

ALLERGAN INC  
Form DEFA14A  
June 05, 2014

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Allergan, Inc.**

(Name of Registrant as Specified In Its Charter)

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  
  
  
  
  
  
  
  
  
  
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## EXPLANATORY NOTE

**In light of the Preliminary Solicitation Statement of PS Fund 1, LLC, a Delaware limited liability company, filed with the Securities and Exchange Commission (the SEC ) on June 2, 2014 (the Preliminary Solicitation Statement ), Allergan, Inc. (the Company ) is filing the attached press releases, presentations and other communications (together, the Prior Communications ) as soliciting material pursuant to Rule 14a-12 under the Securities Exchange Act of 1934, as amended. Each of the Prior Communications was issued publicly by the Company and/or filed with the SEC by the Company before the date of filing of the Preliminary Solicitation Statement.**

### **Important Additional Information**

The Company, its directors and certain of its officers and employees are participants in solicitations of Company stockholders. Information regarding the names of the Company s directors and executive officers and their respective interests in the Company by security holdings or otherwise is set forth in the Company s proxy statement for its 2014 annual meeting of stockholders, filed with the SEC on March 26, 2014 and as supplemented by the proxy information filed with the SEC on April 22, 2014. Additional information can be found in the Company s Annual Report on Form 10-K for the year ended December 31, 2013, filed with the SEC on February 25, 2014 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, filed with the SEC on May 7, 2014. To the extent holdings of the Company s securities have changed since the amounts printed in the proxy statement for the 2014 annual meeting of stockholders, such changes have been reflected on Initial Statements of Beneficial Ownership on Form 3 or Statements of Change in Ownership on Form 4 filed with the SEC. These documents are available free of charge at the SEC s website at [www.sec.gov](http://www.sec.gov).

STOCKHOLDERS ARE ENCOURAGED TO READ ANY COMPANY SOLICITATION STATEMENT (INCLUDING ANY SUPPLEMENTS THERETO) AND ANY OTHER RELEVANT DOCUMENTS THAT THE COMPANY MAY FILE WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Stockholders will be able to obtain, free of charge, copies of any solicitation statement and any other documents filed by the Company with the SEC at the SEC s website at [www.sec.gov](http://www.sec.gov). In addition, copies will also be available at no charge at the Investors section of the Company s website at [www.allergan.com](http://www.allergan.com).

**FOR IMMEDIATE RELEASE**

**Allergan Acknowledges Revised, Unsolicited Proposal from Valeant and Pershing Square**

*Advises Stockholders to Take No Action at This Time*

**Irvine, Calif., (May 30, 2014)** Allergan, Inc. (NYSE: AGN) ( Allergan or the Company ) today acknowledged that Valeant Pharmaceuticals International, Inc. ( Valeant ) and Pershing Square Capital Management, L.P. ( Pershing Square ) have made a second revised, unsolicited proposal to acquire all of the outstanding shares of the Company for a combination of 0.83 of Valeant common shares, \$72.00 in cash per share of common stock of the Company, and a Contingent Value Right (CVR) related to DARPin<sup>®</sup> sales (the Re-Revised Proposal ).

Allergan has not yet received the Re-Revised Proposal from Valeant and Pershing Square. When the Company receives the Re-Revised Proposal, the Allergan Board of Directors (the Board ) will carefully review and consider it and pursue the course of action that the Board believes is in the best interests of the Company and all of its stockholders. No action by Allergan s stockholders is required at this time.

The Company noted that on April 22, 2014, Valeant proposed acquiring all of the outstanding shares of Allergan for 0.83 shares of Valeant stock and \$48.30 in cash (the Original Proposal ). On May 12, 2014, after a comprehensive review conducted in consultation with its financial and legal advisors, the Board unanimously concluded that the Original Proposal substantially undervalued Allergan, created significant risks and uncertainties for the stockholders of Allergan, and was not in the best interests of the Company and its stockholders. Today s proposal is a re-revised proposal by both Valeant and Pershing Square updating the offer made by Valeant two days ago on May 28<sup>th</sup>, 2014 that the Board had not yet responded to.

In a May 27, 2014 investor presentation, Allergan noted a number of important issues regarding the sustainability of Valeant s business model and stock value that Allergan believes are highly relevant considerations for Allergan s stockholders.

Goldman, Sachs & Co. and BofA Merrill Lynch are serving as financial advisors to the Company and Latham & Watkins, Richards, Layton & Finger, P.A. and Wachtell, Lipton, Rosen & Katz are serving as legal counsel to the Company.

