

ALLERGAN INC  
Form 425  
April 22, 2014

An Unrivaled Platform for  
Growth & Value Creation in  
Healthcare  
Valeant Pharmaceuticals International, Inc. +  
Allergan, Inc.

April 22

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, 2014

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

To be used in connection with Investor Presentation

Speakers

2

J. Michael Pearson

Chairman of the Board and Chief Executive Officer

Howard Schiller

Executive Vice President and Chief Financial Officer

Dr. Ari Kellen

Executive Vice President and Company Group Chairman

Forward-looking statements (1/2)

the  
ultimate  
outcome  
of  
any  
possible  
transaction  
between  
Valeant

and  
Allergan  
including  
the  
possibilities  
that  
Valeant will not pursue a transaction with Allergan and that Allergan will reject a transaction with Valeant;  
if  
a  
transaction  
between  
Valeant  
and  
Allergan  
were  
to  
occur,  
the  
ultimate  
outcome  
and  
results  
of  
integrating  
the  
operations of Valeant and Allergan, the ultimate outcome of Valeant's pricing and operating strategy applied to  
Allergan and the ultimate ability to realize synergies;  
the  
effects  
of  
the  
business  
combination  
of  
Valeant  
and  
Allergan,  
including  
the  
combined  
company's  
future  
financial condition, operating results, strategy and plans;

3  
This communication may contain forward-looking statements within the meaning of the Private Securities  
Litigation Reform Act of 1995 and Canadian securities laws. These forward-looking statements include, but are  
not limited to, statements regarding Valeant Pharmaceuticals International, Inc.'s (Valeant) offer to acquire  
Allergan, Inc. (Allergan), its financing of the proposed transaction, its expected future performance (including  
expected results of operations and financial guidance), and the combined company's future financial condition,  
operating results, strategy and plans. Forward-looking statements may be identified by the use of the words

anticipates, expects, intends, plans, should, could, would, may, will, believes, estimates, potential, target, opportunity, tentative, positioning, designed, create, predict, project, seek, ongoing, upside, increases or continue and variations or similar expressions. These statements are based upon the current expectations and beliefs of management and are subject to numerous assumptions, risks and uncertainties that change over time and could cause actual results to differ materially from those described in the forward-looking statements. These assumptions, risks and uncertainties include, but are not limited to, assumptions, risks and uncertainties discussed in the company's most recent annual or quarterly report filed with the Securities and Exchange Commission (the SEC) and the Canadian Securities Administrators (the CSA) and assumptions, risks and uncertainties relating to the proposed merger, as detailed from time to time in Valeant's filings with the SEC and the CSA, which factors are incorporated herein by reference. Important factors that could cause actual results to differ materially from the forward-looking statements we make in this communication are set forth in other reports or documents that we file from time to time with the SEC and the CSA, and include, but are not limited to:

Forward-looking statements (2/2)

the effects of governmental regulation on our business or potential business combination transaction;  
ability to obtain regulatory approvals and meet other closing conditions to the transaction, including all necessary stockholder approvals, on a timely basis;  
our ability to sustain and grow revenues and cash flow from operations in our markets and to maintain and grow our customer base, the need for innovation and the 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 operations and necessary capital 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 manner, could trigger a default of our other 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 the SEC.

All forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by this cautionary statement. Readers are cautioned not to place undue reliance on any of these forward-looking statements. These forward-looking statements speak only as of the date hereof. Valeant undertakes no obligation to update any of these forward-looking statements to reflect events or circumstances after the date of this communication or to reflect actual outcomes.

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Additional information

Information regarding the names and interests in Allergan and Valeant of Valeant and persons related to Valeant who may be deemed participants in any solicitation of Allergan or Valeant shareholders in respect of a Valeant proposal for a business combination with Allergan is available in the additional definitive proxy soliciting material in respect of Allergan filed with the SEC by Valeant on April 21, 2014. Information regarding

the  
names  
and  
interests  
in  
Allergan  
and  
Valeant  
of  
Pershing  
Square  
and

persons related to Pershing Square who may be deemed participants in any solicitation of Allergan or Valeant shareholders in respect of a Valeant proposal for a business combination with Allergan is available in additional definitive proxy soliciting material in respect of Allergan filed with the SEC by Pershing Square. The additional definitive proxy soliciting material referred to in this paragraph can be obtained free of charge from the sources indicated above.

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This communication does not constitute an offer to buy or solicitation of an offer to sell any securities. This communication relates to a proposal which Valeant has made for a business combination transaction with Allergan. In furtherance of this proposal and subject to future developments, Valeant and Pershing Square Capital Management, L.P. ( Pershing Square ) (and, if a negotiated transaction is agreed, Allergan) may file one or more registration statements, proxy statements or other documents with the U.S. Securities and Exchange Commission (the SEC ). This communication is not a substitute for any proxy statement, registration statement, prospectus or other document Valeant, Pershing Square and/or Allergan may file with the SEC in connection with the proposed transaction.

