ALLERGAN INC
Form 425
July 18, 2014

Investor Presentation
Regarding the Allergan Special
Meeting Process
July 18, 2014
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Filed by Valeant Pharmaceuticals International, Inc.
(Commission File No. 001-14956) pursuant to Rule 425 under the Securities Act of 1933
and deemed filed pursuant to Rule 14a-12 under the Securities Exchange Act of 1934
Subject Company: Allergan, Inc.
Commission File No.: 001-10269

Forward-Looking Statements
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This communication may contain forward-looking statements within the meaning of the Private Securities Litigation Reform A
forward-looking statements include, but are not limited to, statements regarding Valeant offer to acquire Allergan, its financing
performance (including expected results of operations and financial guidance), and the combined company s future financial c
Forward-looking statements may be identified by the use of the words anticipates, expects, intends, plans, should
potential, target, opportunity, tentative, positioning, designed, create, predict, project, seek, ong
expressions. These statements are based upon the current expectations and beliefs of management and are subject to numerous

change over time and could cause actual results to differ materially from those described in the forward-looking statements. Th
but are not limited to, assumptions, risks and uncertainties discussed in the company s most recent annual or quarterly report f
Administrators (the CSA) and assumptions, risks and uncertainties relating to the proposed merger, as detailed from time to
which factors are incorporated herein by reference. Important factors that could cause actual results to differ materially from th
communication are set forth in other reports or documents that we file from time to time with the SEC and the CSA, and includ

the ultimate outcome of the offer and the second-step merger, including the ultimate removal or the failure to render inapplicab
offer and the second-step merger described in the offer to exchange;

the ultimate outcome and results of integrating the operations of Valeant and Allergan, the ultimate outcome of Valeant s pric
and the ultimate ability to realize synergies;

the effects of the proposed combination of Valeant and Allergan, including the combined company s future financial conditio

the effects of governmental regulation on our business or potential business combination transactions;

the ability to obtain regulatory approvals and meet other conditions to the offer, including the necessary stockholder approval,

Valeant s ability to sustain and grow revenues and cash flow from operations in our markets and to maintain and grow our cus
related capital expenditures and the unpredictable economic conditions in the United States and other markets;

the impact of competition from other market participants;

the development and commercialization of new products;

the availability and access, in general, of funds to meet our debt obligations prior to or when they become due and to fund our
expenditures, either through (i) cash on hand, (ii) free cash flow, or (iii) access to the capital or credit markets;

our ability to comply with all covenants in our indentures and credit facilities, any violation of which, if not cured in a timely m
obligations under cross-default provisions; and

the risks and uncertainties detailed by Allergan with respect to its business as described in its reports and documents filed with
All forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by
not to place undue reliance on any of these forward-looking statements. These forward-looking statements speak only as of the
update any of these forward-looking statements to reflect events or circumstances after the date of this communication or to ref

More Information

Note 1: The guidance in this presentation is only effective as of the date given, April 22, 2014, and will not be updated or affir
unless and until the Company publicly announces updated or affirmed guidance

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Additional Information

This communication does not constitute an offer to buy or solicitation of an offer to sell any securities. This communication re
Valeant has made to Allergan stockholders. The exchange offer is being made pursuant to a tender offer statement on Schedule
exchange, the letter of election and transmittal and other related offer materials) and a registration statement on Form S-4 filed

June 18, 2014. These materials, as they may be amended from time to time, contain important information, including the term
addition, Valeant has filed a preliminary proxy statement with the SEC on June 24, 2014, Pershing Square has filed a definitive
SEC on July 11, 2014, and Valeant and Pershing Square Capital Management, L.P. (Pershing Square) (and, if a negotiated t
may file one or more additional proxy statements or other documents with the SEC. This communication is not a substitute for
registration statement, prospectus or other document Valeant, Pershing Square and/or Allergan have filed or may file with the S
proposed transaction. INVESTORS AND SECURITY HOLDERS OF VALEANT AND ALLERGAN ARE URGED TO REA
STATEMENT, REGISTRATION STATEMENT, AND ANY OTHER DOCUMENTS FILED WITH THE SEC CAREFULL
THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TI
statement(s) (if and when available) will be mailed to stockholders of Allergan and/or Valeant, as applicable. Investors and sec
copies of the tender offer statement, the registration statement and other documents (if and when available) filed with the SEC
Square through the web site maintained by the SEC at http://www.sec.gov.

Consent was not obtained or sought with respect to third party statements referenced in this presentation.

Information regarding the names and interests in Allergan and Valeant of Valeant and persons related to Valeant who may be d
solicitation of Allergan or Valeant shareholders in respect of a Valeant proposal for a business combination with Allergan is av
proxy soliciting materials in respect of Allergan filed with the SEC by Valeant on April 21, 2014 and May 28, 2014. Informati
interests in Allergan and Valeant of Pershing Square and persons related to Pershing Square who may be deemed participants i
Valeant shareholders in respect of a Valeant proposal for a business combination with Allergan is available in additional defini
respect of Allergan filed with the SEC by Pershing Square. The additional definitive proxy soliciting material referred to in thi
of charge from the sources indicated above.

Non-GAAP Information

To supplement the financial measures prepared in accordance with generally accepted accounting principles (GAAP), the Com
measures that exclude certain items. Management uses non-GAAP financial measures internally for strategic decision making,
evaluating current performance. By disclosing non-GAAP financial measures, management intends to provide investors with a
comparison of the Company s core operating results and trends for the periods presented. Non-GAAP financial measures are n
GAAP; therefore, the information is not necessarily comparable to other companies and should be considered as a supplement
superior to, the corresponding measures calculated in accordance with GAAP. The Company has provided preliminary results
GAAP financial measures. The Company has not provided a reconciliation of these preliminary and forward-looking non-GAA
difficulty in forecasting and quantifying the exact amount of the items excluded from the non-GAAP financial measures that w
GAAP financial measures. Reconciliations of historical non-GAAP financials can be found at www.valeant.com

Agenda
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I.
Executive Summary
II.
Overview of Valeant
III.
Overview of the Transaction

I.
EXECUTIVE SUMMARY
5

Allergan Stockholders Deserve to be Heard
Valeant s offer is $72 in cash and 0.83 of a Valeant share providing Allergan stockholders a compelling premium of approximately 50% to the unaffected stock price, an implied LTM EBITDA
multiple
of
approximately
23x

(1)
, and an implied P/E multiple of 31x 2014 earnings
(2)

Valeant s offer is the result of meetings with and direct feedback from most of Allergan s major institutional stockholders

Allergan s board has refused any engagement with Valeant, has adopted and is enforcing its non-stockholder friendly structural defenses, as recognized by many institutional investors along with ISS and Glass Lewis, acting to limit its stockholders rights, and is taking a scorched earth approach, attacking Valeant s business model and business performance with false and misleading information, and in turn hurting both Valeant and Allergan stockholders.