**About Allergan**

Allergan is a multi-specialty health care company established more than 60 years ago with a commitment to uncover the best of science and develop and deliver innovative and meaningful

treatments to help people reach their life's potential. Today, we have approximately 11,600 highly dedicated and talented employees, global marketing and sales capabilities with a presence in more than 100 countries, a rich and ever-evolving portfolio of pharmaceuticals, biologics, medical devices and over-the-counter consumer products, and state-of-the-art resources in R&D, manufacturing and safety surveillance that help millions of patients see more clearly, move more freely and express themselves more fully. From our beginnings as an eye care company to our focus today on several medical specialties, including eye care, neurosciences, medical aesthetics, medical dermatology, breast aesthetics, and urologics, Allergan is proud to celebrate more than 60 years of medical advances and proud to support the patients and customers who rely on our products and the employees and communities in which we live and work. For more information regarding Allergan, go to: [www.allergan.com](http://www.allergan.com)

### **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements regarding a proposed offer or proposal by Valeant and/or Pershing Square. These forward-looking statements are made as of the date they were first issued and are based on current expectations as well as the beliefs and assumptions of management. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond Allergan's control. Allergan expressly disclaims any intent or obligation to update these forward-looking statements except as required by law. Additional information concerning these and other risks can be found in press releases issued by Allergan, as well as Allergan's public filings with the U.S. Securities and Exchange Commission, including the discussion under the heading "Risk Factors" in Allergan's most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q. Copies of Allergan's press releases and additional information about Allergan are available at [www.allergan.com](http://www.allergan.com) or you can contact the Allergan Investor Relations Department by calling 1-714-246-4636.

### **Allergan Contacts**

Bonnie Jacobs, Allergan (714) 246-5134

Joele Frank, Dan Katcher, and Scott Bisang, Joele Frank, Wilkinson Brimmer Katcher (212) 355-4449

**FOR IMMEDIATE RELEASE**

**Allergan Confirms Receipt of Revised, Unsolicited Proposal from Valeant**

*Advises Stockholders to Take No Action at This Time*

**Irvine, Calif., (May 28, 2014)** Allergan, Inc. (NYSE: AGN) ( Allergan or the Company ) today confirmed that it has received a revised, unsolicited proposal from Valeant Pharmaceuticals International, Inc. ( Valeant ) to acquire all of the outstanding shares of the Company for a combination of 0.83 of Valeant common shares, \$58.30 in cash per share of common stock of the Company, and a Contingent Value Right (CVR) related to DARPin<sup>®</sup> sales (the Revised Proposal ).

The Allergan Board of Directors (the Board ) will carefully review and consider the Revised Proposal and pursue the course of action that the Board believes is in the best interests of the Company and all of its stockholders. No action by Allergan s stockholders is required at this time.

The Company noted that on April 22, 2014, Valeant proposed acquiring all of the outstanding shares of Allergan for 0.83 shares of Valeant stock and \$48.30 in cash (the Original Proposal ). On May 12, 2014, after a comprehensive review conducted in consultation with its financial and legal advisors, the Board unanimously concluded that the Original Proposal substantially undervalued Allergan, created significant risks and uncertainties for the stockholders of Allergan, and was not in the best interests of the Company and its stockholders.

Following that decision and in order to address questions and concerns raised by Allergan s stockholders, the Company retained two nationally-recognized financial consultants and forensic accountants, Alvarez & Marsal and FTI Consulting, to evaluate the inherent value of Valeant s business model and stock. As part of this review, Allergan filed an investor presentation with the Securities and Exchange Commission on May 27, 2014 detailing the analysis of publicly-available data on Valeant and, among other things, the opaque nature of Valeant s pro-forma driven financial reporting. The presentation addresses a number of important issues regarding the sustainability of Valeant s business model and stock value that Allergan believes are highly relevant considerations for Allergan s stockholders.

Goldman, Sachs & Co. and BofA Merrill Lynch are serving as financial advisors to the Company and Latham & Watkins, Richards, Layton & Finger, P.A. and Wachtell, Lipton, Rosen & Katz are serving as legal counsel to the Company.

