said Michael Coffee, president and chief operating officer of Elan Pharmaceuticals North America. "Rather than creating one monolithic entity, we decided instead to create these five, each of which has its own management, its own prospects, its own terms," he said.

Where it makes sense to centralize, Elan has done so — in research, development, regulatory affairs and medical information services. But the integration of the acquired companies has been eased by keeping them somewhat disintegrated. "We were able to take certain groups, like the sales and marketing guys, and not rip their lives apart," Mr. Coffee said. "In certain cases they picked up new product, in others they gave things up. But by and large their lives went on as before. It made for a pretty soft integration," he said.

To some extent, Elan's distributed management is simply a practical matter. Elan's lean Dublin executive team has neither the desire nor the physical ability to micromanage the company's far-flung operations in California, Massachusetts, Pennsylvania or Israel. "We have to grant the divisional groups a fair degree of authority and autonomy because we can't second-guess what's happening in San Francisco; it's not possible," said Mr. Lynch, the chief financial officer. "We recognize that while Elan is big for an Irish company, what we'll always have here in Dublin is a small headquarters."

But the distributed style also helps retain talented people and keep Elan entrepreneurial as it grows. "We said, we know how to be successful as a small company — do we know how to be successful as a large company?" said Mr. Coffee. "We thought maybe we could do both," he said, pointing to Johnson & Johnson's historic structure of autonomous business units as a role model. "It means we are able to give more people in the organization empowerment positions. This allowed us to retain everyone we wanted to retain," he said.

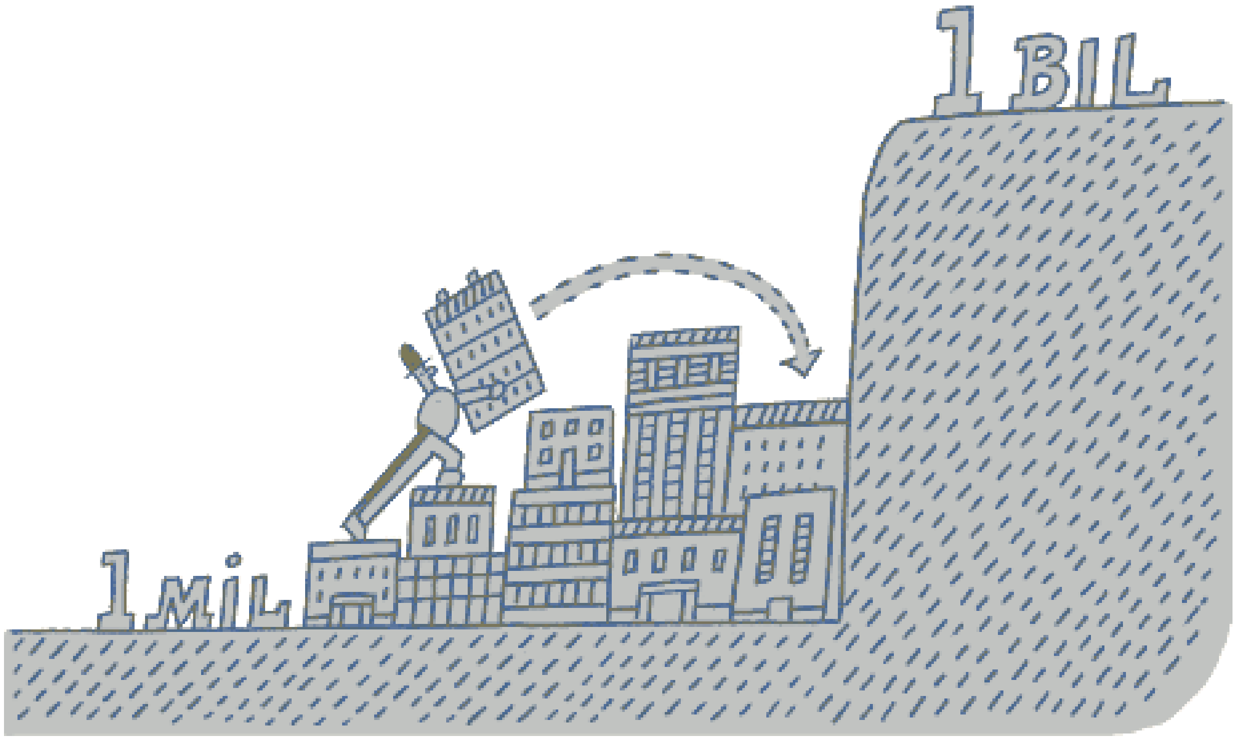
## DELIVERING GROWTH

With so much of management's efforts and energy focused on transforming Elan into a specialty pharmaceutical company, one unintended consequence was a sense of neglect that crept into the traditional core of the business: the drug-delivery division based in Athlone, about 80 miles west of Dublin. To make matters worse, many large drug companies had internalized delivery technology, and the business was fast becoming commoditized. For many in Athlone, John Groom did not seem to be the right man to advance the business.

"I was rapidly accused, and it was probably true that to me drug delivery was like watching paint dry," Mr. Groom said. "There were some problems from the perspective of people who had been everything in the company who were a division now. That, in a way, made people feel they were less important than they had been," he said. "It wasn't true. But there was a need to reform the delivery business into a more cohesive force."