We believe Allergan stockholders should have a voice on both eliminating the non-stockholder friendly structural defenses of Allergan, along with evaluation of the Valeant offer, and that

there are significant risks and uncertainties associated with Allergan continuing to delay.
If
stockholders
request
Special
Meeting,
Allergan
should
call
it
immediately,
and
not
delay
for
120 days.
We are Asking for Your Support in Calling a Special Meeting
6
Based on Valeant share price of $121.71 as of close on 16 July 2014; Allergan unaffected share price of $116.63 as of 10 April
Pershing Square crossed the 5% Schedule 13D ownership level
Capital IQ Thomson Estimates; FY2014 Allergan Median Consensus EPS estimate as at 16 July 2014
(1)
(2)
Note

Situation Overview (1/2)
Valeant s
offer
is
compelling
and
reflects
direct

feedback
from
Allergan
stockholders
$72
in
cash
and
0.83
of
a
Valeant
share
($172.50
per
share
as
of
July
14,
2014)
(1)
Based on Valeant s current stock price, the offer represents a compelling approximate 50%
premium to Allergan s unaffected share price of $116.63 on April 10, an implied LTM EBITDA
multiple
of
23x,
and
an
implied
P/E
multiple
of
31x
2014
earnings
(2)
With certainty of a transaction, we believe that Valeant stock will increase and hence,
significantly increase the value of the offer
Pershing Square, Allergan s largest stockholder with 9.7% of shares outstanding, supports the
acquisition and has agreed to take all stock at a discount to allow Valeant to increase the value
delivered
to
Allergan s
other
stockholders,
and
demonstrates
their
belief

in
the
value
of
our
currency and the value of the combined company
Allergan s board and management have repeatedly refused to engage in discussions with Valeant
about
a
transaction
and
has
worked
to
mislead
stockholders
about
Valeant
by
releasing
numerous
false and misleading statements about the Valeant business and business model
Allergan s board has not been stockholder friendly by taking actions to impede the rights of
Allergan stockholders and block them from voicing their perspectives on this offer, specifically by:
hiding behind onerous bylaws related to the mechanics of a special meeting, adopting a 10%
poison pill, failing to clarify solicitation rules until sued in
a Delaware court, and ignoring
stockholder proposals
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Based on Valeant share price of $121.71 as of close on 16 July 2014
Capital IQ Thomson Estimates; FY2014 Allergan Median Consensus EPS estimate as at 16 July 2014
Note
(1)
(2)

Situation Overview (2/2)

We believe that calling a special meeting in the very near future is the only path to provide
stockholders
with
the
opportunity
to
provide

meaningful input on this transaction in a timely manner in order to maximize the present value of the transaction without the uncertainty of waiting until the 2015 annual meeting

Special meeting is required to:

Revise current Allergan bylaws which significantly inhibits stockholders from exercising their right to call a special meeting due to a number of onerous requirements,

including:
holding of shares, reporting all trades, and a 25% threshold, which is higher than the 10% requested by stockholders
Address the transaction in a timely manner: if left to an annual meeting, Allergan could delay the annual meeting out to the 3rd quarter of 2015; as it stands, Allergan can already delay the special meeting to the fourth quarter this year, nine months after our initial offer
We are looking for support to call a special meeting in order to:
Give a voice to stockholders on Valeant's offer -- stockholders should not

have
to
wait
until
the next annual meeting, which could be delayed to the third quarter of 2015.
Remove the majority of current Allergan board members to ensure better governance and engagement
Revise current Allergan bylaws which impede the rights of Allergan stockholders
Have the new board evaluate our offer for Allergan
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II. OVERVIEW OF VALEANT
9

Valeant Operating Principles

Put patients and our customers first by maintaining the highest ethical standards in the industry

Select high-growth business segments (therapeutic areas and geographies) where the healthcare professional is still the primary decision maker

Maintain a bias toward durable products that are largely cash pay, or are reimbursed through private insurance

Focus our resources on bringing new products to the market (output), not R&D spend

(input)
Maintain a decentralized operating model to ensure decisions are made close to the customer
Focus our promotional spending on customer-facing activities
Measure all of our operating units on organic growth and cash flow generation
Require Internal Rates of Return (IRR) significantly above our cost of capital, coupled with short-term cash paybacks for all of our deals
Directly link senior management compensation to long-term stockholder returns
Ensure tight controls and rigorous compliance standards while avoiding overspending
10

Key Attributes of Valeant s Business Model
Decentralized model delivers strong organic growth (averaged 7% Pro Forma organic growth since 2010)
Value added M&A with a history of maintaining or accelerating revenue growth for nearly all platform acquisitions
All deals targeting 20%+ IRRs and short payback periods
Bausch + Lomb organic growth accelerated from 4% (pre-acquisition) to 10%+ (post acquisition), predominately on volume

All
other
major
platform
deals
experienced
material
acceleration
in
organic
growth
since acquisition
Commitment to innovation through output-driven R&D approach
Delivering 19 new product launches in 2014 (>350 if including BGx), on a
disciplined
R&D
budget

more
than
the
majority
of
our
competitors
and
Allergan
Rich late-stage pipeline of 300+ assets driven by a balanced approach of internal product development, lifecycle management, BGx development, late-stage in-licensing, and late-stage/pre-launch product acquisition
Attractive product and payor mix
85% durable products portfolio
75% cash/privately reimbursed
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Focusing on R&D Output Rather than Input
Traditional Big Pharma input-driven
approach
Focus on shots on goal
Higher spend levels assumed to
generate more new products
Incentives linked to investment levels
High fixed cost/in-house model

All capabilities in-house
Staff for peak workloads
Valeant s output focused approach
Focus
on
productivity

outputs
measured against inputs
Lower risk projects
Decentralization helps ensure right
products for right markets
Focus on line extensions and new
indications
Portfolio prioritization via rigorous,
unbiased peer scientific review
Leveraging industry capacity
Outsourcing commodity services
Staff for base needs, outsource for
peak workloads
With overall industry R&D
productivity steadily declining,
traditional bets on R&D are unlikely
to pay off
12

Valeant 2014 U.S. Launch Products
Peak Sales of $1.3-
$2.3 Billion
Product
Description
Source
Est. peak sales ($M)
Bensal HP®

Dermatitis, wound healing
Partnered from SMG
25-75
Luzu®
Topical antifungal for athlete s
foot
Medicis
50-75
Neotensil
Topical product for under-eye
bags
Partnered from Living Proof
80-100
Obagi360
System
Skincare kit for women in their
30 s
In-house
10-30
Retin-A Micro®
.08%
Topical treatment for acne
In-house
20-30
Jublia®
Topical antifungal for
onychomycosis
In-house
300-800
Ideal Implants
Breast implant
Partnered from Ideal Implant
25-75
Hyaluronic acid for lips
Small particle filler
Medicis
20-30
Onexton
Topical treatment for acne
In-house
50-75
enVista
inserter (lens)
Further enhancements
Bausch + Lomb
40-50
PureVision2
for Presbyopia
Daily contact lens
Bausch + Lomb

20-30
Victus
enhancements
Multiple enhancements
Bausch + Lomb
100-200
Ultra
Silicone hydrogel monthly lens
Bausch + Lomb
300-400
BioTrue®
multifocal
Daily contact lens
Bausch + Lomb
60-80
Trulign
expanded ranges
(lens)
Broader range of powers
Bausch + Lomb
40-60
CeraVe®
baby line
OTC moisturizer
In-house
15-20
Peroxiclear
Peroxide based contact lens
solution
Bausch + Lomb
50-70
Ossix®
Plus
Dental membrane
Partnered from Datum Dental
10-20
Onset®
Dental analgesic
Acquired from Onset
40-50
Total
$1,255M-2,270M
Source: Valeant management estimates
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Based on projected 2014 revenues excluding Aesthetic Injectables
1
Includes contact lens, surgical, aesthetic devices
Asia
Latin
America
Central &
Eastern

Europe/
Middle East/
Africa
United
States
Canada /
Australia
By Geography
By Business
47%
21%
11%
7%
7%
17%
19%
43%
17%
Devices
1
Gx/BGx
OTC /
Solutions
Rx
11%
Western
Europe
Emerging Markets = ~27%
Highly Diversified Business Portfolio
14

Strong Growth Platforms
Developed Markets
Emerging Markets
Derm Rx
Consumer
Eye Health
Dental

Latin America
Brazil
Mexico
EMEA
Russia/ CIS
Poland
Turkey
Middle East
Asia/South Africa
China
Vietnam
Indonesia
South Africa
Aesthetics
Neuro & Other
15

Firm
Analyst
Report Title
Selected Broker Commentary
Aegis
Raghuram
Selvaraju
Jubilant over Jublia U.S. Approval