**INVESTORS AND SECURITY HOLDERS OF VALEANT AND ALLERGAN ARE URGED TO READ THE PROXY STATEMENT(S), REGISTRATION STATEMENT, PROSPECTUS AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY IF AND WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.** Any definitive proxy statement(s) (if and when available) will be mailed to stockholders of Allergan and/or Valeant, as applicable. Investors and security holders will be able to obtain free copies of these documents (if and when available) and other documents filed with the SEC by Valeant and/or Pershing Square through

the  
web  
site  
maintained  
by  
the  
SEC  
at  
<http://www.sec.gov>.

Valeant + Allergan  
An unrivaled platform for growth and value creation in healthcare  
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Valeant + Allergan

strategically compelling transaction

Unrivaled portfolio in Ophthalmology, Dermatology, and Aesthetics

Great for patients & physicians around the world

High single-digit organic growth rate for foreseeable future

25%-30% pro forma 2014\* Cash EPS accretion, year 2 and beyond expected 15-20%+ Cash

EPS growth depending on deployment of free cash flow

\$2.7B+ in annual operating cost synergies, not including significant revenue synergies

~80% in first 6 months with the remaining ~20% in the following 12 months

Maintaining \$300M+ in annual R&D spend to complete high-probability projects

High single-digit tax rate for combined company in addition to cost synergies

Pershing Square is Allergan's largest shareholder with a 9.7% stake, supporting the transaction and will elect for 100% stock

Delivered merger agreement, no antitrust uncertainty, committed financing for \$15.5B

Flexible with any and all social issues

Valeant 1

st

quarter Cash EPS will meet/beat analyst consensus expectations,

outlook for

rest of year strong, raising Cash EPS guidance from \$8.25-\$8.75 to \$8.55-\$8.80, despite negative FX headwinds of ~\$0.15 Cash EPS since budget

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\* Assumes January 1

2014 close with full synergies day 1

Source for analyst consensus: Thompson/First Call

st

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Potential Social Issues	
Antitrust, Due Diligence & Contract	
Pershing Square Involvement	
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Proposed  
Transaction  
Review

-  
consideration

9  
Cash/Share\*

\$48.30  
+ Exchange Ratio

0.83  
Allergan  
Ownership\*

43%  
\*based off of diluted shares of 306.7M

Offers a substantial  
premium to unaffected \$116.63

share price as of April 10

th

, 2014 the day before Pershing

Square crossed the 5% Schedule 13D ownership level  
and commenced its rapid accumulation program



Proposed  
Transaction  
Review

key  
transaction  
features  
Significant immediate value to shareholders  
For each Allergan share:  
\$48.30 in cash

0.83 Valeant shares

Sustainable

long-term value to shareholders

\$2.7B+ in annual operating cost synergies

Additional significant revenue synergies

Additional tax synergies

Combined company expected to initiate \$0.20/share annual dividend at close, equal to current Allergan dividend

No hurdles to closing

No financing contingency, committed financing from Barclays and RBC Capital Markets

No antitrust uncertainty as Valeant will accept antitrust risk

Support from Allergan's largest shareholder

Pershing Square with 9.7% stake in Allergan

Agreed to elect to take all stock

Intends to be a significant long-term Valeant shareholder

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Financially Compelling Transaction

2014E

Valeant

Allergan

Valeant +

Allergan

Revenue (\$B)

\$8.3-\$8.7

\$6.8-\$7.1

\$14.8-\$15.5

Adj. Cash Net

Income (\$B)

\$2.9-\$3.0

\$1.6 -\$1.7

\$6.6-\$6.7

Cash EPS

\$8.55-\$8.80

\$10.95-\$11.20

Accretion

25%-30%

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Full year 2014 Pro Forma financials

Assumes Jan 1

st

2014 close with full synergies day 1

Source

for

Allergan

amounts:

based

on

Allergan

earnings

release

February

5

2014

Note: assumes Dysport, Restylane, and Perlane are divested

th

Financially Compelling Transaction

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2014+ Combined Company Outlook

25%-30% pro forma 2014\* Cash EPS accretion, year 2 and beyond  
expected 15-20%+ Cash EPS growth depending on deployment of free  
cash flow

High single-digit organic revenue growth for foreseeable future

80% gross margins, improving over time

\$2.7B+ annual operating cost savings

High single-digit tax rate

\$300M+ annual R&D spend

Avg. interest expense of ~5.3% across total net debt of ~\$28B at  
closing

\$6B+ in annual free cash flow and growing

Ability to leverage a strong balance sheet (expected net leverage of ~3.0x)