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Allergan is a multi-specialty health care company established more than 60 years ago with a commitment to uncover the best of science and develop and deliver innovative and meaningful treatments to help people reach their life's potential. Today, we have approximately 11,600 highly dedicated and talented employees, global marketing and sales capabilities with a presence in more than 100 countries, a rich and ever-evolving portfolio of pharmaceuticals, biologics, medical devices and over-the-counter consumer products, and state-of-the-art resources in R&D, manufacturing and safety surveillance that help millions of patients see more clearly, move more freely and express themselves more fully. From our beginnings as an eye care company to our focus today on several medical specialties, including eye care, neurosciences, medical aesthetics, medical dermatology, breast aesthetics, and urologics, Allergan is proud to celebrate more than 60 years of medical advances and proud to support the patients and customers who rely on our products and the employees and communities in which we live and work. For more information regarding Allergan, go to: [www.allergan.com](http://www.allergan.com)

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**Allergan Files Investor Presentation Detailing Concerns About the Sustainability of Valeant's**

**Business Model**

***Presentation Raises Significant Issues to be Considered***

***When Evaluating the Value of Valeant's Equity***

**Irvine, Calif., (May 27, 2014)** Allergan, Inc. (NYSE: AGN) (Allergan or the Company) today announced that it has filed an investor presentation with the Securities and Exchange Commission (SEC) and posted the presentation under the Investors section of the Company's website detailing its initial concerns about the sustainability of Valeant Pharmaceuticals International, Inc.'s (Valeant) business model.

Allergan retained two nationally-recognized financial consultants and forensic accountants, Alvarez & Marsal and FTI Consulting, to evaluate certain concerns about the inherent value of Valeant's business model and stock. With the assistance of these two independent firms, and in response to feedback from numerous Allergan stockholders and analysts, Allergan and its legal and financial advisors carefully analyzed publicly available data on Valeant and the opaque nature of Valeant's pro-forma driven financial reporting.

The presentation raises a number of important issues about Valeant's business model and stock value that Allergan's stockholders need to be aware of.

**i What is Valeant's real organic growth?**

Allergan believes that Valeant's organic sales growth, which is primarily driven by price increases, is overstated based on changing definitions and classifications with no disclosure of key products. The pro-forma revenue growth from Valeant's SEC filings paints a picture far different from what is communicated to investors. Valeant's pro-forma revenue growth including acquisitions for fiscal year 2013 was -0.5%. In the first quarter of 2014, the growth rate declined to -1.4%.

**i How have the two largest Valeant acquisitions (Bausch & Lomb and Medicis) performed under Valeant's ownership? How have other acquisitions performed?**

Analysis based upon data acquired from IMS FIRST, a provider of top-line information about pharmaceutical companies and the largest vendor of U.S. physician prescribing data, raises concerns about the source of Bausch & Lomb's growth. This analysis indicates substantial erosion in units sold for three out of four of Bausch & Lomb's largest prescription ophthalmic products, for which Valeant compensates with significant list price increases.

The Medicis business is losing market share and increasing prices at, we believe, an unsustainable pace. Since Valeant acquired Medicis, Allergan has rapidly accelerated its capture of market share. Over this

same timeframe, Valeant increased prices for Medicis' six largest products by a significant and, we believe, unsustainable amount.

i **Does Valeant have any experience promoting products of Allergan's scale?**

Valeant's limited experience with large, global scale products represents a material execution risk attempting to grow Allergan's categories and launching significant new large products through existing channels. Allergan would be Valeant's largest acquisition and the synergies proposed by Valeant are the most aggressive to date. Botox's annual sales are more than seven times greater than each of Valeant's largest products, Zovirax and Wellbutrin, which are declining or stagnant.

i **How stable is Valeant's management team?**

The only executive officers continuing to serve at Valeant since 2011 are J. Michael Pearson and Robert R. Chai-Onn. Seven executive officers have departed over this period. In addition, three Board members, Fred Hassan, G. Mason Morfit and Lloyd M. Segal, recently resigned, with two citing potential conflicts - one of whom withdrew after a tenure of less than a year.

i **Can Valeant cut \$2.7bn of Allergan's expenses without disrupting the performance of the business?**

Valeant will only be able to achieve a fraction of its stated SG&A and R&D synergies without destroying Allergan's near-term and long-term value. Valeant has indicated it will maintain R&D required for post-approval and maintenance, product line extensions and late phase projects, but drastically underestimates the spend required by approximately \$350 million. Moreover, Valeant's purported SG&A synergies are unrealistic given Valeant's goals, as communicated in numerous letters to its customers: "I want to reassure all of you that we remain committed to investing in you and in the fields of Dermatology, Aesthetics and Eye Care."<sup>1</sup>

i **What is the relative distribution strength of Allergan vs. Valeant in important emerging markets (BRICs)?**

In the BRIC Countries, Allergan's sales are approximately 4 times larger than Bausch & Lomb's prescription ophthalmic sales. While Valeant boasts market growth in emerging markets, it is important to clarify that these are smaller markets with less revenue potential.

i **Is Valeant's low tax rate sustainable?**

Valeant's multiple off-shore tax deferral structures are aggressive, difficult to sustain and compound risk in multiple jurisdictions. No other pharmaceutical or healthcare peers that have recently re-domiciled outside the U.S. have achieved tax rates nearly as low as Valeant, which suggests that Valeant's tax strategies are abnormally aggressive.

i **Are Valeant's accounting practices clearly consistent with others in the industry?**

Valeant's management team, which seems to change reporting methodology when convenient, has realigned Valeant's segment reporting structure three times in the past three years, decreasing the level of disaggregation each time. Furthermore, in a survey conducted by an independent consultant, Valeant was the only company that organizes segments on a geographic basis.