Jun 9, 2014
regardless of whether VRX succeeds in acquiring AGN, the VRX **business model remains valid** and the firm can continue to drive growth near-term
BMO
Alex Arfaei
Will Likely Go the Distance with AGN;
But Should Gain More Support
Jun
10, 2014
we are **surprised**
by some of the arguments made in Allergan s slide presentation. [ ] Given the stock s
reaction following Valeant s offers, we believe **most investors would disagree**. We **also disagree** with Allergan s characterizations of Valeant s business
Cantor
Fitzgerald
Irina
Rivkind
Koffler
We Like Standalone Business, with
AGN Upside; Maintain Buy, Increase
PT to $209
Jun 2, 2014
CIBC
Stephanie
Price
Growth On Steroids: Initiating
Coverage At Sector Outperformer
May 8, 2014
Valeant has a **strong track record of creating value** by acquiring firms with solid product portfolios and investing only in late-stage/low-risk R&D. Management **has proven that M&A** can **lead to better returns** than early stage R&D given Valeant's ability to strip out costs
Guggenheim
Louise
Chen
1Q14 Beat and Raise Quarter
Underscores Earnings Power of
VRX's Business Model
May 8, 2014
We **remain positive** on VRX because of the **durable nature of its diversified business model**. VRX reported strong sales growth and profitability across all regions.
Jefferies
David
Steinberg
Disrupting the Specialty Pharma
Business Model; Assuming at Buy
Apr 21, 2014
Investing community is highly supportive of Valeant business model and performance
~ 1,100%
price
adjusted

increase
in
Valeant
share
price
since
2008
(1)
~
90%
of
analysts
have
a
Buy
or
Overweight
rating
(2)
Current
price
target
$168
/
share
(2)
Goldman
Sachs,
Allergan s
financial
advisor,
price
target
prior
to
offer
was
$164
/
share
(3)
We re increasing our revenue and EPS estimates, and our 12-month target [ ] as we have greater confidence in the growth potential of the base business [ ]. For a company not known for focusing on R&D, it is worth noting a number of new product launches and pipeline products in attractive categories that could help organic growth down the road.
(4)
Street Highly Supportive of Valeant s Business Model
16
Notes
(1)

(2)
(3)
(4)

We **don't think** that Valeant promotionally starves its brands, but rather **makes selective investments in**
highest
value
programs
[ ]
the
roll-up
strategy
is
difficult,
and
Valeant's
execution
know-how
and **experience**
is an **intangible asset** that will **continue to drive value**
an
attribute
that
is
often
overlooked
is
product
and
geographic
selection.
Valeant
is
where
others
aren't . [ ] As such, we believe **longer term organic growth** may be **more durable than perceived**.

Adjusted for Valeant / Biovail merger
Per Bloomberg 16 July 2014
Goldman Sachs Equity Research price target prior to initial proposal
Per Goldman Sachs Report, 28 February 2014

Despite Allergan Assertions our Model has Delivered Huge
Value for Our Stockholders
17
Total Return Analysis since 2008
(1)
(2)
1082%
212%

180%
88%
59%
45%
32%
Valeant
Apple
Allergan
Google
S&P 500
Index
Berkshire
Hathaway
Peer Group
Index
Notes
(1)
Total return analysis per Bloomberg based on a start date of 2 January 2008 to unaffected share prices of Valeant and Allergan
10 April 2014 the day before Pershing Square crossed the 5% schedule 13D ownership level
(2)
Peer Group per Valeant s Company Filings (Actavis, Biogen, Perrigo, Mylan, Celgene, Gilead, Vertex, Amgen, Bristol Myers
Forest, Shire, Allergan, Danaher, Eli Lilly). Peer Group Index performance calculated as average of its constituents

Bausch + Lomb, a Blueprint for Allergan
History
Acquired B&L on August 6
th
2013
Have almost 1 year of operating performance to date
Owned by Warburg Pincus, who acquired the company in 2007
Prior to acquisition growth was ~4%

Valeant Acquisition
Initially identified $800M in cost synergies, which has since been upped to $900M (~60% of standalone company OPEX)
Applied Valeant s decentralized operating model to centralized Bausch + Lomb structure
Most cuts were from non-customer facing roles
Since acquisition growth has accelerated to double digits every quarter
In Q2 growth has accelerated to 12% through decentralized structure and continued investment in sales, marketing, and medical activities
Continue to fund all major R&D programs, which will drive continued organic growth for years to come
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Bausch + Lomb Was A More Complex Integration Than
Allergan Would Be
Number of
employees
13,000
11,400
Manufacturing
plants (primary)

14
6
Revenues in
North America
41%
66%
Revenues in
Emerging Markets
~25%
~17%
SKUs
200,000
Far fewer
19

20
Most Reductions (40%) Were to Bausch + Lomb s Non-Customer Facing
Functions
B+L CEO
% Reduction
to B+L personnel
US Commercial
9%

Consolidated and leaned parallel commercial teams (Pharma, Surgical, Vision Care)
and large Commercial Operations staff (6%)
Reduced marketing management (3%)
Europe
19%
Consolidated commercial teams (10%)
Eliminated redundant regional HQ and country-level G&A (6%)
Consolidated country-level Ops and R&D (3%)
Latin America
33%
Consolidated commercial teams (14%)
Eliminated redundant G&A (10%)
Consolidated country-level functional leaders in Ops and R&D (9%)
Asia
6%
Eliminated redundant G&A
Canada
14%
Consolidated commercial teams (10%)
Eliminated duplicate G&A and functional leaders (4%)
Global Supply
Chain
3%
Eliminated global infrastructure creating one size fits all
policies and pushing all
products to all markets
Global R&D +
Quality
23%
Eliminated high-risk projects, increased use of outsourcing, and eliminated redundant
leadership in 3 parallel R&D organizations (17%)
Consolidated country-level personnel (6%)
Corporate
Center
Leaned Finance, IT, Legal, HR, Global Marketing and Corporate Communications
teams (60%)
Consolidated G&A from parallel global BUs (Pharma, Surgical, Vision Care) (6%)
66%
Actions taken

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Bausch + Lomb Pipeline Update
Project
Status/Development
Pharmaceuticals
Brimonidine
Recent completion of Phase 3 studies, planned NDA submission

Lotemax Gel Next Gen
Recent completion of positive Phase 3 study
Latanoprostene bunod
Phase 3 enrollment complete
Mimetogen
Awaiting analysis of Phase 2 data
Contact Lens
Ultra
Successful approval, US launch underway, Anticipated approval and launches of Ultra Toric and Multifocal lenses
Biotrue
Approval of multifocal contact lens
Surgical
EnVista
Toric IOL in Phase 3 development
Victus
US fragmentation approval and launch; improvements to software and hardware
Trulign
Development of expanded ranges
Stellaris PC
New packs, retina products, and enhancements
Cirle
Investment in surgical navigation system
Consumer
Peroxiclear
Successful approval and launch
Soothe XP
Re-launching product

Update on Bausch + Lomb Q2 Performance
(1)

Consumer

RX Pharma

Surgical

Contact Lens

Generics
Emerging Markets
Other Developed Markets
Organic Growth:
Q2 2014/Q2 2013
22
14%
8%
14%
United States
12%
17%
12%
38%
3%
Country/Region
Notes
(1)
Total
12%
~90% of growth in the U.S. was from volume
Preliminary Estimates
>90% of the growth on a global basis was from volume

Bausch + Lomb Performance Acquisition through Q2
2014
(1)

Consumer

RX Pharma

Surgical

Contact Lens

Generics
Emerging Markets
Other Developed Markets
Organic Growth
since acquisition
23
13%
10%
13%
United States
12%
11%
11%
12%
29%
Country/Region
Notes
(1)
Total
11%
~90% of growth in the U.S. was from volume
Preliminary Estimates
>90% of the growth on a global basis was from volume