Source: Valeant management estimates

\* Assumes Jan 1 2014 close with full synergies day 1

Accretive business development

Debt reduction

Share buybacks

Financing and Balance Sheet Impact

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Financing

Commitment

Strong Cash

Flows

\$15.5B committed financing from Barclays and RBC Capital

Markets

Take out financing a combination of secured bonds,  
unsecured bonds, and bank debt

Expected interest rate of ~5.5% on new debt (subject to  
market conditions)

Annual free-cash-flow generation in excess of \$6B and growing

Capacity for continued business development

Dividend

Expect to initiate a dividend of \$0.20/share per year at close, in-line with current Allergan dividend

Credit

Profile

~\$28B net debt at closing

Expected pro forma leverage of ~3.0x

Expect investment grade rating over time



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#### Valeant Operating Principles

1. Put patients and our customers first by maintaining the highest ethical standards in the industry
2. Select high-growth business segments (therapeutic areas and geographies) where the healthcare professional is still the primary decision maker
3. Maintain a bias toward durable products that are largely cash pay, or are reimbursed through private insurance
4. Focus our resources on bringing new products to the market (output), not R&D spend (input)
5. Maintain a decentralized operating model to ensure decisions are made close to the customer
6. Focus our promotional spending on customer-facing activities
7. Measure all of our operating units on organic growth and cash flow generation
8. Require Internal Rates of Return (IRR) significantly above our cost of capital, coupled with short-term cash paybacks for all of our deals
9. Directly link senior management compensation to long-term shareholder returns
10. Ensure tight controls and rigorous compliance standards while avoiding overspending

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~\$3.8B

Valeant + Allergan, An unrivaled platform for growth and value creation in healthcare

Ophthalmology

Dermatology Rx

Aesthetics

Consumer

Neurology/Dental/Other

Emerging Markets

Note: Therapeutic area revenue estimates exclude revenue from emerging markets

6-7%

~\$1.5B

6-7%

~\$2.1B

11-12%

~\$1.3B

6-7%

~\$2.8B

4-6%

~\$3.8B

10-13%

Valeant +Allergan

2014E rev

5 year market growth rate

Source: IMS, EvaluatePharma

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Valeant + Allergan a leading portfolio in Eye Health

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Leading

pharmaceutical

portfolio

Complete surgical

offering

High-growth contact

lens business

Leading consumer

business

Leading player  
with complete  
Eye Health  
offering

5-year category  
growth CAGR:  
6-7% vs. 3-4% for  
overall pharma  
market

Source: IMS, EvaluatePharma

Eye Health leaders (Global Rx, Device, and Consumer)

#2 player in global Eye Health

Rank

Company

2013 Sales

(\$B)

1

Alcon

10.2

2

Valeant + Allergan

6.3

3

Johnson & Johnson

2.9

4

Regeneron

1.6

5

Roche

1.5

6

CooperVision

1.3

7

Santen

1.2

8

Abbott (AMO)

0.8

9

Zeiss

0.8

10

Bayer

0.7

18

Source: EvaluatePharma, Euromonitor



Product  
Launch  
Est Peak Sales  
(\$MM)  
Product  
Launch  
Est. peak sales  
(\$MM)  
enVista  
inserter  
(lens)

Launched  
560-820  
Brimonidine  
2016  
1,150-2,500  
PureVision2 for  
Presbyopia  
Launched  
Latanoprostene  
bunod  
2016  
Victus  
enhancements  
Lens  
fragmentation 2H  
2014  
MIM-D3  
2017  
Ultra  
Launched  
Ultra Multi Focal,  
Toric, and Plus  
Powers  
2015/2016  
BioTrue®  
multifocal  
May-14  
Trulign  
expanded ranges  
(lens)  
Q2 2014  
Product  
Launch  
Est Peak Sales  
(\$MM)  
Product  
Launch  
Est. peak sales  
(\$MM)  
Ozurdex (DME)  
Expected 2014  
100-150  
Restasis EU  
2015  
100-200  
Launch Products  
Phase III  
Eye Health pipeline  
19

Source: analyst estimates for Allergan, Valeant management estimates

Valeant + Allergan a leading portfolio in Dermatology

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Leading acne  
portfolio

Leading anti-infective  
and anti-fungal  
portfolio

Strong dermatoses  
and skin barrier  
franchise

Complementary  
immune business

5-year category  
growth CAGR of  
6%-7% vs. 3%-  
4% for overall  
pharma market