<sup>1</sup> Permission to use quotations was neither sought nor obtained.

**Is a business model centered on a serial acquisition and cost cutting strategy sustainable?**

Valeant's model of taking on debt to serially acquire companies will become incrementally harder to do as interest rates move higher. While appearing on CNBC on May 15, 2014, Jim Chanos, president and founder of Kynikos Associates, noted many of the same issues other Allergan stockholders expressed, stating, "Roll ups are generally accounting-driven, and we certainly think that's the case in [Valeant]. We think [Valeant] is playing some very aggressive accounting games when they buy companies, write down the assets, and also engaged in what we call spring-loading."<sup>1</sup> Allergan expressed these concerns as well.

Alvarez & Marsal and FTI Consulting are acting as Allergan's financial consultants and forensic accountants.

Goldman, Sachs & Co. and BofA Merrill Lynch are serving as financial advisors to the Company and Latham & Watkins, Richards, Layton & Finger, P.A. and Wachtell, Lipton, Rosen & Katz are serving as legal counsel to the Company.

**About Allergan**

Allergan is a multi-specialty health care company established more than 60 years ago with a commitment to uncover the best of science and develop and deliver innovative and meaningful treatments to help people reach their life's potential. Today, we have approximately 11,600 highly dedicated and talented employees, global marketing and sales capabilities with a presence in more than 100 countries, a rich and ever-evolving portfolio of pharmaceuticals, biologics, medical devices and over-the-counter consumer products, and state-of-the-art resources in R&D, manufacturing and safety surveillance that help millions of patients see more clearly, move more freely and express themselves more fully. From our beginnings as an eye care company to our focus today on several medical specialties, including eye care, neurosciences, medical aesthetics, medical dermatology, breast aesthetics, and urologics, Allergan is proud to celebrate more than 60 years of medical advances and proud to support the patients and customers who rely on our products and the employees and communities in which we live and work. For more information regarding Allergan, go to: [www.allergan.com](http://www.allergan.com)

**Important Information**

Information contained in this press release regarding Valeant is taken directly from the information publicly disclosed by Valeant and we do not make any representations or warranties, either express or implied, with respect to such information's accuracy or completeness. In addition, certain other information contained in this press release is based on publicly available sources as of the date of this press release, and while we have no reason to believe that such information is not accurate, we can provide no such assurances with respect thereto. IMS data used in this press release has been purchased from IMS Health, a provider of healthcare information. The information in this press release represents the opinions of Allergan and investors and stockholders should make their own independent investigations of the matters referenced in this press release and draw their own conclusions.

**Allergan Contacts**

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**ALLERGAN**

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Website: [www.allergan.com](http://www.allergan.com)

May 21, 2014

William A. Ackman

Pershing Square Capital Management, L.P.

888 Seventh Avenue, 42<sup>nd</sup> Floor

New York, NY 10019

Dear Mr. Ackman:

We confirm receipt of your latest letter which has been distributed to the entire Board. As we have previously indicated, the Board is well aware of its fiduciary duties to all stockholders and is being well-advised by its independent advisors as it responds to Valeant and Pershing Square. The entire Board will carefully review any revised proposal that Valeant makes and compare it to numerous other options, with a focus on enhancing the long-term value of Allergan for all stockholders. Mr. Pyott is an essential element in any such evaluation. The Board has complete confidence in David and his objectiveness.

On behalf of the Board of Directors,

/s/ Michael Gallagher  
Michael Gallagher

Lead Director

**FOR IMMEDIATE RELEASE**

**Allergan Physician Customers Voice Strong Support Following Allergan's Rejection of  
Unsolicited Proposal to Acquire Company**

**Irvine, Calif., (May 20, 2014)** Allergan, Inc. (NYSE: AGN) ( Allergan or the Company ) today announced that it has received a strong outpouring of support from its physician customers, their nurses and office staff members, as well as from patient advocacy groups and medical associations, following the Company's rejection of Valeant Pharmaceuticals International, Inc.'s ( Valeant ) unsolicited proposal to acquire Allergan.