III. COMPELLING STRATEGIC AND FINANCIAL
TRANSACTION FOR ALLERGAN STOCKHOLDERS
24

Compelling Strategic & Financial Transaction for Allergan Stockholders
Significant immediate value to Allergan stockholders
Each Allergan share receives $72 in cash and 0.83 Valeant shares
Approximate
50%
premium
to
the

unaffected
stock
price,
an
implied
EBITDA
multiple
of
approximately
23x
(1)
,
and an implied P/E multiple of 31x 2014 earnings
(2)
Allergan ownership of 44% of pro forma entity
Open to providing a contingent value right for DARPin in a negotiated transaction
We
believe
that
the
Valeant
stock
price,
and
value
of
the
offer,
will
increase
as
certainty
of
transaction
increases
Sustainable long-term value to stockholders
Unrivaled portfolio in Ophthalmology, Dermatology, Aesthetics, and Neurology
Robust combined company product pipeline
Valeant strength in emerging markets to drive future growth, as seen in Bausch & Lomb
$2.7B+ in annual operating cost synergies and additional significant revenue and tax synergies, supporting meaningful earnings accretion
Valeant
intends
to
initiate
$0.20
/
share
annual
dividend

equal
to
current
Allergan
dividend
Allergan s
largest
stockholder,
Pershing
Square,
has
elected
to
take
all
stock

at
a
substantial
discount
based on current prices
Pershing Square is confident in our currency and the value of the combined entity
Allows Valeant to offer more cash to Allergan stockholders
Other than the antitakeover devices that can be removed by the Allergan board, no substantive hurdles to closing
No financing contingency; committed financing in place
Divested aesthetics business
Valeant will accept antitrust risk
Flexible with any and all social issues
All other conditions are customary and should easily be satisfied
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Note
Based on Valeant share price of $121.71 as of close on 16 July 2014; Allergan unaffected share price of $116.63 as of 10 April 2014, the day before Pershing Square crossed the 5% Schedule 13D ownership level
Capital IQ Thomson Estimates; FY2014 Allergan Median Consensus EPS estimate as at 16 July 2014
(1)
(2)

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Valeant + Allergan
A Perfect Strategic Combination
Dermatology &
Aesthetics
Ophthalmology
Consumer
Neuro. &

Urology
Emerging markets
Combined company with 14 late stage pipeline programs with $4B+ in
potential annual peak sales
Note
(1)
are approximated
Therapeutic
area
revenue
estimates
exclude
revenue
from
emerging
markets.
Revenue
estimates

Valeant + Allergan, an Unrivaled Platform for Growth and
Value Creation in Healthcare
(1)
Note
(1)
Valeant +Allergan
2014E rev
5 year market

growth rate
Source: IMS, EvaluatePharma
27
Therapeutic
area
revenue
estimates
exclude
revenue
from
emerging
markets.
Revenue
estimates
are
approximated
Ophthalmology
Dermatology Rx
Aesthetics
Consumer
Neurology/Dental/Other
Emerging Markets
$3.8B
6-7%
$1.5B
6-7%
$2.1B
11-12%
$1.3B
6-7%
$2.8B
4-6%
$3.8B
10-13%

Valeant
Allergan
Benefits of Valeant Model
Emerging
Market (EM)
Focus
Significant EM presence with field
sales force to drive growth

Strong branded generics / OTC
portfolio with 55% annual growth
in EM
Continue to utilize distributors in
some markets
11% annual growth in EM
Ability to leverage direct EM sales
force to sell branded generics
Commercial
Direct customer-facing promotion
(70%
total
headcount)
Heavy
investment
in
marketing
Clear ROI and value of dollars
spent
Organization
Decentralized, local, empowered
business
owners (SG&A equal to
22% of sales in 2013)
Rapid-decision making at local /
customer level
Centralized, global & regional
organizations
Heavy
corporate
focus
and
spend
(SG&A equal to 38% of sales in
2013)
Gold-plated
approach
Quicker, better-informed decisions
made
close
to
the
customer
Small, lean and focused corporate
center
Capital
Allocation
Low risk, in-line and late-stage
assets
Strict price discipline

History of successful M&A
Higher-risk,
earlier-stage
assets
Less sensitive to price paid
Mixed M&A track-record
Higher returns on capital and
faster paybacks
Easier to understand success and
track record
R&D
Low-risk, late-stage projects (line-
extensions)
Robust pipeline from internal &
external sources
2
3% of revenue
Early-stage, risky programs
(limited success; 35 failures since
1998)
Similar emphasis on line-
extensions but at ~4-5x the cost
Low-risk investments (eliminates
risky
early
stage
research)
Focus on outputs
Operating Model Differences Create Opportunity for Synergies
28

Opportunity to Drive Significant Value From Synergies
Annual
cost
synergy opportunity of $2.7 billion + tax + revenue synergy
Value
Source of Synergy
SG&A Synergies
~$1,800 million

(40% reduction of
combined SG&A)
Rationalize US & Corporate HQ
Eliminate regional HQ
Decentralize organization by eliminating unnecessary global functions
Reduce duplicate external spend
Align to Valeant advertising and promotion model and spend
Maintain strong field force presence
R&D Cost
Synergy
~$900 million
(69% reduction of
combined R&D)
Apply Valeant approach to on-going R&D
Focus on output not input
Target low-risk projects
Continue high-probability programs such as line extensions
Continue to in-license late stage/launch products (e.g. Emerade,
Neotensil, Luzu)
Rationalize core R+D infrastructure
Tax Synergy
Revenue Synergy
Valeant has a proven track record in achieving or surpassing announced synergies
29
Combined high single-digit tax rate
Acceleration of Allergan in emerging markets
Acceleration of Allergan OTC
Acceleration of Valeant Aesthetic assets ex-US
Additional product growth opportunities

+$72
per
share
in cash
Allergan Stockholders
Assumes reinvestment of $72 in Valeant stock at $117.75 share price as of June 16th close
Based on mid-point of guidance

Which Supports Significant Earnings Accretion for Both
Sets of Stockholders, and
(1)
30
$5.68
(2)
$5.68
(2)
$8.68
(2)
$9.00
$15.65
$10.85
Allergan based on .83
exchange
Allergan based on .83
exchange and reinvesting
cash in VRX
Valeant stockholder
2014
Pro Forma 2014
58%
Accretion
176%
Accretion
25%
Accretion
(1)
(2)
Notes

This value is for illustrative purposes only and is not a prediction of a future trading price; the actual future trading price may b
Pro
Forma
2014
EPS
=
$10.85;
Management

estimate,
Valeant
June
2
presentation
Illustrative, based on blended Unaffected 2014 P / E Multiple = 16.8x; Management estimate, Valeant May 28th presentation
Exchange
Ratio
Valeant
Stock
Price
.83
$122
Per Share Cash
Consideration
Per Share
Equity
Consideration
Total
$72
$101
$173
$10.85
(2)
x 16.8x P / E
(3)
= $182 per share
Current
See
Through
Value
.83
$182
$72
$151
$223
Indicative
Trading
Value
(1)
Valeant Closing Price July 16, 2014

A Compelling Valuation for Allergan Stockholders, that
31
Equity Consideration
Calculation
(1)
(2)
Notes
(3)

nd

Implied
Standalone
Allergan
2015
P
/
E
Multiples

Pre-Bid EPS
(3)
Post-Bid EPS
(4)
$116.63 as of 10 April 2014, the day before Pershing Square crossed the 5% Schedule 13D ownership level
This value is for illustrative purposes only and is not a prediction of a future trading price; the actual future trading price may b
Capital IQ Thomson Estimates; FY2015 Allergan Median Consensus EPS estimate as at 10 April 2014 ~$6.21
Capital IQ Thomson Estimates; FY2015 Allergan Median Consensus EPS estimate as at 16 July 2014 ~$6.94
+91%
32
(1)
(2)
Allergan Unaffected
Stock Price
Current "See Through"
Value
Indicative
Trading Value
+48%
18.8x
16.8x
27.9x
24.9x
36.0x
32.2x

Represents a Significant Premium to Allergan s
Unaffected Trading Levels, and
(1)
(2)
Notes
(3)
(4)
$117
$173
$223

Compares Favorably to Precedent M&A Transactions
Notes
Premium to Unaffected Trading Price
AV / LTM EBITDA Acquisition
Multiples
(4)
(4)