Major US player  
with strong  
portfolio offering  
across  
categories

Most launches in  
the industry in  
2014

Source: IMS, EvaluatePharma

Product  
Launch  
Est Peak Sales  
(\$MM)  
Product  
Launch  
Est. peak sales  
(\$MM)  
Bensal HP®  
Re-launched  
445-1,055  
IDP-118  
2017

200-300

Luzu®

Launched

Retin-A Micro®

.08%

Jun-14

Jublia®

Q3 2014 (pending

FDA approval)

Onexton

Early Q1 2015

(pending FDA

approval)

Product

Launch

Est Peak Sales

(\$MM)

Product

Launch

Est. peak sales

(\$MM)

None

Aczone X

2016

50-100

Launch Products

Phase III

Dermatology pipeline

21

Source: analyst estimates for Allergan, Valeant management estimates

Valeant + Allergan a leading portfolio in Aesthetics

22

Leader in toxins and  
fillers

Leader in physician  
skin care

Comprehensive  
energy-based device  
portfolio

#2 globally in breast  
aesthetics

5-year category  
growth CAGR of  
11-12% vs. 3%-  
4% for overall  
pharma market

Creates global  
leader across  
categories

Only  
comprehensive  
portfolio in the  
industry

Source: IMS, EvaluatePharma



Product  
Launch  
Est Peak Sales  
(\$MM)  
Product  
Launch  
Est. peak sales  
(\$MM)  
Neotensil  
Launched  
135-235  
Emervel  
2015  
100-200  
Obagi360  
System  
Launched

Ideal Implants

Q3 2014

Hyaluronic acid for  
lips

Q4 2014

Product

Launch

Est Peak Sales

(\$MM)

Product

Launch

Est. peak sales

(\$MM)

Botox (Crow s

Feet)

Launched

50-100

Latisse EU

2015

200

Latisse (Brow)

2017

Launch Products

Phase III

Aesthetics pipeline

23

Source: analyst estimates for Allergan, Valeant management estimates

Valeant Emerging Market portfolio

Diversified geographic mix including Poland, Russia & CIS, Turkey, China, Brazil, Mexico, Indonesia, South Africa, Vietnam, and Middle East

Extensive experience selling branded generics, OTCs, and innovative products

Tailored local market strategies

Sales forces with strong physician and pharmacy relationships

Augment selling efforts with direct to consumer advertising

Branded generic products are equivalent to US Healthcare OTCs (i.e., Advil vs. Perrigo Ibuprofen)

Recommended by physicians & largely cash-pay

Typically 10-20% premium over pure generics

Products targeting the growing middle class

Doctors recommend and patients make brand decisions based on perceptions of quality, value, and brand loyalty  
No patent cliffs, launching 300+ branded generic products per year across markets

24

Valeant leading local brands in emerging markets  
Leading flu & virus medication in Russia  
~\$40M in 2013 revenue with ~10%+ growth  
Beta-blocker to treat hypertension & angina in Poland  
~\$30M in 2013 revenue with 5% growth  
Vitamin B injection, injected at doctor/pharmacy in Mexico  
~\$45M in 2013 revenue with 10%+ growth  
#1 Brazilian sports nutrition line  
~\$60M in 2013 revenue with 20%+ growth  
Leading line of aesthetic contact lenses in Asia  
~\$40M in 2013 revenue with 30%+ growth

Leading weight loss product in SE Asia & South Africa  
~\$14M in 2013 revenue with 15%+ growth  
25

Opportunity to apply Valeant emerging market success  
to Allergan

26

Distributor of Botox in Poland for Allergan  
from 2005-2008

Drove significant Y/Y growth: topline 60%,  
volume 40%

Gained over 70% market share in aesthetics

Post V growth slowed to single digit CAGR  
over the next 4 years

Built leading

brand position,  
growing both  
product sales and  
overall market  
sales

Leveraged  
existing sales  
infrastructure and  
physician  
relationships

Developed local  
commercial plan:

engaging local  
KOLs, physicians  
and consumers

Current distributor of Dysport in Serbia for  
Ipsen

#1 sales position in toxin market (Botox #2)

Continuing to grow overall market and  
product sales (20% growth 2013 over 2012)

Distributor of Aloxi in Croatia for Eisai

Captured 30% market-share by year 2, 50%  
market-share by year 4

Doubled overall market from launch to year 4



Valeant's Emerging Market Success will Drive Growth

~950

~850

2011

+11%

p.a.

2013

~1,050

2012

~980

~670

~2,500-2,700

+55%

p.a.