In more than 500 letters sent to Allergan, these physician customers, patient advocacy groups and medical associations express their appreciation for the Company's many contributions in the fields of research and development, product innovation, market creation, and physician support and services. In these letters, some of which have been posted to the [www.allergan.com](http://www.allergan.com) website, members of the healthcare community also share their encouragement for Allergan to remain an independent company and their concerns regarding Valeant, noting, among other things, that:

Allergan leads the industry in terms of a commitment to research and development and to introducing innovative new products that address unmet patient needs.

Allergan provides unparalleled support for its physician customers and their practices; including physician education and training, consumer education, and building new markets.

The physician customers have grave concerns about Valeant's proposal to reduce Allergan's research and development expenditure by about \$1 billion per year. This proposed reduction would have enormous impact on many areas such as future innovation in key medical specialties, patient care and treatment options, and the ability to conduct scientific research for future clinical development and post-approval product studies.

The physician customers share a high regard for Allergan's innovative products and customer support services and expressed their concern that Valeant's proposal would result in the same degradation of quality that physicians have experienced with other assets acquired by Valeant.

Allergan is extremely grateful for the hundreds of letters of support we have received from our customers during the past few weeks, said David E.I. Pyott, Allergan's Chairman of the Board and Chief Executive Officer. For more than 60 years, Allergan has been successful because we have made it our priority to serve our customers and their patients by providing innovative new products, customer support and services, and training, as well as creating new markets and providing assistance with access and reimbursement. All of us at Allergan are deeply touched that our customers have taken the time to write to tell us that our work has mattered to them and their patients, and to publicly share their support and encouragement for our company's business model and our promising future.

As previously announced on May 12, 2014, the Allergan Board of Directors unanimously concluded that Valeant's proposal substantially undervalues Allergan, creates significant risks and uncertainties for the stockholders of Allergan based on, among other things, the unsustainability of Valeant's acquisition-based strategy, and is not in the best interests of the Company and its stockholders.

Given the strength of its business, Allergan expects to increase earnings per share by 20 to 25 percent and continue to generate double digit revenue growth in 2015. Additionally, the Company expects to produce double digit sales growth and produce earnings per share compounded annual growth of 20 percent over the next five years. The Company believes this is achievable as a consequence of strong business momentum driven by a wide array of recent approvals and anticipated near term approvals, as well as an expectation that it is in a position to produce meaningful additional leverage and scale across both the SG&A and R&D categories without negatively impacting its commitment to deliver the highest quality outcomes to customers and their patients.

To access these physician customer letters of support, please visit the Our Customers section on the [allergan.com](http://allergan.com) homepage. Please note that certain personal identifying information has been redacted.

### **About Allergan**

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### **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements regarding a proposed offer or proposal by Valeant and/or Pershing Square. These forward-looking statements are made as of the date they were first issued and are based on current expectations as well as the beliefs and assumptions of management. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond Allergan's control. Allergan expressly disclaims any intent or obligation to update these forward-looking statements except as required by law. Additional information concerning these and other risks can be found in press releases issued by Allergan, as well as Allergan's public filings with the U.S. Securities and Exchange Commission, including the discussion under the heading Risk Factors in Allergan's most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q. Copies of Allergan's press releases and additional information about Allergan are available at [www.allergan.com](http://www.allergan.com) or you can contact the Allergan Investor Relations Department by calling 1-714-246-4636.

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**ALLERGAN**

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Website: [www.allergan.com](http://www.allergan.com)

May 19, 2014

William A. Ackman

Pershing Square Capital Management, L.P.

888 Seventh Avenue, 42<sup>nd</sup> Floor

New York, NY 10019

Dear Mr. Ackman:

We confirm receipt of your letter which has been distributed to the entire Allergan, Inc. Board of Directors (the Board of Directors ). The Board of Directors is well aware of its fiduciary duties to all stockholders and is being well-advised by its independent advisors. That being said, we strongly disagree with your statements and tactics including your blatant attempt to isolate David Pyott, who has created enormous value for the Allergan stockholders and who is keenly focused on the best interests of all stockholders. The entire Board of Directors, including David Pyott, is open to all options that will significantly enhance the long-term value of Allergan for all stockholders.

On behalf of the Board of Directors,

/s/ Michael Gallagher  
Michael Gallagher

Lead Director



**To: All Allergan Employees**  
**From: David E. I. Pyott, Chairman of the Board and CEO**  
**Re: Allergan Update**  
Colleagues:

As you know, on Monday, May 12<sup>th</sup>, we announced the decision of the Allergan Board of Directors to unanimously reject Valeant's unsolicited proposal after concluding that it substantially undervalues Allergan and is not in the best interest of our company, our stockholders, our customers, and our employees.