33

Thomson Reuters Database. Median premium paid to target s unaffected trading price 1-day prior to announcement or event. I
last 12 months, where transaction value was above $1Bn and cash was included in the deal

This value is for illustrative purposes only and is not a prediction of a future trading price; the actual future trading price may b

Based on selected pharmaceutical M&A transactions over $15Bn in the last 10 years: Actavis / Forest Laboratories, Abbvie / S
Schering,
Merck
/
Schering-Plough
and
Pfizer
/
Wyeth.
Data
sourced
from
Company
filings
and
FactSet
as
of
16
July
2014.
Implied
aggregate
value
/
LTM
EBITDA
are
based on unaffected prices and pro forma for announced acquisitions

Allergan 31 March 2014 LTM EBITDA of $2.259Bn per company filings; defined as non-GAAP operating income plus depre

This value is for illustrative purposes only and is not a prediction of a future trading price; the actual future trading price may b

(1)
(2)
(3)
(4)
(5)
(1)
(2)
(3)

Median Premium
Paid in US M&A
Transactions
During Last
Twelve Months
($1Bn and Higher)
Based on

Current "See Through
Value"
Based on
Indicative
Trading Value
Based on
Current "See
Through Value"
Based on Indicative
Trading Value
Median for
Precedent Selected
Pharmaceutical
Transactions

Indicative Trading Value AGN
(1)
-
$223 per share
Current See Through
Value AGN -
$173 per share
(2)

(6)
(5)

As Well As Other Pricing Reference Points
(3)
Trading Reference Points
Price Targets From
Allergan s Advisers
(9)
(4)
(8)
34
$125
$132
$117
$131
$126
$127
$125
$130
Goldman Sachs
Price Target Prior to
Valeant's Offer
BAML Price
Target Prior to
Valeant's Offer
AGN Unaffected
Share Price
AGN Unaffected
All-Time Trading High
Illustrative AGN
Price Adjusted for
S&P 500 Return
Illustrative AGN Price
Adjusted for Proxy
Peers
Return
Illustrative AGN Price
Adjusted for S&P 1500
Pharmaceuticals
Index Return
Illustrative AGN Price
Adjusted for Street
Revised 2015 EPS
Notes
(1)
(2)
(3)
(4)
(5)

(6)
(7)
(8)
(9)
This value is for illustrative purposes only and is not a prediction of a future trading price; the actual future trading price may b
Goldman Sachs Equity Research price target prior to initial proposal
BAML Equity Research price target prior to initial proposal
Unaffected share prices as of 10 April 2014, the day before Pershing Square crossed the 5% schedule 13D ownership level
Per Bloomberg; 19 March 2014
Allergan share price on 10 April 2014 adjusted for S&P 500 performance through to 16 July 2014
Allergan share price on 10 April 2014 through to 16 July 2014 adjusted for peers from Allergan proxy statement dated 26 Mar
Allergan share price on 10 April 2014 adjusted for S&P 1500 Pharmaceuticals Index performance through to 16 July 2014
Pre-bid P / E multiple calculated using Capital IQ Thomson estimates as of 10 April 2014 applied to current Capital IQ EPS es
(7)

IV. WHY A SPECIAL MEETING IS NEEDED
35

In April, Valeant made a public acquisition proposal to buy Allergan for $48.30 in cash and 0.83 of a Valeant share for each Allergan share, representing a substantial premium over Allergan s unaffected stock price
Valeant met with most of Allergan s major institutional stockholders
Based on feedback received from Allergan stockholders, Valeant revised its offer to $58.30 in cash, representing an
increase
of
$10,

or
approximately
21%,
of
cash
consideration,
and
0.83
of
a
Valeant
share

Pershing Square engaged further with several of Allergan s largest stockholders and received feedback that if Valeant raised its offer to $180 in value per share (based on the trading price at that time of Valeant stock), they would be supportive of the transaction

Valeant
subsequently
launched
an
exchange
offer
to
take
the
bid
to
Allergan
stockholders

due
to
the
structural
defenses
adopted
by
Allergan s
incumbent
board,
stockholders
are
unable
to
exchange
their
shares
Allergan
remains
unwilling
to

engage
in
discussions
about
the
benefits
of
a
proposed
combination

as
a
result,
Valeant and Pershing Square have decided to put the decision directly in the hands of Allergan
stockholders
Valeant Has Presented a Compelling Offer
Allergan Has
Refused to Engage or Allow Stockholders a Voice
36
Note
(1)
(2)
Based on this further feedback, Valeant and Pershing Square restructured their arrangement to materially
increase the value and cash component to Allergan s non-affiliated stockholders
In
response,
Valeant s
board
approved
raising
the
offer
to
$72.00
in
cash
and
0.83
Valeant
shares
an
approximate
50%
premium
to
the
unaffected
stock
price,

an
implied
EBITDA
multiple
of
approximately
23x
(1)
,
and
an
implied
P/E
multiple
of
31x
2014
earnings
(2)
Based on Valeant share price of $121.71 as of close on 16 July 2014; Allergan unaffected share price of $116.63 as of 10 April
before Pershing Square crossed the 5% Schedule 13D ownership level
Capital IQ Thomson Estimates; FY2014 Allergan Median Consensus EPS estimate as at 16 July 2014

May
13:
Pershing
Square
attempts to have a discussion with
Mr. Pyott regarding the rejection
of
the

Valeant
proposal;
Mr.
Pyott
does
not
respond
to
substantive
questions
and
refuses
a
request
for a call between Pershing
Square and independent directors
Feb
10 14:
Mr.
Pyott
conducted
sessions
with
research analysts where he made statements
indicating that Allergan and its stockholders were not
interested in a combination with Valeant
May
12:
Despite
having no
substantive
discussions with
Valeant or its
advisors, Allergan s
board rejects the
acquisition proposal
April
23-24:
Allergan
refuses
Pershing
Square s
request
for
a
call
with
Michael
Gallagher,
Allergan s

Lead Independent Director, and instead provides a
call with Mr. Gallagher, Mr. Pyott and other Allergan
executives; during the call, Mr. Gallagher refuses a
request
for
a
call
without
Allergan
management
present
April
21:
Pershing
Square
announces its 9.7% position
in Allergan, making it
Allergan s largest
stockholder, and Valeant
announces its acquisition
proposal; within hours,
Allergan adopts a poison pill
with a 10% ownership trigger
Timeline of Valeant s Efforts and Allergan s Responses
Feb
6:
After
outreach
by Mr. Pearson, Mr.
Pyott agreed to meet
to discuss a potential
combination of
Allergan and Valeant
May
29:
At
the
Sanford
C.
Bernstein Strategic Decisions
Conference in NYC, several of
Allergan s largest stockholders
expressed to Pershing Square
their support for a merger between
Allergan and Valeant, particularly
if the offer increased to $180 in
value per share
May
27:
Despite

having
conducted
no
thorough
due
diligence
on
Valeant,
Allergan s
management
makes
a
public
presentation
criticizing
Valeant s
business
model
and
team;
many of the assertions contained in the
presentation are factually incorrect
May
30:
In
response
to
Allergan stockholders
feedback, Valeant
increases its bid by [23]%;
in connection with the
increase, Pershing Square
agrees to the restructuring
of its agreement (including
taking less consideration
and all stock)
June
10:
After
announcing
publicly on May 27 that
Allergan would likely not be
willing to negotiate with
Valeant, Allergan rejects
Valeant s revised proposal
(and, on June 24, the
subsequently announced
exchange offer)
June
13:

Pershing
Square is forced to
pursue litigation after
Allergan refuses to
clarify that
stockholders
attempting to exercise
their
special
meeting
right will not trigger
Allergan s
poison
pill
June
27:
Allergan
settles the Pershing
Square suit,
acknowledging that
stockholders attempting
to exercise their right to
call a special meeting
will not trigger the
poison pill
Based on Historical Conduct, in the Absence of a Stockholder Forum Allergan s Incumbent Board is Unlikely to Engage
2012:
Mike
Pearson of Valeant
approached David
Pyott of Allergan,
regarding a
potential
combination
transaction; Mr.
Pyott indicated the
Allergan board was
not interested at
the time
Note
Other than the 2012 discussions, all events above occurred in 2014
37
Subsequent to the sessions, Sanford Bernstein
and Bank of America Merrill Lynch (subsequently
engaged as an advisor to Allergan) published
reports including Mr. Pyott s statements
These
statements
preempted
the

meeting
between
Mr.
Pyott
and
Mr.
Pearson,
and
it
was
cancelled

Allergan s Board Has Been Focused on Obstructing
Stockholder Input Rather than Constructively Engaging

Since Valeant's initial proposal, the Allergan board has responded by adopting structural defenses, limiting stockholder rights and refusing to engage, including:

Immediately
adopting
a
poison

pill
with
a
10%
trigger
threshold,
which
prevents
stockholders
from
taking
advantage of our exchange offer
Quick to clarify
that stockholders can remove but not replace directors at a special meeting, but did not
clarify
that
stockholders
attempts
to
call
a
special
meeting
would
not
trigger
the
poison
pill
until
litigation
was pursued
Attacking Valeant s business model and business performance, the value of our currency and the capabilities of our leadership team, with assertions that have been proven factually incorrect
Deferring
all
matters
of
the
Valeant
offer
to
the
Chairman
&
CEO
as
the
sole
point

of
contact
with
Valeant
and Pershing Square
this is the same executive who the majority of Allergan stockholders voted to strip
of the Chairman role
Allergan ignored its own guidelines by refusing to allow many stockholders to meet separately with Mr.
Gallagher
the
same
director
they
appointed
to
discuss
the
transaction
and
against
whom
one-third
of
Allergan stockholders voted against, and ISS and Glass Lewis recommended against in 2014
Refusing
to
engage
in
any
discussions
related
to
our
offer
and
attacked
our
business
model
and
business performance without any due diligence on our business
Lobbying government officials and physicians against the deal
1
2
3
4
5
6
7
38

Allergan Management Approach
Refusing to evaluate our offer
Has attacked our business model without any factual basis
Has not done any direct due diligence with Valeant, whose stock constitutes a majority of its offer
Has made false and misleading statements about our business model and business performance
Proposing an implausible standalone plan

Allergan's plan is in direct response to Valeant's offer and lacks credibility
Provided a plan for future cost containment
Have no track record of cost reduction
Continue to raise future earnings estimates:
Q4 2013 earnings call:
growth of between 12% and 15%, which is
consistent with our aspiration of mid-teens EPS growth.
May 2014 special call:
[we believe] we can achieve EPS growth of 20%
on a compound annual basis over the next five years.
Allergan has now suggested they will further revise guidance
39

Allergan is Making False and Misleading Statements
Allergan Assertions:
40
Top 10 markets: China, Brazil, Russia, India, Mexico, Poland, Turkey, Venezuela, Saudi Arabia, and Indonesia
13 of the top 15 Valeant products are growing
9 of the 15 are growing by volume
Emerging market growth
in smaller countries with

less revenue potential
Bausch & Lomb s outlook
is poor
Valeant model leads to
rapid organic sales
decline
Bausch & Lomb continues to grow 10%+ year over year
Growth predominately from volume, not price
Valeant has direct presence in 9 of the top 10 emerging
markets ,
and
sales
in
all
10
markets
Over $200M in sales in 2014 for 5 of the top 6 markets
(China, Brazil, Russia, Mexico, and Poland)
Delivering double-digit organic revenue growth in 7 of the 9
markets, and over 10% organic growth in aggregate across
these markets

acquisition (CAGR year of acquisition through 2013)
Coria: 27%, Dow: 12%, Aton: 33%, Pharmaswiss: 5%,
Sanitas: 5%, OraPharma: 9%, Medicis: 4%, Bausch &
Lomb 12% (growth through Q2 2014)
Valeant has averaged ~7% pro forma organic growth since
2010
In Q1 2014, quarter over comparable quarter in Q1 2013
Facts:
Anemic growth driven
by what we believe are
unsustainable price
increases -
not volume
(1)
Notes
All platform acquisitions growth has accelerated post
1

Allergan vs. Valeant governance comparison
ISS Quick Score
41
Overall

Board

Shareholder Rights

Compensation

Audit

10

9

3

1

3

6

1

1
8
2
Source: Yahoo Finance, ISS
Note: the lower scores are better ratings, (1: best, 10: worst)

Allergan s Board is Not Functionally Independent
Michael Gallagher is not an effective Lead Director
Longest-standing non-management director on the board, having joined in 1998 (shortly after Mr. Pyott joined)
Received 33% withhold votes from Allergan stockholders at the 2014 Annual Meeting
Limited scope of his lead director role was only enhanced in reaction to stockholder pressure

Refused interactions with Pershing Square, Allergan s largest stockholder, without Mr. Pyott present, which we have been told has been the case for many AGN stockholders

ISS and Glass Lewis recommended against Mr. Gallagher in 2014 given the board's failure to fully implement a stockholder proposal that received majority support at the company's 2013 annual meeting.

Allergan s Board Structure Provides a Poor Check on Management Interests

Long-serving CEO David Pyott dominates the current board in his role as Chairman

Joined in 1998

his 16-year tenure is longer than any other director on the board

Stockholders voted to remove him from the Chairman role at Allergan s 2014 annual meeting, but he still retains his Chairman position

Mr. Pyott s compensation in the past two years alone is comparable to the amount he would receive in a deal

Used his role as Chairman to lead all matters relating to Valeant s proposal

The Compensation Committee, under the leadership of Mr. Gallagher as Chairman, has designed a compensation structure that enables Mr. Pyott to remain highly compensated regardless of value creation for Allergan stockholders

Overwhelming majority of

Mr.
Pyott s
compensation
is
delivered
via
a
long-term
incentive
plan
that
is
benchmarked
to
the
75th
percentile
of
a
peer
group,
nearly
half
of
which
is
comprised
of
companies
that
are
more
than
2x
Allergan s market cap
Mr.
Pyott s
long-term
incentive
award
is
not
subject
to
any
performance
metrics
and
will
deliver

value to Mr. Pyott as long as there is any share price increase, even if Allergan underperforms peers

In 2012 the Compensation Committee used its discretion to grant a one-time, non-performance based retention grant to Mr. Pyott, who had been in his role for 14 years at the time, valued at $9.2 million

A portion of compensation is directly tied to the level of R&D spend, more spending leads to higher pay irrespective of the return on investment

Illustrative Example: Lack of Effective, Independent Oversight of CEO Compensation

42

Allergan s Board Has History of Not Reacting Without
Direct Stockholder Pressure
Board
Declassification
2011: Stockholder proposal sought
declassification
of
the

board
2011:
Allergan
sought
no
action
relief
from
the
SEC
and
reacted
by
declassifying
the
board
Lead
Independent
Director
2014:
Allergan s
lead
independent
director
role was described by a proxy advisor as
not sufficiently robust to provide an
effective
counterbalance
to
Mr.
Pyott
1
2014:
Allergan s
board
purports
to
have
expanded
the role in response to stockholder pressure,
although Mr. Pyott appears to continue to dominate
the board
Stockholder
Ability to Call a
Special Meeting
2012: Majority supported stockholder
proposal
to
establish
the

right
for
holders
of
10%
of
stock
to
call
a
special
meeting
2013:
Allergan
submitted
a
charter
amendment
to
provide holders of **25%** of Allergan s stock the right to
call special meetings
The board **unilaterally**
imposed onerous
information and procedural bylaw requirements
without
reasonable
disclosure
that
make
it
difficult
for stockholders to exercise this right
Stockholder
Action by
Written Consent
2013: Majority supported stockholder
proposal
to
establish
the
right
to
act
by
written consent
2014:
Allergan
submitted
charter
amendment

to
provide stockholders the right to act by written
consent, but **again**
unilaterally imposed onerous
information and procedural requirements without
reasonable
disclosure
making
it
difficult
to
exercise
this right
Separation of
Chairman / CEO
2014: Majority supported stockholder
proposal
to
split
the
Chairman
and
CEO
roles of Mr. Pyott
Present:
Allergan s
board
has
taken
no
action
to
date
in
response
to
this
majority
supported
proposal
Engaging with
Valeant
Present:
Based
on
our
conversations,
Allergan **stockholders are interested in**
Allergan having constructive dialogue
with Valeant