2014

2013

~1,480

2012

2011

Valeant Emerging Market Growth

Allergan Emerging Market Growth

Growth USD

12%

11%

46%

51%

Revenue (\$M) (includes acquisitions)

Revenue (\$M) (includes acquisitions)

27

76%

Source for Allergan: 2013 annual report

Expectation to drive significant revenue synergies with Valeant commercial footprint

Valeant + Allergan a leading portfolio in Consumer  
Healthcare

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Leading eye health  
portfolio

Strong dermatology  
portfolio

Global portfolio of  
local brands

5-year market  
growth CAGR of  
6-7% vs. 3%-4%

for overall  
pharma market

Accelerate  
Allergan's  
Refresh growth  
by leveraging  
Valeant's top 15  
consumer  
infrastructure  
Valeant Products  
Allergan Products  
Source: IMS, EvaluatePharma

Valeant + Allergan a leading portfolio in Dental

29

Anti-infective and  
tissue regeneration

Fast professional  
whitening option

Fast-acting lidocaine

5-year market  
growth CAGR of  
6-7% vs. 3%-4%

for overall  
pharma market

Largest Rx sales  
force and  
presence

Significant  
opportunity to  
add products

Significant  
aesthetics  
opportunity  
Source: IMS

What is a durable healthcare product?

Products with similar characteristics to branded consumer products

Established brand names with brand equity

Lack of reliance on patent or regulatory exclusivity

Physicians or patients are making the purchasing decision

Mostly cash or 3 party commercial pay

Within consumer goods, healthcare OTCs offer the most attractive margins

Included product categories

Physician-dispensed products (e.g., aesthetics, IOLs, contact lenses, dental products)

Consumer products (e.g., Biotrue, Renu)

Emerging market branded generics, OTCs, and innovative products

(e.g., Bedoyceta, Bioscard, Monopril)

Off-patent brands & generic drugs (e.g., Virazole)

30

rd



85% of Valeant products are durable

31

Total 2014E

8.5

1.3

On-Patent

Rx Pharma

Off-Patent

Rx Brands

1.7

Emerging

Markets

3.1

Consumer

Products

1.0

Physician

Dispensed

1.5

Revenue (\$B)

Non durable

Durable

Source: Valeant management estimates

Attractive Mix of Durable Products

Durable product portfolio

Durable

Valeant = \$8.5B

Allergan = \$6.9B

Non-Durable

32

Combined company

Non-Durable

Durable

15%

60%

40%

Durable

Non-Durable

74%

26%

PF = \$15.4B

Source: Valeant management estimates

85%

Attractive Payor Mix  
Manageable government pay  
Cash/Private  
Reimbursed  
25%  
Government  
Reimbursed  
75%  
Valeant = \$8.5B  
35%  
65%

Allergan = \$6.9B

Government

Reimbursed

Cash/Private

Reimbursed

33

Combined company

Cash/Private

Reimbursed

Government

Reimbursed

70%

30%

PF = \$15.4B

Source: 2013 annual reports and Valeant management estimates

Dr. Ari Kellen  
Executive Vice President and Company Group Chairman  
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Respective R&D portfolios

Valeant

Allergan

Upcoming US  
launches

Number of launches

Peak sales potential

19

\$1.3-2.3B

3

\$350-500M

Late-stage pipeline

Number of projects

Peak sales potential

7

\$1.5-3.5B



6

\$500-750M

R&D spend

Expected 2014

\$250M -

\$300M\*

\$1.1B

35

Source for Allergan: analyst estimates

\*2014 exit run-rate of \$200M

Valeant US Launch Products (1/2)

derm and aesthetics

Product

Category

Description

Expected launch date

Est. peak sales (\$M)

Bensal HP®

Derm

Dermatitis, wound

healing

Re-launched

25-75

Luzu®  
Derm  
Topical antifungal for  
athlete s foot  
Launched  
50-75  
Neotensil  
Aesthetics  
Topical product for  
under-eye bags  
Launched  
80-100  
Obagi360  
System  
Aesthetics  
Skincare kit for women in  
their 30 s  
Launched  
10-30  
Retin-A Micro®  
.08%  
Derm  
Topical treatment for  
acne  
Jun-14  
20-30  
Jublia®  
Derm  
Topical antifungal for  
onychomycosis  
Q3 2014 (pending FDA  
approval)  
300-800  
Ideal Implants  
Aesthetics  
Breast implant  
Q3 2014  
25-75  
Hyaluronic acid for lips  
Aesthetics  
Small particle filler  
Q4 2014  
20-30  
Onexton  
Derm  
Topical treatment for  
acne  
Q4 2014  
50-75  
36

Source: Valeant management estimates

Valeant US Launch Products (2/2)

eye health,  
consumer, and oral health

Product

Category

Description

Expected launch date

Est. peak sales (\$M)

enVista

inserter (lens)