Since that time, Jeff Edwards and I, together with our Investor Relations team and our banking advisors, have traveled all over the United States to meet with many of our stock analysts, and, especially, most of our largest stockholders. These meetings have been extremely productive as they provided us with the opportunity to share our plans for continued growth moving forward. As part of our ongoing review of our business needs, Allergan senior management had started work on a new enhanced growth plan about 9 months ago, and hence, we were able to rapidly finalize this plan, have it approved by the Allergan Board of Directors, and present it to the investment community last week.

Our growth plan details an outlook for double digit sales growth and compound annual growth of Earnings per Share of 20% for the coming years up to 2019. Given our long term track record of delivering on our objectives, we have credibility with most investors and they responded favorably to our plan. In addition to delivering these strong performance metrics, we also expect to generate about \$14 billion in Free Cash Flow. We listened carefully to investors' perspectives and heard that they would like to see us harnessing this financial strength to create even more stockholder value by, among other suggestions, either purchasing growth oriented companies or technologies that fit our strategy and operating model, and/or buying back Allergan stock.

From the conversations with investors, it was also apparent that many share our belief, as well as that of our advisors and industry experts, that Valeant's business model with low organic sales growth, serial acquisitions and cutting of R&D, sales and marketing, and overheads is not sustainable. Given that the Valeant proposal includes a substantial amount of Valeant stock in exchange for acquiring Allergan, this is a serious concern for the Allergan Board of Directors, who have a duty to protect the interests of all Allergan stockholders.

In the coming months, you may see a lot of activity in the media, with attacks launched on Allergan by Valeant and Pershing Square. You will also see announcements on several Allergan initiatives. I would ask that you avoid distraction and continue to believe that we have built a unique company and culture that is focused on putting customers and patients first and investing in innovation. You should be prepared that this battle may continue throughout the remainder of 2014, and perhaps even into early 2015. Obviously, the best strategy is extraordinary performance. I am proud of our incredibly strong team and delighted that 2014 will be probably the strongest growth year in Allergan's long and successful history.

Valeant has announced its intention to hold a webcast on May 28<sup>th</sup> to improve the terms of its offer to acquire Allergan. You can be assured that the Allergan Board of Directors, and the small team of Allergan employees who are dedicated to dealing with Valeant and Pershing Square, will be ready.

In conclusion, it is critical that the Allergan team around the world remains focused on delivering great results against all of our company priorities. Thank you all for your dedication and belief in our culture.

David

**FOR IMMEDIATE RELEASE**

**Allergan Board Unanimously Rejects Unsolicited Proposal from Valeant**

*Valeant Proposal Substantially Undervalues Allergan*

*and is Not in the Best Interests of Stockholders*

*Allergan Expects to Increase EPS by 20 to 25 Percent in 2015 and*

*by 20 Percent CAGR over Next Five Years*

**Irvine, Calif., May 12, 2014** Allergan, Inc. (NYSE: AGN) ( Allergan or the Company ) today announced that its Board of Directors has unanimously rejected the unsolicited proposal (the Proposal ) announced by Valeant Pharmaceuticals International, Inc. ( Valeant ) on April 22, 2014. After a comprehensive review, conducted in consultation with its financial and legal advisors, the Allergan Board concluded that the Proposal substantially undervalues Allergan, creates significant risks and uncertainties for the stockholders of Allergan, and is not in the best interests of the Company and its stockholders.

The Company also announced that, given the strength in its business, Allergan expects to increase earnings per share by 20 to 25 percent and continue to generate double digit revenue growth in 2015. Additionally, the Company expects to produce double digit sales growth and produce earnings per share compounded annual growth of 20 percent over the next five years. The Company believes this is achievable as a consequence of strong business momentum driven by a wide array of recent approvals and anticipated near term approvals, as well as an expectation that it is in a position to produce meaningful additional leverage and scale across both the S,G&A and R&D categories without negatively impacting its commitment to deliver the highest quality outcomes to customers and their patients.

After careful review and consideration, our Board of Directors has unanimously determined that Valeant s unsolicited proposal substantially undervalues Allergan and does not reflect the value of the Company s leading market positions, sales and marketing foundation, industry-leading research and development efforts, as well as future revenue and earnings growth, said David E.I. Pyott, Allergan s Chairman of the Board and Chief Executive Officer. Allergan has a long history of producing consistent growth and delivering solid results through a combination of innovation, execution and discipline. We are confident in our ability to extend our track record, enthusiastic about the opportunities before us, and believe Allergan is well positioned to deliver compelling value to our stockholders. Furthermore, the Board has determined that Valeant s proposal creates significant risks and uncertainties for Allergan s stockholders and believes that the Valeant business model is not sustainable.