Present:
Allergan s
board
continues
to
reject
requests
for
substantive
discussions
Partially
Ignored
Reactive
Ignoring
Allergan Stockholder Views
Allergan s Response
Note
(1)
43
From 2014 ISS report on Allergan

Allergan has No Experience with Major Restructuring Programs or Large Scale Acquisitions
Recent Allergan Statements Lack Credibility
44
Prior to Valeant Offer
Following Valeant Offer
Cost Cutting
EPS Growth
Share

Repurchases
M&A

Allergan s Poor Business Development Track Record
Inamed, March 2006, $3.3Bn
Obesity business sold off for less than 1x sales and an ~80% write-off of book value
Breast aesthetics business has slowed and sales have fallen below expectations
Esprit Pharma, October 2007, $371MM
Peak sales fell ~80% short of expectations
Resulted in write-off of 99.6% of purchase price

DARPin, May 2011, $420MM (including milestones)
Phase III trial delayed, and no formal timeline for Phase III trial has been provided
MAP Pharmaceuticals, March 2013, $871MM
Lead product Levadex has been delayed three times and now is not expected to launch until 2015
Since MAP acquisition have acquired an additional company in an attempt to fix ongoing CMC issues
45

Allergan stockholders should have the right to assert their views on the Valeant offer
The existence of a poison pill makes it impossible for Allergan stockholders to take advantage of our exchange offer
This right was only adopted after stockholder pressure
Made charter unclear if calling a meeting could trigger Poison Pill (Valeant and Pershing Square were forced to

litigate to clarify)
Developed onerous process which provides significant inconvenience and burden to Allergan stockholders
Pershing Square is seeking the support of at least 15.3% of non-affiliated Allergan stockholders to exercise their right to call a special meeting
The special meeting will provide a forum for Allergan stockholders to deliver a clear message regarding their views on the Valeant proposal and the conduct of Allergan s board
Allergan stockholders will be able to vote on proposals related to the following:
Removal of 6 of 9 of the incumbent directors of Allergan
Recommendation of a slate of new independent directors
Encourage the independent board to engage in discussions with Valeant
Other positive governance changes, removing impediments to stockholder action
A Special Meeting Will Provide Allergan Stockholders With a Meaningful Voice
The ability to request a special stockholder meeting gives our stockholders a powerful means to consider and approve stockholder-sponsored action and timely effect changes .
-
Allergan Proxy for the 2014 Annual Meeting, Filed 3/26/2014
46
Stockholders should not have to wait for the next annual meeting, which could be delayed to the third quarter of 2015. The Special Meeting should be called promptly, and not delayed for 120 days
Allergan s charter provides stockholders holding 25% of the stock with the right to call a special meeting
Valeant believes that Allergan stockholder support at the special meeting will deliver a clear message that Allergan should engage with Valeant

V.
CONCLUSION
47

Allergan Stockholders Deserve to be Heard
Valeant s offer is $72 in cash and 0.83 of a Valeant share providing Allergan stockholders a compelling premium of approximately 50% to the unaffected stock price, an implied LTM EBITDA
multiple
of
approximately
23x

(1)
,
and
an
implied
P/E
multiple
of
31x
2014
earnings
(2)
Valeant s offer is the result of meetings with and direct feedback from most of Allergan s major institutional stockholders
Allergan s
board
has
refused
any
engagement
with
Valeant,
has
adopted
and
is
enforcing
its
non-stockholder friendly structural defenses, as recognized by many institutional investors
along
with
ISS
and
Glass
Lewis,
acting
to
limit
its
stockholders
rights,
and
is
taking
a
scorched earth
approach, attacking Valeant s business model and business performance with false and misleading information, and in turn hurting both Valeant and Allergan stockholders.
We believe Allergan stockholders should have a voice on both eliminating the non-stockholder friendly structural defenses of Allergan, along with evaluation of the Valeant offer, and that

there are significant risks and uncertainties associated with Allergan continuing to delay.
If stockholders request Special Meeting, Allergan should call it
immediately, and not delay for
120 days.
We are Asking for Your Support in Calling a Special Meeting
48
Note
Based on Valeant share price of $121.71 as of close on 16 July 2014; Allergan unaffected share price of $116.63 as of 10 April
Square crossed the 5% Schedule 13D ownership level
Capital IQ Thomson Estimates; FY2014 Allergan Median Consensus EPS estimate as at 16 July 2014
(1)
(2)

APPENDIX

50
Cathleen
P.
Black
(70)
Senior
Advisor
at

RRE
Ventures
LLC
Senior Advisor at RRE Ventures LLC, an early stage venture capital firm, since 2011, and has served on the boards of two of RRE Ventures LLC s portfolio companies, Yieldbot Inc. and Bark & Co Inc. She is also a board member of PubMatic, Inc. Previously served as President of Hearst Magazines and also served as a director of the Hearst Corporation from January 1996 until late 2010. Served as President of USA Today from October 1983 until June 1991 and was a board member of the parent company, Gannett Co.
Served as a director of Vibrant Media Inc., a global leader of in-content contextual technology, from October 2012 until 2013, served as an independent director of International Business Machines Corp. from 1995 until 2010, and served as a director of The Coca-Cola Company from 1992 until 2010
Proposed Director Slate (1/2)
Fredric
N.
Eshelman
(65)
Principal
of
Eshelman
Ventures,
LLC
Principal at Eshelman Ventures, LLC, which is a fund that invests primarily in early-stage healthcare
Served as Founding Chairman of Furiex Pharmaceuticals, Inc., a drug development company, from its founding in 2009 until the sale of the company to Forest Laboratories LLC in July 2014 for $1.5 billion. Founded Pharmaceutical Product Development (PPD), an international contract research organization, and served as the CEO of PPD until 1989 and from July 1990 until July 2009, Vice Chairman of its board of directors from July 1993 until July 2009, and Executive Chairman from July 2009 until its sale to private equity in 2011 for $3.9
billion. From 1989 until 1990, Dr. Eshelman was Senior Vice
President of Development at Glaxo, Inc. and served on the board of the U.S. subsidiary of Glaxo Holdings plc.
Currently serves as director on several private company boards. Served on the board of Princeton Pharma Holdings LLC from February 2008 until May 2010, when it was acquired by Valeant Pharmaceuticals International, Inc.
Betsy
Atkins
(61)
Chief
Executive
Officer
of
Baja
LLC
CEO of Baja LLC, an independent venture capital firm focused on technology, renewable sciences, and sciences, since 1994
Co-founded several successful high tech and consumer companies, including Ascend Communications, which was sold to Lucent Technologies in 1999 for $24 billion
Formerly CEO and Chairman of Clear Standards, an on-demand enterprise energy management sustainability software company, from 2008 to 2009, at which time it was acquired by SAP AG. Former Chairman of the Board of Directors of Third Screen Media, a company that was eventually sold to AOL
Has served as a director of Polycom, Inc. since April 1999, Schneider Electric, SA since April 2011, HD Supply Holdings, Inc since September 2013, and Ciber Inc. since July 2014. Formerly served on the Boards of Directors of Human Genome Sciences Inc., HealthSouth Corporation, Vonage Holdings Inc., Towers Watson & Co., Reynolds American Inc., SunPower Corporation, and Chico s FAS, Inc. Has agreed she will remain on only three other boards if elected to Allergan s board

51
Managing Director of Shulman Ventures Inc., a private equity firm, and has been a strategic advisor to Water Street Healthcare Partners, a health care private equity firm, since 2008
Served as Chairman of Health Management Associates Inc. from 2013 until January 2014, and served as Chairman and CEO of Magellan Health Services, Inc. from 2003 until 2009
Founded and was Chairman and CEO at Internet Healthcare Group, LLC, a health care services and technology venture fund, from 1999 until 2003, and served as the Chairman, President and CEO of Prudential Healthcare, Inc. from 1997-1999
Has served as Chairman of CareCentrix, Inc. since 2008, Access MediQuip, LLC since 2009, and Accretive Health, Inc.

since 2014, and has served on numerous privately held company boards

Former President and CEO of the Graduate Management Admission Council, a not-for-profit association dedicated to creating access to graduate management and professional education, a position he held from 1995 until December 2013

Has served as a Director for CoreSite Realty Corporation since 2010 and Barnes & Noble, Inc. since 2010. Served as a Director for Terra Industries, Inc. from 2009 until 2010 and Laureate Education, Inc. from 2002 until 2007.