Eye Health

Further enhancements

Launched

40-50

PureVision

Presbyopia

Eye Health

Daily contact lens

Launched

20-30

Victus

enhancements

Eye Health

Multiple enhancements

Lens fragmentation

2H 2014

100-200

Ultra

Eye Health

Silicone hydrogel

monthly lens

Launched

300-400

BioTrue®

multifocal

Eye Health

Daily contact lens

May-14

60-80

Trulign

expanded

ranges (lens)

Eye Health

Broader range of powers

Q2 2014

40-60

CeraVe®

baby line

Consumer

OTC moisturizer

Launched

15-20

Peroxyclear

Consumer

Peroxide based contact

lens solution

Launched

50-70

Ossix®

Plus

Oral Health

Dental membrane

Launched

10-20

Onset®

Oral Health

Dental analgesic

Launched

40-50

Total

\$1,255M-2,270M

37

Source: Valeant management estimates

2 for

Allergan Launch Products

Product

Category

Description

Expected launch date

Est. peak sales (\$M)

Ozurdex

Eye Health

DME

Expected 2014

100-150

Levadex

Neurology

Migraine

Late 2014/2015

200-250

Botox

Derm/Aesthetics

Crow's Feet

Launched

50-100

Total

\$350M-500M

38

Source: analyst estimates



Valeant Phase III portfolio

Product

Category

Description

Expected launch year

Estimated peak sales  
(\$M)

Brimonidine

Eye Health

Eye Whitening OTC

2016

300-400

Latanoprostene bunod

Eye Health

Glaucoma

2016

400-1000

MIM-D3

Eye Health

Dry Eye

2017

400-1000

Ultra Multi Focal, Toric,  
and Plus Powers

Eye Health

Contact Lens

2015/2016

50-100

IDP-118

Derm

Psoriasis

2017

200-300

Emervel

Aesthetics

Fine lines and wrinkles

2015

100-200

Emerade

Allergy

Anaphylaxis

2016

100-500

Total

\$1,550M-3,500M

39

Source: Valeant management estimates

Allergan Phase III portfolio

Product

Category

Description

Expected launch year

Estimated peak sales

(\$M)

Restasis EU

Eye Health

EU Approval

2015

100-200

Botox

Neurology

Juvenile Cerebral Palsy

2015/2016

100

SER-120

Urology

Nocturia

2016

50-150

Aczone X

Derm/Aesthetics

Acne

2016

50-100

Latisse EU

Derm/Aesthetics

Eye lash

2015

100

Latisse

Derm/Aesthetics

Brow

2017

100

Total

\$500M-\$750M

40

Source: analyst estimates

Our observations on Allergan R&D

~80%+ of Allergan current revenue was sourced externally and ~50% was originally sourced prior to 1998

Based on our project-by-project estimates (verified by 3 party consultants), bringing Allergan line extensions and lower-risk development (since 1998) to market would have cost ~\$2B (approx. \$125M per year) under the Valeant model

Over this time period, Allergan spent \$9.5B, including on higher-risk programs

Allergan R&D track record includes ~35 failures over this same time frame

The industry track-record on R&D over the past two decades is also not impressive

41

Source: annual reports

rd

Despite \$9.5B in Allergan company's R&D since 1998,  
~80% of 2013 revenue is externally acquired

Product

Launch Date

2013 Sales

(\$M)

Origin

Botox

1989

~1,990

Purchased in 1987 from physician originator,  
developed as a treatment for Strabismus  
Alphagan  
1996  
~220  
Acquired from Pfizer  
Tazorac  
1997  
~90  
Developed in house  
Juvederm  
2000  
~300  
Acquired in Inamed purchase in 2005  
Lumigan  
2001  
~630  
Developed in house  
Restasis  
2002  
~940  
UGA in 1993; subsequently co-licensed, co-  
developed, and co-marketed with Inspire  
Pharmaceuticals  
Aczone  
2005  
~140  
Bought from QLT in 2008  
Combigan  
2007  
~250  
Combination product leveraging Alphagan  
Latisse  
2008  
~100  
Fortunate side effect of existing product (Lumigan)  
Breast implants  
NA  
~420  
Acquired in Inamed purchase in 2005  
Other dermal fillers  
NA  
~140  
Acquired in Inamed purchase in 2005  
SkinMedica  
NA  
~80  
Acquired in SkinMedica purchase in 2012  
Source: annual reports, FDA, EvaluatePharma, press searches  
42

Opportunity to deliver same R&D output at lower cost

Cumulative Allergan

R&D spend since 1998

\$9.5B

~\$2.0B

Estimated cost of  
delivering line extensions  
and lower-risk products  
under Valeant model