The transformation of the delivery business fell to Seamus Mulligan, then president of that unit, known as Elan Pharmaceutical Technologies. Part of the remaking of delivery was to abandon the "mind to market" strategy, in which Elan sought to develop and market improved versions of existing drugs. With its own proprietary molecules, this strategy no longer added significant value, and it had always run the risk of conflict with the delivery operation's customers — the large drug companies. And with continuing consolidation among the giants, creating such enterprises as Novartis and Pharmacia and Upjohn in the previous five years, Elan could not risk alienating a single potential customer.

In order to make delivery again a value-added partner, the company needed to refresh its technology, and here again, Elan has grown through strategic acquisitions. First came the




February 1998 acquisition of the Sano Corporation, a maker of transdermal patches for sustained delivery of drugs through the skin, in a stock swap worth about $375 million. Then in October, Elan purchased Nanosystems L.L.C., a unit of the Eastman Kodak Company focused on the enhanced delivery of drugs with low water-solubility, for about $150 million, in a combination of $137 million cash and warrants to purchase ordinary shares in Elan.

"We've added companies where either we weren't competitive or we did not compete at all," said Mr. Mulligan, now Elan's executive vice president for corporate development. Sano's skin-patch technology replaced an older, less elegant product produced by Elan; because Elan had an established business in transdermal delivery the Sano name was dropped. With Nanosystems, which had clients such as the American Home Products Corporation, Merck & Company, the Warner-Lambert Company and Janssen Pharmaceutica N.V., there was no overlap with Elan products, so the name was retained. But in both cases, most management stayed on, and the former head of Nanosystems succeeded Mr. Mulligan at the top of the delivery organization.

"The key for us in all of this has been retention and opportunities for the acquired staff," Mr. Mulligan said. "We need them. Even the appointment of Larry Sternson as president of Elan Pharmaceutical Technologies after a short period of reporting to me sends a message to everyone in the organization," he said. Mr. Sternson had been the head of Nanosystems under Kodak.

"Culture is challenging," Mr. Mulligan said. "We don't just jump at these people because an investment banker does a report and we do a month of due diligence. I followed Nanosystems for a long time. We knew they were going to come on the block and we had ongoing projects with them," he said. "The most critical aspect to me was that the scientists could work together as a team. If you access a company at a senior level, and get the chief executive officer to endorse your technology, you're still as good as dead in the water if you also don't get the endorsement at the lower level — the technicians. That goes for acquisitions as well," he said.

As on the drug side, the delivery organization's process of integration has been less one of structures imposed by headquarters than one of processes and practices adopted along with the acquired companies.

"The company is more interested in being successful than in being homogeneous," said Steve Thornton, executive vice president of commercial development for Elan Pharmaceutical Technologies in Athlone. "It's almost by osmosis that people understand what the goals are. The structures are still evolving, and the acquirer, in some cases, had less well-defined structures and processes than the acquiree," he said. "So it's a question of how can we leverage what you have with what we have."

Still, flexibility does not mean a free-for-all, and there is some formality to the integration process. Just as Mr. Sternson is moving to Ireland to run the delivery business, he expects subordinates to rotate among Elan's facilities in Athlone, Pennsylvania and Florida. "Integration really means people learning to trust one another and the only way to do that is to get to know each other," he said. "The only way that happens is to actually transfer people to other sites for a significant period of time."

In choosing or evaluating potential acquisitions, Elan relies very little on investment bankers or other outsiders. Instead, there is a strategic planning team based in Dublin that keeps track of more than 100 companies that could be of interest, about 20 of which are watched closely. "Once we find a company, there are a number of screens we apply," said Tagg Romney, a director of strategic planning. "Most important is the science screen — do the products do what they claim; then the financial screen — is it growing fast enough to keep up with Elan. Then you can do a simple discounted cash flow," he said.

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But most of the transactions Elan has completed involved either a personal relationship with Mr. Groom, or better yet, a longstanding partnership or strategic alliance. Elan has often used joint ventures to monetize scientific assets it does not choose to develop on its own, but the company is always open to forging closer ties. "It also gives us an opportunity to work with these people, to get to know them," said Mr. Geaney, the chief executive. "It gives you the measure of the men."

Elan's goal when it began its transformation was to reach $1 billion in sales in 2001. Analysts say that goal will almost surely be reached a year earlier, and that the company is on track to meet its year 2003 goal of $2 billion in sales, with 75 percent of that coming from its own drugs.

So as of late spring 1999, Elan management was taking a breather from acquiring companies, but still actively pursuing new joint ventures and product acquisitions. The company entered a joint venture with Ligand Pharmaceuticals Inc. of San Diego, Calif., to develop novel cancer drugs, and a similar arrangement with Isis Pharmaceuticals Inc. of Carlsbad, Calif., to develop orally available anti-inflammatory drugs using Isis's proprietary gene-based technology, known as antisense.

The wave of big company mergers has also created opportunities as antitrust issues free up overlapping products. When American Home entered merger talks with Monsanto, Elan was able to reacquire two products it had licensed away years earlier even though the American Home–Monsanto deal fell through. More recently, Elan reacquired rights to a sustained-release blood pressure drug it had licensed to Warner Chilcott P.L.C.

"We've no problem acquiring products; products don't have social issues attached to them, they don't require options," said Mr. Lynch, the chief financial officer. "We do not see ourselves making acquisitions this year because we've got to consolidate what we've done. We have to execute on what's in the pipeline," he said. "You can't do these deals very often. We're managers, not Maoists, and you can't have a permanent cultural revolution."

*Reprint No. 99307*