Worked in various capacities for Ernst & Young LLP from 1978 until 1994. Also held faculty positions at Queen s University from 1968 until 1970, the University of Illinois at Urbana Champaign from 1970 until 1972, the University of Texas from 197 until 1978, and Harvard University s Graduate School of Business from 1976 until 1977

Former Executive Chairman of Univar, Inc., a position he held from May 2012 until December 2012. Served as Director, President and CEO of Univar, Inc. from 2009 to May 2012.

Served as Chairman and CEO of Allied Waste Industries, Inc. from 2005 until 2008, at which time Allied Waste Industries, Inc. merged with Republic Services, Inc. Served as Executive VP of ARAMARK Corporation from 2000 until 2004

Has served as a Director of Veritiv Corporation since June 2014, Reynolds American Inc. since 2007 and Ecolab Inc.

since
2006. Has also served as Director of Liberty Capital Partners, Investment Arm, a private equity and venture capital firm specializing in startups, early stage, growth
equity, buyouts, and acquisitions, since June 2004
Proposed Director Slate (2/2)
Steven
J.
Shulman
(63)
Managing
Director
of
Shulman
Ventures,
Inc.
David
A.
Wilson
(73)
Former
President
and
CEO
of
the
Graduate
Management
Admission
Council
John
J.
Zillmer
(58)
Former
President,
CEO
and
Director
of
Univar,
Inc.

Valeant Corporate Governance (1/3)
Provision
Valeant*
Allergan
Stockholder Support Needed to Call a
Special Meeting
5% (BCBCA)
25% (Articles)

Amount of Time Board May Delay
Holding a Special Meeting After a
Request
4 months (BCBCA)
120 days (Bylaws)
Requirements for Stockholders to Call a
Special Meeting
Must satisfy the basic technical requirements of the
BCBCA (which include, among other things, a
requirement to state the business to be conducted and
obtaining the signature of all the requisitioning
shareholders)
Must provide detailed Special Meeting Request with
information on, among other things, the holder, its
holdings, and any Disclosable Interest
(as defined in the
Bylaws) and a representation that the holder will hold its
shares through the date of the meeting (Bylaws)
Stockholder Action by Written Consent
No specific requirements for requesting a record date,
66 %
approval
is
required
to
pass
any
matter
that
would
normally require simple majority approval at a general
meeting, and unanimous written consent is required for all
other resolutions (BCBCA)
Permitted if 25% of holders request a record date (by
providing similar information required for the calling of a
special meeting by shareholders); the shareholder approval
necessary to act by written consent would be the same as
that required at a meeting of shareholders (Articles)
Stockholder Removal of Directors
May
be
removed
with
66 %
approval
(Articles
and
consistent with BCBCA)
May be removed with or without cause by the affirmative
vote of the holders of a majority of the shares then entitled

to vote at an election of directors (Articles)
Newly Created Directorships and
Vacancies
May be filled by a plurality of shareholders at the meeting in which the director is removed or, if not filled by the shareholders at such meeting, by the shareholders or the remaining directors (BCBCA); directors may make additional appointments of new directors, but additional directors may not exceed one-third of the number of directors elected at the last stockholder meeting (Articles)
May be filled solely by the affirmative vote of a majority of the remaining directors (Articles); however, the DGCL also provides that, if the directors then in office constitute less than a majority of the whole Allergan Board, then, upon application by at least 10% of the outstanding shares, the Delaware Court of Chancery may order a stockholder election of directors
Director Nominations
Advance notice requirement, approved by ISS Canada, for director nominations whereby shareholders seeking to nominate candidates must provide timely notice in writing in accordance with the terms of such provision (Articles)
Advanced notice requirement for director nominations at annual meetings whereby stockholders seeking to nominate candidates must provide notice, subject to certain exceptions, not more than 60 days and not less than 30 days prior to an annual meeting; requirement to provide certain information on the director nominee and the nominating shareholder (including on stock ownership and any Disclosable Interest) (Articles and Bylaws)
*
The Valeant Articles were reviewed by ISS Canada in 2013 in connection with Valeant s continuation as a corporation under the BCBCA. ISS Canada recommended approval of the Articles.
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2
/3
2
/3

Valeant Corporate Governance (2/3)
Provision
Valeant*
Allergan
Interested Stockholder Provision
MI 61-101 *Protection of Minority Security*
Holders in Special Transactions
(a rule of

the Ontario Securities Commission and the
Autorité
des marchés financiers in Québec)
requires, in the context of certain
transactions with interested parties (which
would include a merger with a 10%
shareholder) and subject to certain
exceptions, disinterested shareholder
approval of the transaction by a simple
majority of the disinterested votes cast, a
formal valuation and enhanced disclosure
If a merger with an interested stockholder (5% or more
holder) is not approved by a majority of independent
directors, the merger requires the approval of a majority of
stockholders other than the interested stockholder (Articles);
Section 203 of the DGCL also prevents an interested
stockholder (15% or more) from engaging in a business
combination
for three years following the date that person
became an interested stockholder, unless (1)
the board
approves the transaction in which the interested person
became an interested person or the business combination,
(2)
upon consummation of the transaction which resulted in
the interested stockholder becoming an interested
stockholder, the interested stockholder owned at least 85%
of the voting stock of the corporation outstanding at the time
the transaction commenced (excluding certain shares owned
by officers, directors or employees) or (3) following the
transaction in which such person became an interested
stockholder, the business combination is approved by the
board of directors of the corporation and authorized at a
meeting of stockholders by the affirmative vote of the holders
of two-thirds of the outstanding voting stock of the
corporation not owned by the interested stockholder.
Poison Pill
None. If adopted, not an effective long term
structural defense as Canadian securities
regulators typically cease trade pills in 100
days or less (generally within 50-75 days) to
enable bidder take-up, which eliminates the
proponent s need to requisition a meeting to
complete a change of control transaction in
spite of a board s opposition
Adopted April 22, 2014
*
The Valeant Articles were reviewed by ISS Canada in 2013 in connection with Valeant s continuation as a corporation under the BCBCA. ISS Canada recommended approval of the Articles.
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Valeant Corporate Governance (3/3)
Provision
Valeant*
Allergan
Consideration of Other
Constituencies
The BCBCA requires that directors and
officers of Valeant act in the best interests

of the corporation
Board and each individual director may consider the interests
of the employees, distributors, customers, suppliers and/or
creditors of Allergan and its subsidiaries and the
communities in which Allergan and its subsidiaries own or
lease property or conduct business (Articles)
Amendments to Constating
Documents
66 %
approval
is
required
to
amend
Valeant s Articles (no bylaws) (BCBCA)
Allergan Board is expressly authorized to amend the Bylaws
(Articles)
*
The Valeant Articles were reviewed by ISS Canada in 2013 in connection with Valeant s continuation as a corporation under the BCBCA. ISS Canada recommended approval of the Articles.
54
2
/3