Examples

43

Source:

annual

reports,

Valeant

management estimates,

3

party consultant estimates

~10 Botox indications



Restasis  
Combigan  
Latisse  
Tazorac  
rd

Allergan has had at least 35 R&D failures since 1998

44

Source: EvaluatePharma

5

11

3

10

6

Pre-Clinical

Phase II

Research project

Phase III

Phase I

Abandoned / Suspended R&D Projects by Phase

Ophthalmic RNAi

Retinoic Acid Metabolism

AGN / NRX 194310

AGN 197075

AGN 199981

PS388023

AGN

207281

AGN 195795

AGN 201781

AGN 210669

AGN 210676

AGN818

NRX 195183

Sima-027 (AGN 745)

Examples

Source: Diagnosing the decline in pharmaceutical R&D efficiency , Jack W. Scannell, Alex Blanckley, Helen Boldon & Brian  
Discovery 11, 191-200 (March 2012); Allergan 10Ks, annual reports

Industry R&D productivity vs. Allergan spending

1000

100

10

1.0

0.1

2010

2000

1990

1980

1970

1960

1950

Overall trend in R&D efficiency

Allergan R&D spend trend (\$B)

1.5

15E17E

1.2

2010

0.8  
1.1  
05  
0.4  
0.8  
2000  
0.2  
95  
0.1  
1990  
0.1  
13  
1.0  
45

Howard Schiller  
Executive Vice President and Chief Financial Officer  
46

Operating model differences (1/2)

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Valeant

Allergan

Benefits of Valeant  
model

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  
Rapid-decision  
making at  
local/customer  
level  
Centralized, global  
& regional  
organizations  
Heavy corporate  
focus and spend  
Gold-plated  
approach  
Quicker, better-  
informed decisions  
made close to the  
customer  
Small, lean and  
focused corporate  
center



Operating model differences (2/2)

48

Valeant

Allergan

Benefits of Valeant  
model

Capital

Allocation

Low risk, in-line  
and late-stage

assets

Strict price  
discipline  
Higher-risk, earlier-  
stage assets  
Less sensitive to  
price paid  
Higher returns on  
capital and faster  
paybacks  
Easier to  
understand success  
and track record  
R&D  
Low-risk, late-  
stage projects  
(line-extensions)  
2-3% of revenue  
Early-stage, risky  
programs (limited  
success)  
Similar emphasis on  
line-extensions but  
at ~4-5x the cost  
Low-risk  
investments  
(eliminates risky  
early stage  
research)  
Focus on outputs

Valeant focuses on selling over marketing  
Over 70% of non-manufacturing  
employees in sales-based roles (# of  
reps)  
North America: 1,700  
Asia: 1,900  
Europe: 2,300  
LATAM: 800  
Major sales forces (# of reps):

US Eye Health: 700  
Russia/CIS: 660  
China: 640  
Mexico: 550  
Poland: 400  
US Aesthetics: 340  
Canada: 238  
US Derm: 200  
Dental: 150

Investment in sales professionals to drive long-term relationships & create brand equity with medical stakeholders

Lower emphasis on Rx marketing due to industry dynamics:

Narrow option on marketing messaging (e.g., on label)

Strict regulatory and compliance requirements

Different focus & commercial model for consumer products

Detail to physicians for professional recommendation

Supplement with high-ROI DTC campaigns (e.g., Occuvite TV ads)

49

Recent Investments in field force to drive organic growth

US Aesthetics

340 reps in 2014 up from 49 reps in 2012

Dental

150 reps in 2014 up from 100 reps in 2013

Russia/CIS

660 reps in 2014 up from 500 reps in 2013

Poland

400 reps in 2014 up from 360 reps in 2012

Philippines

85 reps in 2014 up from 49 reps in 2012



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Overview of combined company cost synergies

Annual

cost

synergy opportunity of \$2.7 billion +

tax +

revenue synergy

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Value

Source of Synergy



SG&A Synergies

~\$1,800 million

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

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

Combined high single-digit

tax rate

Revenue Synergy

Acceleration of Allergan in emerging

markets

Acceleration of Allergan OTC

Acceleration of Valeant Aesthetic assets ex-US

Additional product growth opportunities

Synergy breakdown  
2014 Combined Cost  
(\$M)  
Synergies  
(\$M)  
% Reduction  
SG&A  
~\$4,500  
~\$1,800  
40%  
R&D  
~\$1,300  
~\$900  
69%  
Manufacturing  
(COGS)

~\$3,200

\$0

0%

Total

~\$9,000

\$2,700

30%

Note: Each company may categorize costs differently

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One-time cost of synergies is assumed to be 40% or