The following is the text of the letter that was sent on May 12, 2014, to Valeant's Chairman and CEO, Michael Pearson:

May 12, 2014

Mr. Michael Pearson

Chairman & Chief Executive Officer

Valeant Pharmaceuticals International, Inc.

Dear Michael:

The Board of Directors of Allergan has received your letter dated April 22, 2014 proposing that Valeant acquire all of the outstanding shares of Allergan for 0.83 shares of Valeant stock and \$48.30 in cash (the Proposal). The Allergan Board carefully reviewed your company's proposal with the assistance of its financial advisors, Goldman, Sachs & Co. and BofA Merrill Lynch, and its legal counsel, Latham & Watkins, Richards, Layton & Finger, P.A. and Wachtell, Lipton, Rosen & Katz. After thorough consideration, it is the unanimous view of the Allergan Board that your unsolicited proposal substantially undervalues Allergan, creates significant risks and uncertainties for the stockholders of Allergan, and is not in the best interests of the Company and its stockholders. Accordingly, the Allergan Board unanimously rejects the Proposal.

As you know, Allergan has a long history of producing consistent growth and delivering solid results through a combination of innovation, execution and discipline. We are confident in our ability to extend our strong track record of innovation, which has yielded unique expertise and insights that drive innovation and value. The Board is determined to continue to create value for Allergan and its stockholders.

In addition to substantially undervaluing our Company, your Proposal includes a large stock component, which we believe is a risk for Allergan stockholders due to the uncertainty surrounding Valeant's long term growth prospects and business model. Valeant's strategy runs counter to Allergan's customer focused approach. In particular, we question how Valeant would achieve the level of cost cuts it is proposing without harming the long term viability and growth trajectory of our business. For those reasons and others, we do not believe that the Valeant business model is sustainable.

For the reasons stated above, we believe that your proposal substantially undervalues our Company. Allergan has a strategic plan in place that we believe is the right path forward to deliver value to our stockholders.

On behalf of the Board of Directors,

/s/

David E.I. Pyott, CBE  
Chairman & Chief Executive Officer

Allergan will host a telephone conference call and a Webcast on **Monday, May 12, 2014** to discuss the unsolicited proposal from Valeant Pharmaceuticals International, Inc. Presentation slides will accompany the live Webcast, which will be available on the Allergan Website. You may participate in this call by dialing 1-888-790-1916 for domestic locations or 1-517-319-9297 for international locations. A passcode, *Allergan*, will be required. David Pyott, Chairman of the Board and Chief Executive Officer, and Jeff Edwards, Executive Vice President, Finance and Business Development, Chief Financial Officer, will comment on the unsolicited proposal beginning promptly at **5:30 a.m. Pacific Time (8:30 a.m. Eastern Time)** before answering questions. The live Webcast and accompanying presentation slides can be accessed through the Allergan Website, [www.allergan.com](http://www.allergan.com), beginning at 5:15 a.m. Pacific Time (8:15 a.m. Eastern Time).

A replay of the discussion will be available shortly after the call and can be accessed through [www.allergan.com](http://www.allergan.com), or by dialing 1-888-277-5031 for domestic locations or 1-203-369-3598 for international locations. A passcode will not be required. The replay will be available for one week following the live call.

Goldman, Sachs & Co. and BofA Merrill Lynch are serving as financial advisors to the Company and Latham & Watkins, Richards, Layton & Finger, P.A. and Wachtell, Lipton, Rosen & Katz are serving as legal counsel to the Company.

### **About Allergan**

Allergan is a multi-specialty health care company established more than 60 years ago with a commitment to uncover the best of science and develop and deliver innovative and meaningful treatments to help people reach their life's potential. Today, we have approximately 11,600 highly dedicated and talented employees, global marketing and sales capabilities with a presence in more than 100 countries, a rich and ever-evolving portfolio of pharmaceuticals, biologics, medical devices and over-the-counter consumer products, and state-of-the-art resources in R&D, manufacturing and safety surveillance that help millions of patients see more clearly, move more freely and express themselves more fully. From our beginnings as an eye care company to our focus today on several medical specialties, including eye care, neurosciences, medical aesthetics, medical dermatology, breast aesthetics, and urologics, Allergan is proud to celebrate more than 60 years of medical advances and proud to support the patients and customers who rely on our products and the employees and communities in which we live and work. For more information regarding Allergan, go to: [www.allergan.com](http://www.allergan.com)

### **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements regarding a proposed offer or proposal by Valeant and/or Pershing Square. These forward-looking statements are made as of the date they were first issued and are based on current expectations as well as the beliefs and assumptions of management. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond Allergan's control. Allergan expressly disclaims any intent or

obligation to update these forward-looking statements except as required by law. Additional information concerning these and other risks can be found in press releases issued by Allergan, as well as Allergan's public filings with the U.S. Securities and Exchange Commission, including the discussion under the heading "Risk Factors" in Allergan's most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q. Copies of Allergan's press releases and additional information about Allergan are available at [www.allergan.com](http://www.allergan.com) or you can contact the Allergan Investor Relations Department by calling 1-714-246-4636.