~\$1.1B, not including transaction fees and expenses

Source for Allergan: analyst estimates

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Flexible and willing to discuss any social issues  
Flexible on all social issues  
Board composition  
Senior management team  
US HQ location  
Company name  
Shareholder value is our primary consideration  
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Antitrust, Due Diligence, and Contract  
Antitrust  
Antitrust  
overlap  
analysis  
performed  
by  
Skadden  
Arps,  
Sullivan

&  
Cromwell,  
and  
Osler, Hoskin & Harcourt (Canadian counsel)  
Identified areas of overlap  
No overlap areas material to transaction  
Willing to accept all antitrust risk  
Dysport and Restylane/Perlane identified as key potential divestitures  
Status: Engaged in active discussions with multiple parties regarding  
divestitures  
Timing: Deal expected pre-closing  
Due diligence  
We know the businesses well due to overlapping business segments  
Conducted significant outside-in market research and due diligence  
Conducted public company legal and corporate due diligence  
Merger contract  
Provided merger contract to Allergan and publicly filed  
Fair and reasonable deal protection provisions (e.g., break-up fee)  
Standard public company closing conditions

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Pershing Square: Allergan's largest shareholder  
supporting deal  
Pershing Square with 9.7% stake in Allergan  
Will elect to take all stock in the transaction  
Pershing Square has done extensive due diligence on  
Valeant and is committed to the deal  
Committed to be a significant long-term shareholder  
of combined company  
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Guidance Update

Q1 expectations:

Continued strong performance

Cash EPS expected to meet/beat analyst consensus

Negative FX impact vs. budget of \$20M+ in top-line revenue and ~\$0.04 in Cash EPS

Full year guidance

We are updating guidance based on performance to date and expectations for the remainder of the year including PreCision close

Cash EPS increased to: \$8.55-\$8.80, from: \$8.25-\$8.75

Revenue

increased

to:

\$8.3B-\$8.7B,

from

\$8.2B

-

\$8.6B

Cash flow from operations increased to: \$2.7B

\$2.8B,

from \$2.4B -

\$2.6B

Negative FX impact vs. budget of ~60M in revenue and

~\$0.15 in Cash EPS based on current rates

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Source for analyst consensus: Thompson/First Call

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Next Steps

We would expect to engage in discussion with the company to negotiate the transaction

We intend to meet with shareholders from both Valeant & Allergan

We encourage Allergan shareholders to communicate views to both Valeant and Allergan management

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Why the transaction is compelling for Allergan  
shareholders

Compelling premium and expected long-term returns through continued ownership

Each Allergan share receives: \$48.30 in cash + 0.83 Valeant shares

43% ownership

Continued high single-digit organic growth

\$2.7B+ in annual cost synergies + additional revenue synergies

High single-digit tax rate

Yearly \$0.20 per share dividend expected

19 US launches in 2014 with estimated peak sales potential:\$1.6B-2.8B

Shareholder friendly capital allocation: accretive business development, debt reduction, and



share buybacks

Diversification

Greater portfolio diversification with increased durability

Reduced reliance on blockbuster patents

Low risk R&D

Focus on output vs. input

Development of line extensions and reformulations

Strong late-stage pipeline with estimated peak sales potential of \$2.0B-3.2B

High-return approach to business development

Strong track record of high-return business development

Target 20%+ IRRs at statutory tax rates and quick payback periods

Multi-billion dollars per year in free cash flow to deploy

64

Valeant + Allergan

strategically compelling transaction

Unrivaled portfolio in Ophthalmology, Dermatology, and Aesthetics

Great for patients & physicians around the world

High single-digit organic growth rate for foreseeable future

25%-30% pro forma 2014\* Cash EPS accretion, year 2 and beyond expected 15-20%+ Cash

EPS growth depending on deployment of free cash flow

\$2.7B+ in annual operating cost synergies, not including significant revenue synergies

~80% in first 6 months with the remaining ~20% in the following 12 months

Maintaining \$300M+ in annual R&D spend to complete high-probability projects

High single-digit tax rate for combined company in addition to cost synergies

Pershing Square is Allergan's largest shareholder with a 9.7% stake, supporting the transaction and will elect for 100% stock

Delivered merger agreement, no antitrust uncertainty, committed financing for \$15.5B

Flexible with any and all social issues

Valeant

1

st

quarter

Cash

EPS

will

meet/beat

analyst

consensus

expectations, outlook for

rest of year strong, raising Cash EPS guidance from \$8.25-\$8.75 to \$8.55-\$8.80, despite negative FX headwinds of ~\$0.15 Cash EPS since budget

65

\*

Assumes

January

1

2014

close

with

full

synergies

day

1

Source for analyst consensus: Thompson/First Call

st