**Allergan Contacts**

Bonnie Jacobs, Allergan (714) 246-5134

Joele Frank, Dan Katcher, and Scott Bisang, Joele Frank, Wilkinson Brimmer Katcher (212) 355-4449



















































































































































































**To: All Allergan Employees**

**From: David E. I. Pyott, Chairman of the Board and CEO**

**Re: Allergan Update**

Colleagues:

As promised, I want to provide you with an update regarding the unsolicited proposal we received from Valeant on April 22, 2014.

This morning, we communicated to Valeant that, following a comprehensive review, in consultation with our financial and legal advisors, the Allergan Board of Directors has unanimously rejected this proposal after concluding that it substantially undervalues our Company and is not in the best interest of our Company, our stockholders, our customers, and our employees.

Allergan and Valeant are very different companies with very different philosophies. The Allergan path has been one of consistent growth and success rooted in customer service, research and development, innovation, creating new markets, training and education, and valuable product support services. This has been our focus in the past and must continue to be our focus going forward.

This morning, we are in New York City to hold a conference call with investors to inform them of the Board of Directors decision and share our plans for continued future growth and will be meeting with many investors. I will also be speaking with members of the financial and business press. I recognize that, during the past few weeks, it has been difficult to see our Company discussed in the media by others. As you all know, I have always welcomed the opportunity to speak with the media when appropriate and today is such an occasion.

Many of us have been touched by the messages of support we have received from our customers. They have emphatically told us that they value our products, the long-term relationships we have built with them, the high-quality service we have provided, and the innovation we have consistently delivered to them over six decades and will continue to deliver.

I would like to thank all Allergan employees around the world for your determination to avoid the distraction of the recent developments and for coming to work every day with a focus on meeting and exceeding the expectations of our customers and delivering innovative products that help to improve the lives of their patients. I recognize that you may have some questions

about today's announcement and invite you to participate in a Town Hall Meeting that Doug Ingram, President and Scott Whitcup, M.D., Executive Vice President, Research & Development, Chief Scientific Officer will be hosting at our headquarters in Irvine at 9 a.m. PT, which you can attend in a variety of ways in person in Irvine, via webcast on the Inside Allergan home page, or dial-in on the phone. An invitation containing more information will be sent via email shortly.

I would also like to acknowledge the small team of Allergan employees who have been working to address this unsolicited proposal and who will continue to work to address any future developments. I want to assure you that the Allergan Board of Directors and management team remain focused on doing what is best for our Company, our stockholders, our customers, and our dedicated employees. And you have my commitment that we will continue to keep you informed as we move forward.

David

May 12, 2014

To our valued customers:

During the past few weeks, following our receipt of an unsolicited proposal from Valeant, we have received many phone calls and emails from physicians and healthcare providers around the world. They have told us that our work has made a difference to them, the medical community, and their patients; and they have shared their concerns about the potential impact of a Valeant transaction on Allergan, particularly research and development and future innovation. We truly appreciate all these words of encouragement and support.

This morning, the Allergan Board of Directors unanimously rejected this proposal. The Board believes the proposal substantially undervalues Allergan and is not in the best interest of our company, our stockholders and of you, our customers, and your patients.

Since our company was founded more than 60 years ago, we have remained committed to serving our customers by focusing on a core set of priorities: investing in research and development, bringing a steady stream of innovative products to market, building new markets through physician education and training, informing and educating consumers, and offering valuable product support services. In the case of products reimbursed by private or Government payors, we have also strived to ensure access and help with reimbursement issues.

Allergan and Valeant have different business strategies. I want to assure you that our company and our employees will remain focused on the same priorities that have served our customers and our shareholders so well over the years. We recognize that, in a competitive marketplace, you have a choice in those products that you prescribe or recommend. I hope we can count on your continued support of our company, our employees and our products. Your vote of confidence in us by continuing to choose Allergan products helps keep us strong.

We will keep you informed of further developments related to this matter. In the meantime, please feel free to contact me at [Pyott.David@allergan.com](mailto:Pyott.David@allergan.com) or your local sales representative with any questions or concerns or you can find additional information on [www.allergan.com](http://www.allergan.com).

Sincerely,

David E.I. Pyott, CBE

Chairman of the Board & Chief Executive Officer